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Building Market Systems to Empower Women in Fragile and Conflict-Affected States

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Women's Financial Inclusion in Fragile and Conflict-Affected Countries: *An overview of challenges and prospects*



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- 1. Why focus on fragility conflict and violence?**
- 2. Financial inclusion and exclusion**
- 3. Innovations to advance women's financial inclusion**

Fragility, conflict, and violence is a critical development challenge

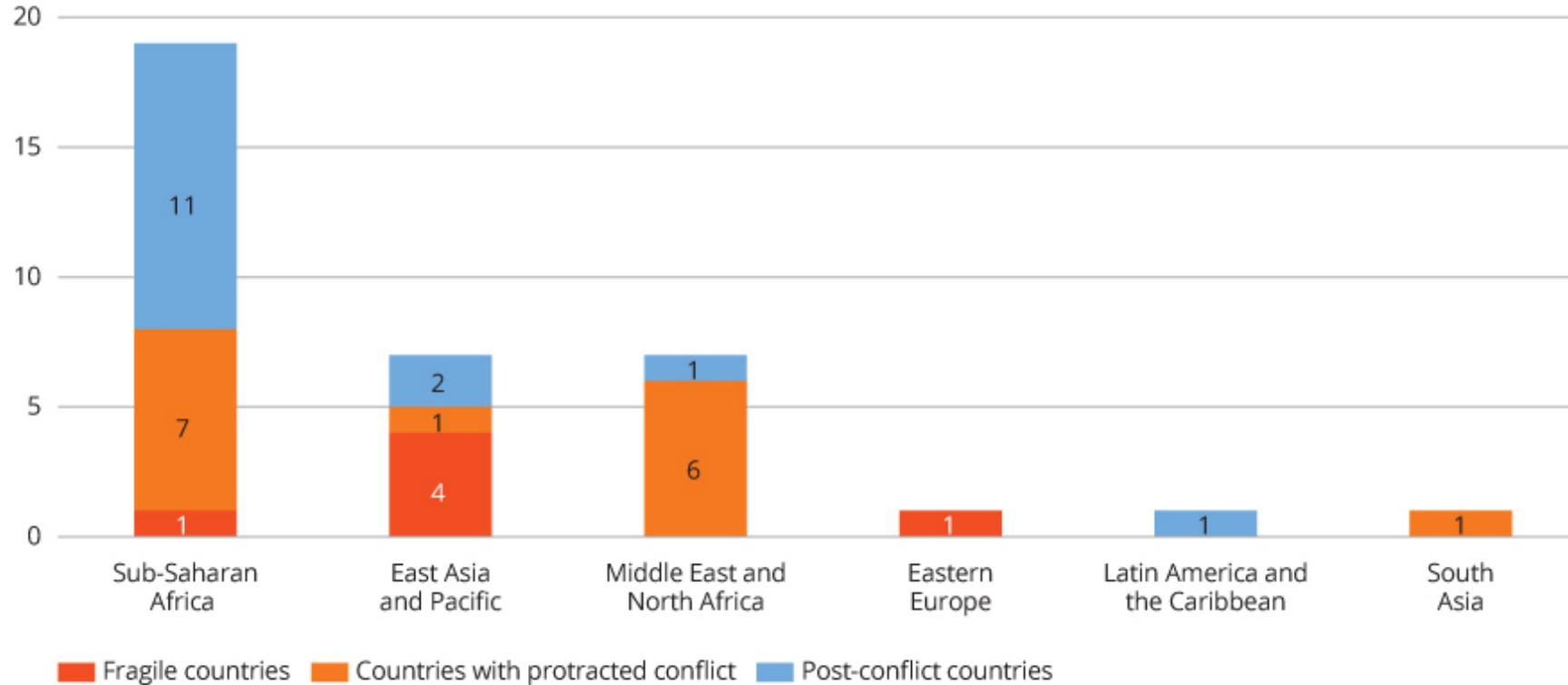


- Two billion people live in countries where development outcomes are affected by fragility, conflict, and violence
- Projected that by 2030, half of the extreme poor will be living in conflict-affected situations
- Conflicts reduce economic growth by two percentage points annually, on average.
- Violent conflict has spiked dramatically since 2010, and the fragility landscape is becoming more complex
 - In 2016, more countries experienced violent conflict than at any time in nearly 30 years

Fragile and conflict affected countries

Over half of fragile and conflict-affected countries are in Sub-Saharan Africa

Fragile and conflict-affected countries, by region (number)

