



IMPORTANCE OF GENDER & SOCIAL INCLUSION IN MICROFINANCE SECTOR

EDSE MICROFINANCE ROUNDTABLE DIALOGUE

Day 2: 8 September 2020

Annie Sugrue

- 2 out of every three people who have lost their jobs/livelihoods during COVID-19 to date are women (NIDS-CRAM study 2020)
- In SA 60% of all SMEs surveyed have a balanced gender representation on their leadership teams (Facebook/OECD/WB 2018)
- Diverse boards make for more profitable business, increases diversity of goods supplied, knows its female customer better and increases overall GDP (WB 2018)

Profile - Women Owned Businesses



- Many women choose to run a business as it is more flexible and can allow her to carry out her domestic responsibilities while earning income.
- Women's double burden is well understood but it is not as well known that her traditional and cultural role can create challenges for her to access support services and training.

- Women own 51.8% SMMES, men own 48.2% (WB, 2018)
- 41% of micro enterprises are owned by women and most are in the informal sector, only 27% are medium sized. (WB, 2018)
- 5,9% of women versus 8% of men engage in early stage entrepreneurial activity. (WB, 2018)
- There has been a decline over past 10 yrs of women owned business from 48% in 2008 –to 38% in 2017 (IFC 2018)
- Women-owned business less likely to be registered or legally compliant, or have financial records

Profile - Women Owned Businesses



- Women dominate some sectors more than others, often those with lower returns (personal services incl. hospitality, beauty care, food & retail, social services, education health and baby care. Not technical areas.
- Women's businesses are smaller, often she is the only employee, whereas men's business employ on average 3 people. Not accounted for by sector, something else at play.
- Women businesses are generally younger than men (average 2yrs, men owned business average 45 yrs).
- Women more likely to use on-line tools than men.



- Women have non-performing loans (NPLS less than men (5.5% versus 7.4% total SME at bank)- (We initiative, IFC 2016)
- Women use bank loans less than men. Rely on personal savings and spousal funds (Facebook/OECD/WB 2018)
- Women owned SMMEs 6% less likely to rely on a bank loan, 5% less likely to rely on funds from friends and 3% less likely to access venture capital. They also account for an outsized share of the funding gap (9% micro enterprise and 17% SME, SSA), despite smaller size. (IFC finance gap report 2017)



- Banks favour collateral (immovable property) for loans - Women do not own collateral to the same extent as men, 45% of loans rejected through lack of collateral and 12% rejected for not keeping financial records.
- Barriers are higher in sectors where women dominate than where men dominate, seen as lower income generating and less technical.
- Size of business is biggest indicator of access to loans, but gender has a negative impact (Facebook/OECD/WB). Perceptions of investors and lenders.



1. Loans alone are not enough, support services and training are needed, especially to assist women to improve financial management and improve regulatory compliance.
2. Focus on microenterprises, this is where women are mostly found and where they need support.
3. Establish peer support groups around micro finance loans, women can benefit from peer-to peer learning.
3. Digitisation of loans and transaction is critical and women may adopt this more easily. This needs support.



5. Improve data collection - disaggregated but granular levels of data is needed, without data cannot plan interventions effectively.

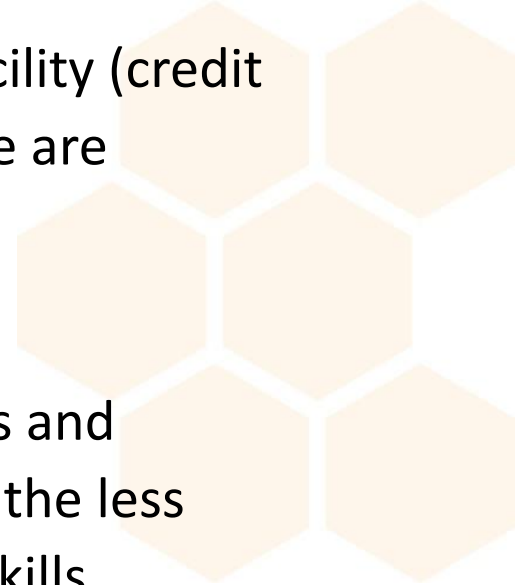
6. Allow women to take loans based on movable property – equipment, accounts receivable, cessions, orders.

7. Design funds specifically for women and their needs and strength- for instance lower interest rates because women more likely to pay more back, flexible pay back based on transactions.



DSBD/Sefa initiatives that support women-dominated sectors

- Spaza shop support programme – cash flow facility (credit guarantee)- R175m- women owners (plus there are gender impacts as women use these shops).
- Clothing and textile support programme – skills and machinery - R105m- ensure portion is given to the less technical support such as sewing machines & skills



- Bakeries & Confectionaries Support Programme- working capital investment –R100m- women dominate at a micro level- ensure that women are given an equitable share at the lower end.
- Automotive Aftermarket Support Programme:- credit guarantee- R225- if make a portion available for women may promote women's involvement.
- Hairdresser scheme- on hold but sorely needed. Could expand to beauty care generally.



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