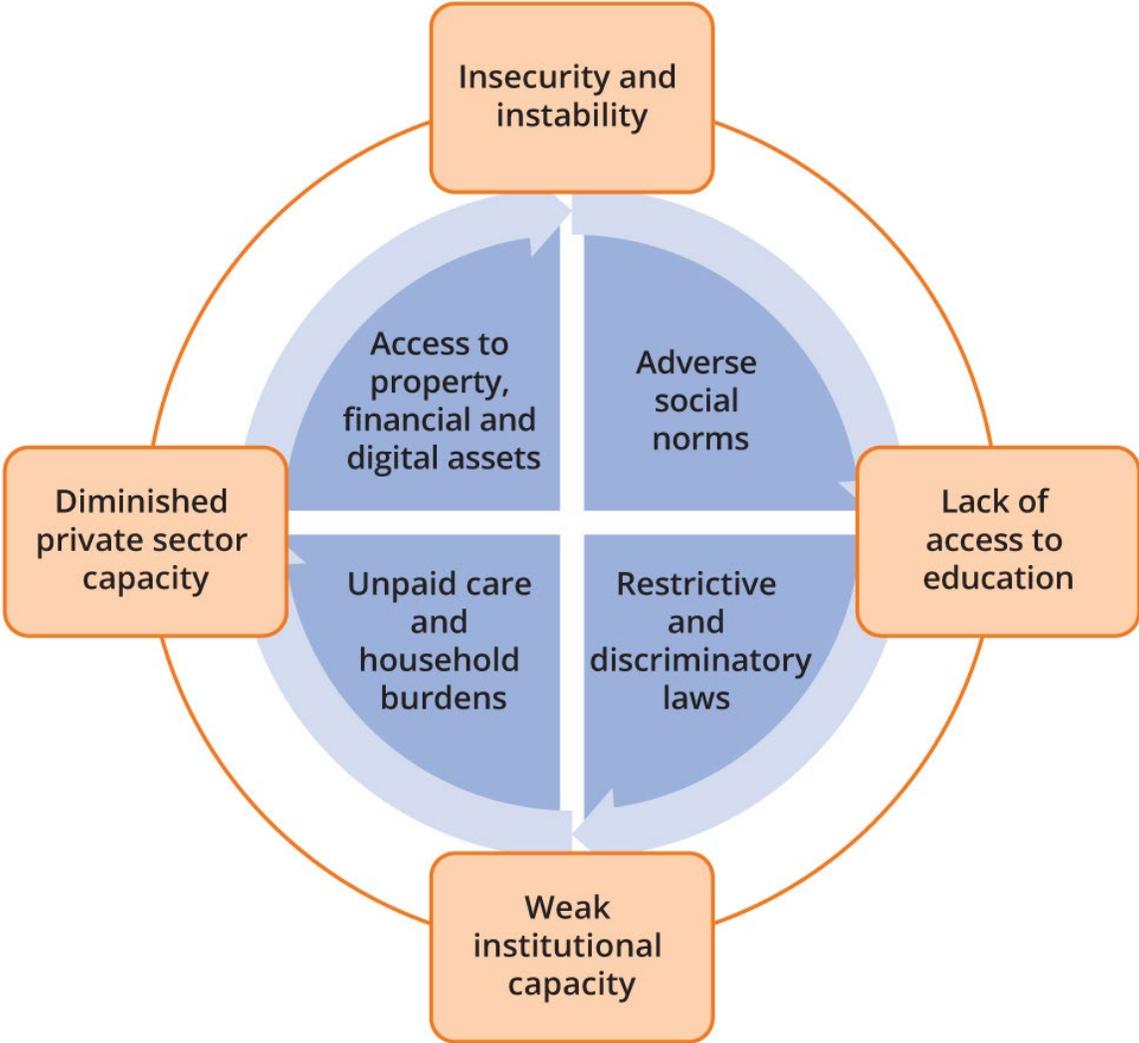


World Bank /MDB
definition and list

Half of the countries are
middle-income
countries, and the other
half are **low-income**
countries.

Source: <https://datahelpdesk.worldbank.org>: World Bank Group Country and Lending Groups.

Heightened barriers to women's economic opportunities in FCA contexts

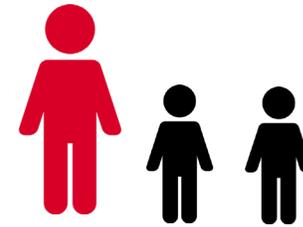


Source: Authors, building on Jeni Klugman and Laura Tyson, 2017, *Report of the UN Secretary General's High Level Panel on Women's Economic Empowerment*; Georgetown Institute for Women, Peace and Security and the Peace Research Institute Oslo, 2017, *Women, Peace and Security 2017/18: Tracking Sustainable Peace through Inclusion, Justice, and Security for Women* (Washington, DC: GIWPS and PRIO).

Fragile and conflict-affected countries



1 in 4 women have a financial account



1 in 3 men have a financial account

Largest gender gaps:



Percentage point differences.

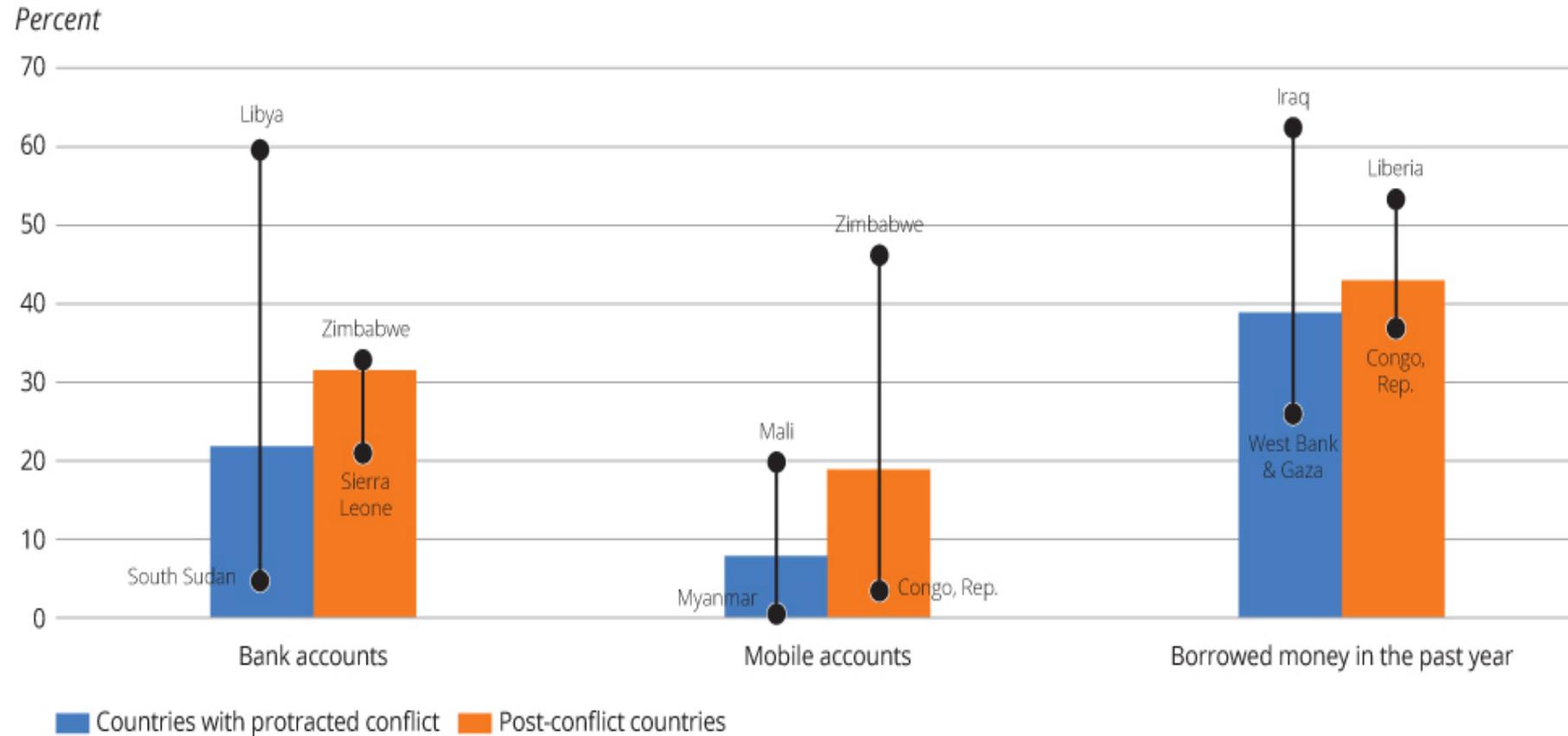
Borrowing and access to credit



About **43 percent** of women borrowed money for any reason, mostly (**30 percent**) from family or friends

Only **5 percent** of women (6 percent of men) borrowed from a financial institution, well below world average (both sexes) of 11 percent.

Share of women with accounts and credit in conflict-affected countries, 2017

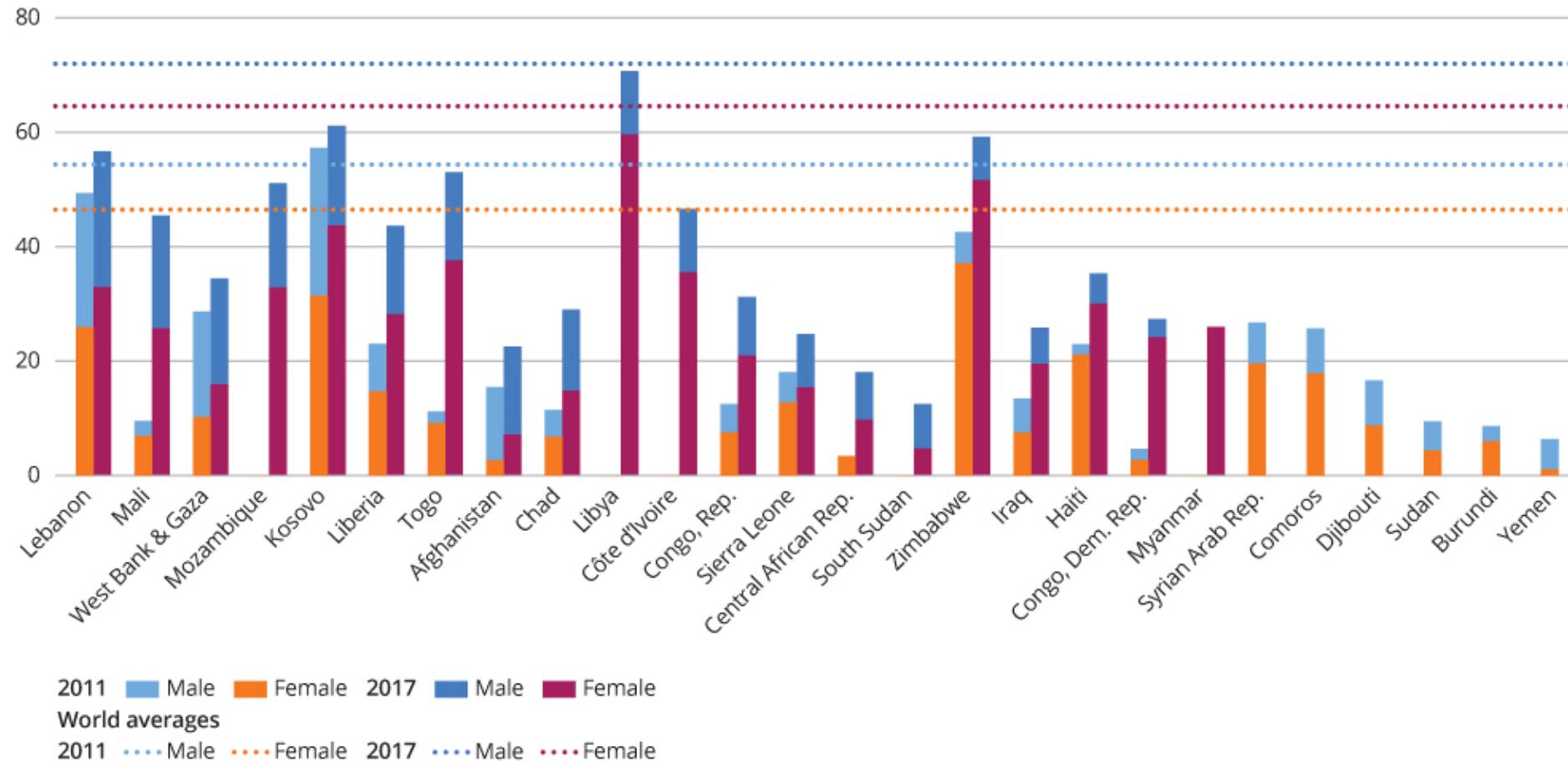


Note: Weighted averages for country groupings.
Source: See appendix 2 for full list of data sources.

Growth in financial inclusion over time

Trends in women and men's financial inclusion in fragile and conflict-affected countries, 2011 and 2017

Percent of adults with an account at a formal financial institution



The average share of women in FCA who have accounts rose by **24 percent** (2011-2017) => an additional **21 million women financially included**



Barriers to financial inclusion

Lack of money



Most common reason cited by adults for not having a formal account

Costs



Prohibitive fees to open and maintain accounts

Inadequate or damaged infrastructure



Lack of branch network or telecom infrastructure

Documentation Requirements



Lack collateral and documentation to set up account, and obtain loans

Closing gender gaps in financial inclusion

Analysis of 135 countries taking most recent year available for each country.

Controlling for such factors as lifetime domestic violence, acceptability to work and legal discrimination— as well as gender gaps in employment, GDP per capita, and whether or not it is an FCA country.

- Results suggest several significant associations :

Closing (-)/ Increasing (+) X indicator (by 1 percentage point)		Smaller(-)/Larger(+) Financial Gap by
(-) Cellphone gap	→	(-) 47.1%
(+) GDP per capita (logged)	→	(-) 1.86%
(-) Employment gap	→	(-) 3.13%
(-) Legal discrimination	→	(-) 0.24%
Being an FCA country	→	(+) 9.20 %

1

Digitized social payments

Digital transfer of payments can provide opportunities to enhance economic opportunities and decision-making power.

In Niger, using electronic delivery of transfer of social payments increased the likelihood that the recipient could use the money to improve children's diets among other benefits, compared with traditional manual cash transfers.

2

Innovations in product design

Changing collateral requirements for lending

- Types of assets that can be used for collateral
- Using psychometric credit assessments
- Creating credit information systems without having a bank account

In Ethiopia, psychometric credit assessments are used to overcome the collateral barrier. The test has good predictive power to predict whether the borrower will repay the loan. Scores above a certain threshold can be used as collateral for people who lack assets or other records to access financial services.

3

Innovations in delivery of financial services

Hiring more female bank agents and roving door-step agents who deliver financial services to doorstep

- Offering women longer-term flexible repayment schedules
- Offering savings deposits at time of peak income, and accept credit application during low income periods

In India, engaging female community members as banking agents attracted more first-time women customers, including elderly women and youth.

4

Mobile Money Accounts

Mobile finance is promising in countries with infrastructure and mobility constraints, where mobile accounts can lower transaction costs and reduce travel distances.

In Chad, Côte D'Ivoire, Mali and Zimbabwe, women are more likely to have a mobile account than an account in a formal financial institution.

In Kenya, better access to mobile money agents gave women more choice of occupation, enabling some to move out agriculture and into business.

- Important to consider the constraints and opportunities in conflict affected states – especially for women
- Systemic barriers exacerbated by insecurity, weak infrastructure and services
- Promising ways forward include innovations to expand financial inclusion via digital services

Empowering Women through Financial Inclusion – Case from OPTs



Safa' Madi

Arab Women's Enterprise Fund

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OPTs Context

- The Occupied Palestinian Territories (OPTs) – not a sovereign state
- Gaza under military closure since 2007
- Low growth due to occupation, fragmented economy and political system
- High levels of education; but low employment especially among youth, particularly educated females (around 60%)
- Low financial literacy especially amongst women
- Perceived as a risky place to engage in business with
- Financial services restricted and conservative especially in Gaza



Social Norm Constraints:

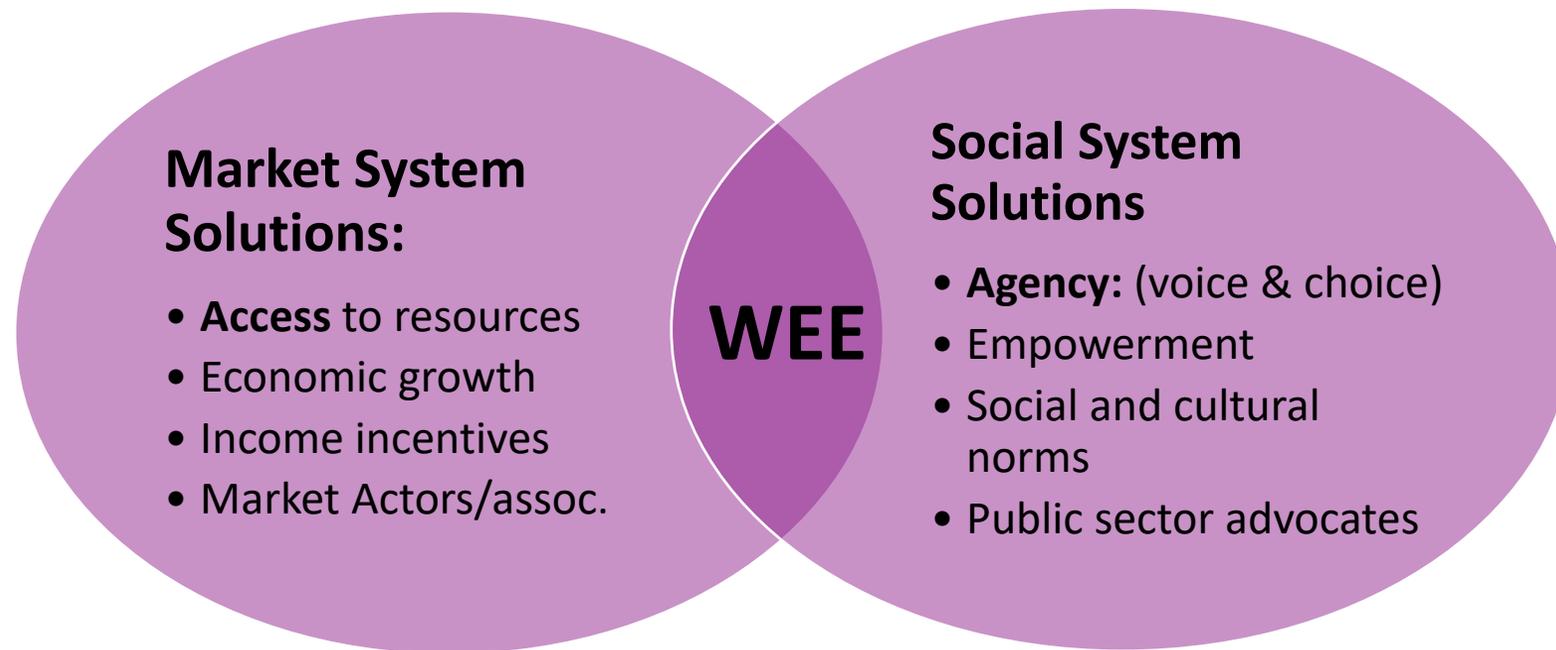
- Restricted Mobility for women, increased by conflict (military checkpoints)
- Limited ownership and control of assets
- Expectations to maintain family responsibilities & duty of care
- Competition over limited jobs; high unemployment, employers perceive women's employment costly

Social norm trends positively include women:

- Labour force participation rates of women increasing faster than men (last decade)
- Women need to work to compensate lost male income (seek work out of necessity)
- Increased desire to work from women and increasing acceptance of women in the workplace
- Increased recognition of value of women as clients, employees, and entrepreneurs (social media exposure)

Aim: Increase 150,000 women's incomes and agency in Egypt, Jordan & OPTs

£10m, 5 year , WEE & Market Systems Approach Programme



Sub-sectors of Focus:

1. Sheep and Goats Dairy
2. Traditional Food Processing

Profile of women: above 40 years of age, married with children, low education, confined in traditional roles

Portfolio Diversification:

- Diversifying subsectors, interventions, and beneficiaries across the three countries to tackle access and agency sides
- We needed to look at subsectors where there are disadvantaged women but different profile of women (youth, educated, low income)
- Need to maximize the learning especially around social norms and gender dynamics by targeting different profiles of women (educated youth)

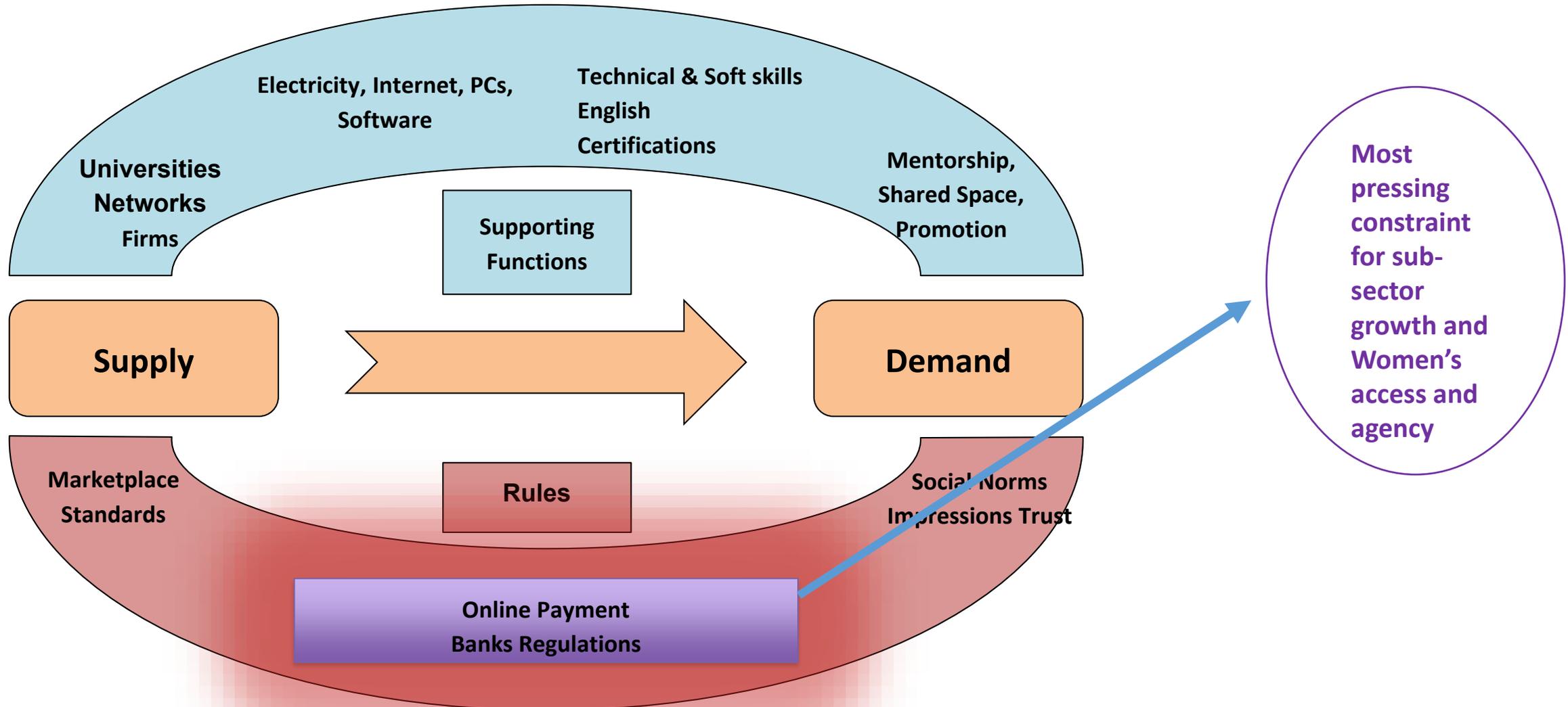
Online Freelancing (OFL) – the Opportunity

OFL Sector favours women

- Provides women with the flexibility of hours and place of work
- Gives women anonymity which reduces social barriers to competition with men online
- High numbers of female ICT graduates (approx. 2000 per year)
- Hundreds of Women already engaged formally in ICT
- High value jobs
- A competitive space which encourages continued learning and skills development
- Junior Freelancers make decent incomes (\$500 to \$1500 per month)



OFL Sub-Sector Gendered Market Systems Analysis



Rules: Laws & Regulations

- **Receiving payments online is hard.** PayPal does not operate in the WBG. Other methods such as Western Union charge expensive commission.
- **Restrictions on money transfers to Gaza** (political risks)
- **Banks internal rules don't allow current accounts** to people with non-fixed incomes, informal jobs, and self-employed which excludes the majority of disadvantaged women and youth
- **70% of women have poor levels of financial literacy** resulting in low demand
- Unbanked women do not have a credit profile and therefore limited access to financial services
- **Banks have low awareness of the financial needs and potentials of this segment** (online freelancers & self-employed)

What did AWEF do to solve this systemic constraint

Took case to the banks and presented value proposition to influence policy level changes. Partner with Bank of Palestine:



AWEF

- Understands women's financial needs
- Connected to different groups of women
- Understands OFL issues
- Facilitation and research skills

Aligned Incentives



**بنك فلسطين
BANK OF PALESTINE**

Bank of Palestine

- Lead geographical spread (incl Gaza) and "women's choice"
- Has Financial Inclusion Targets
- Desires commercial expansion to female market
- Market leader and "lead firm" in oPTs

Ensured to:

1. Have clear Business Case not only for banks, but the government (potential of job creation)
2. Empower the market leader to advocate for change before the policy maker (PMA)

Two Interventions Constructed

A. Access to Banks Current Accounts



1. Conduct online survey to understand transactions, incomes, means of contracts
2. Pilot Current Accounts with 50 OFLs to:
 - Learn about OFL behaviour
 - Identify risk points
 - Produce behavioural report
3. Work with Risk and compliance teams to re-engineer process for current accounts
4. Carry out Awareness Campaign
5. *Construct Policy Brief to influence PMA to promote uptake*
6. *Petition to PMA signed by OFLs, mainly females*

B. Financial Literacy Training for Women



1. Advised BoP on improving their targeting of women for training sessions
2. Recruited a training expert to review and improve material delivery and content
3. Segmented groups of women into targeted groups for training
4. Facilitated mobilization
5. Agreed sharing ownership of material with PMA to crowd in other banks

Initial signs of positive Results

1. AWEF's lobbied the Palestinian Monetary Authority (PMA) – up to June 2018
 - Developed infographic, YouTube video by OLFs about the constraint, and media reports published via social media.
 - Mobilized online freelancers to sign a petition addressed to the PMA governor
 - PMA Governor and Senior Staff meet AWEF's CD
2. August 2018, PMA convened meeting of all commercial banks to present findings of AWEF pilot with the Bank of Palestine
 - AWEF's CD presented research findings and business case to banks
 - Bank of Palestine presented their findings from the pilot intervention
 - **PMA requests banks to simplify rules for opening basic current accounts**
3. September 2018, PMA announces that it will issue a new Financial Inclusion Strategy

Expanding Financial Inclusion to cater for the segment of the Self-Employed Particularly Online Freelancers

What is the issue

44,000 persons join the labour market annually but do not find employment opportunities.



100,000 informal enterprises in the oPt, employing **140,000** people. Most of these enterprises and their employees have no means to open current accounts.

33.7% **11.4%** working in permanent jobs have current accounts in local banks.



Self-employed online freelancers are denied access to bank accounts because banks require official letters of employment from employers, which they cannot provide.



63.6% of Palestinians (18 years and above) are not covered by the formal financial sector. **59%** have very weak or weak financial literacy.

Why does it matter

Low participation rates in the labour force. **68.6%** **18.8%** Very high unemployment rate especially among youth. **19.5%** **42.7%**



2000 online freelancers cannot open current accounts, and are thus unable to receive financial transfers through the banking system. **30%** of online freelancers are females.

\$ Financial transactions made via non-banking transfer methods are costly. By having transfers made to their current accounts, online freelancers can save up to 30% of the costs they incur when using non-banking transfer methods.

Promotion of decent job opportunities and entrepreneurship. For example, Junior online freelancers earn anywhere between **\$300 to 1,500** monthly, on average.



Access to bank accounts empowers women and promotes their agency. It enables women to save and gain access to financial services, which helps them start their own income-generating activities.

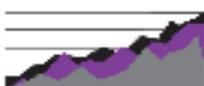


Proposed Solutions

Adopting policies and procedures that facilitate access to and use of current accounts for self-employed young women and men, including online freelancers.



Increasing banking literacy among youth, particularly women.



Providing immediate access to current accounts for online freelancers and startup businesses.



Equipping students of higher education with the knowledge and skills to pursue online freelancing opportunities.



Facilitating the registration of startups and their access to finance. Training young women and men on highly demanded skills in online markets.



Decision makers who can address this issue

1- Access to Banks Current Accounts:	Palestinian Monetary Authority	Palestinian Banks	Ministry of Finance
2- Online Freelancing Promotion and Capacity Building:	Palestinian Organizations	Donors Programmes	MoNE MoEHE MoL

Results

1,000 women attended BoP financial literacy trainings. **BoP annual training target increased from 1000 to 5000**

55% of participants accessed a financial product following the training.
An increase from 20% before AWEF intervention

BoP considered the OFLs earning up to \$1500 a month (75% of OFLs) to be viable for current accounts

Increase in income and agency for OFLs as a result of reduced transaction cost (10-30%) and taking more business

PMA analyse constraints with banks; **issued new instructions to facilitate access to current accounts not only for OFLs by the self-employed and informal workers**

More youth and women consider OFL as a viable career option – **12,000 OFLs now in business increase from 2,000 at the time of study**

100,000 informal enterprise/self-employed would have improved access to bank accounts

Development projects now supporting youth in OFL – **viable employment for youth**

Other actors crowding in and supporting OFL and self employed sectors based upon AWEF pilot with BoP

1. **Leadership:** determination by both AWEF and the BoP at highest levels to test
2. **Clear value proposition:** demonstrating “win win” for both supply and demand side
3. **Flexibility to respond:** started with analysis of ICT as sector then focus on OFL and finally work on financial inclusion interventions. Prioritize interventions which are the most painful for your beneficiaries
4. **Do not stop researching,** qualitative research paints a clearer picture of the situation of women (social norms, and agency)
5. **Facilitation by project:** not becoming part of the system but facilitating change, stay outside the system, keep an eye on beneficiaries and market actors. Look for influencers who would want to help (eg the only PMA woman board member)
6. **Blending market systems approach to achieve WEE results:**
7. **Facilitation skills** is much more important than the amount of funds you invest in an intervention
8. **Relevance of a sector to women** should not be assessed only by how many women are currently in the sector, but how many more women will engage if market failures are addressed (future outlook)

Financial inclusion has potential to unlock empowerment results for Women in FCAS on both the income and the control.

Empowering Women in Thin Markets: Experience from Liberia



Sabine Garbarino

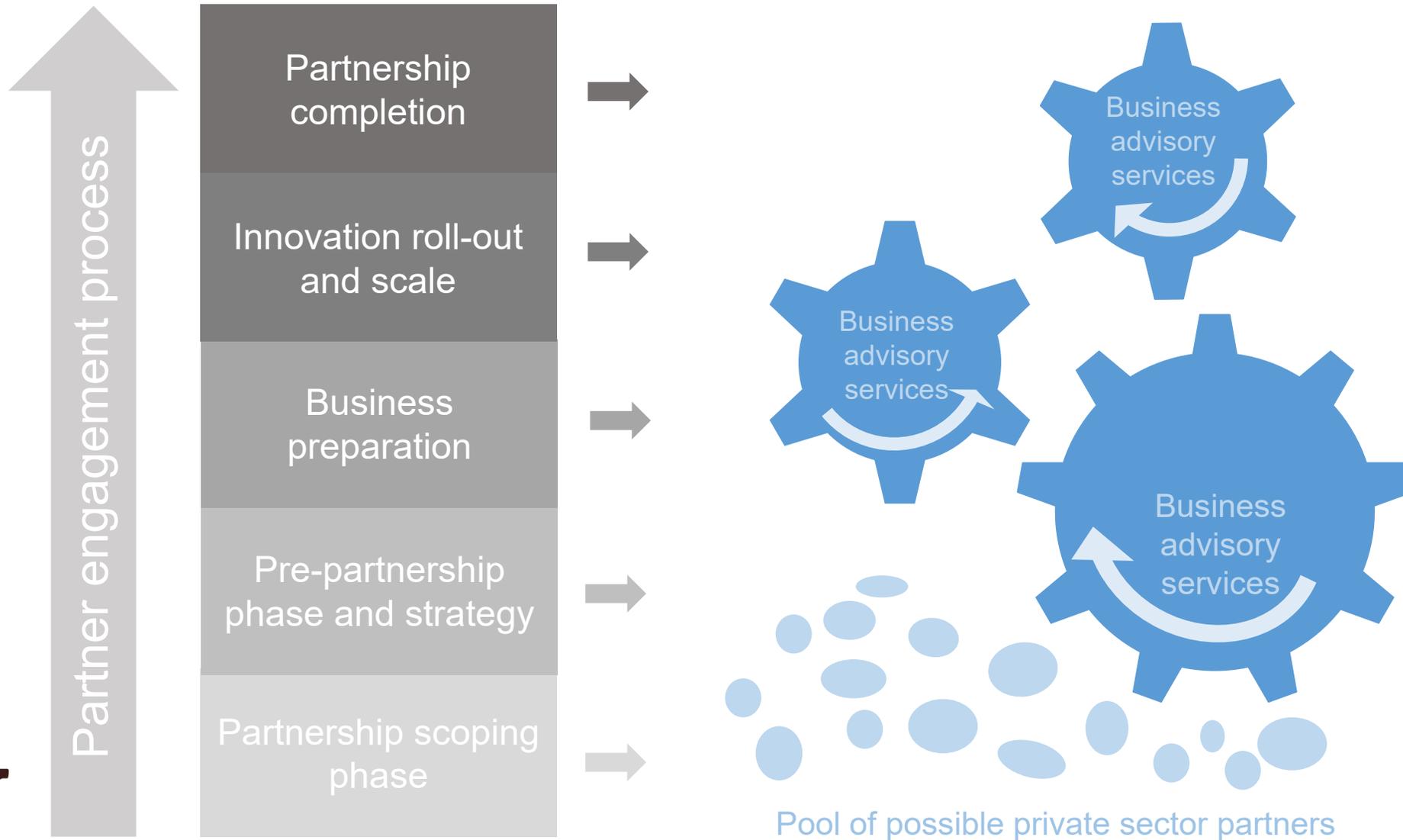
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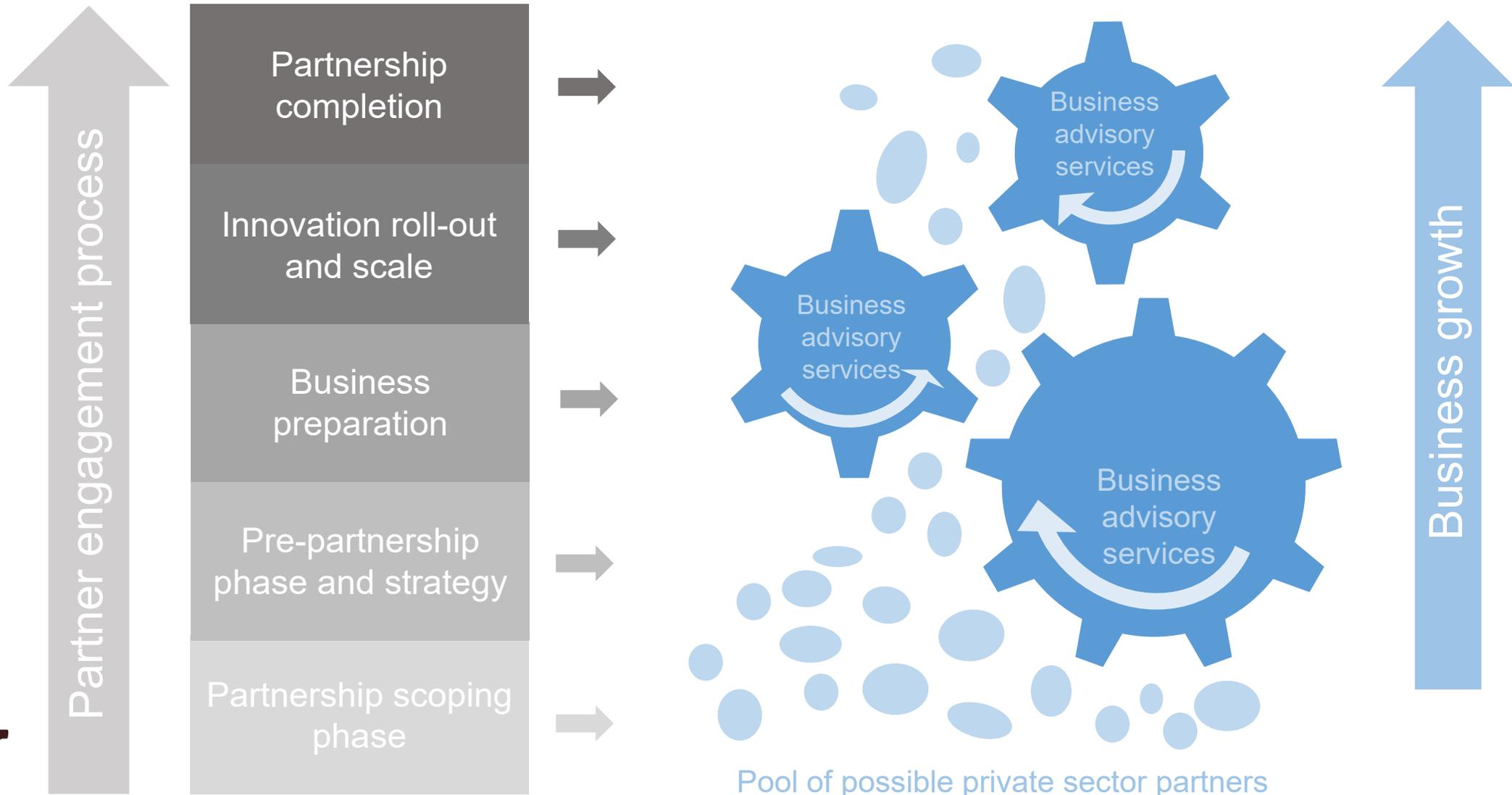
GROW Liberia's Approach to Gender-responsive Programming



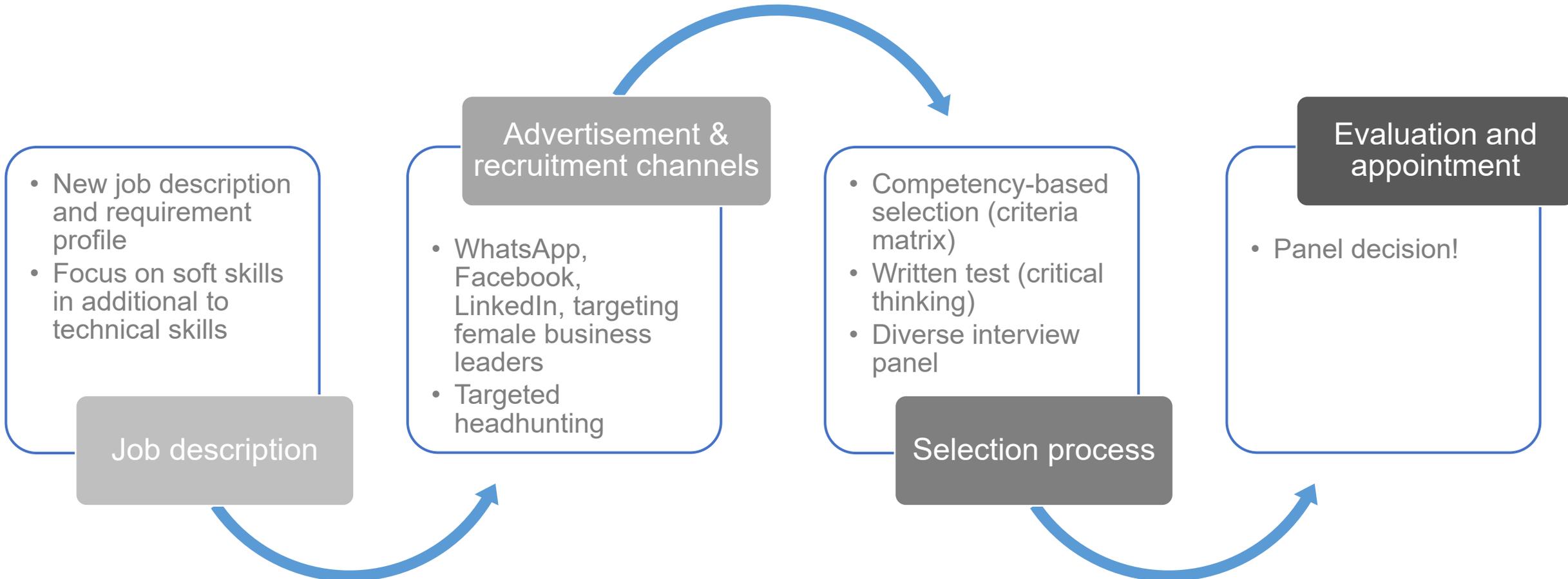
Partnership Strategy in Thin Markets

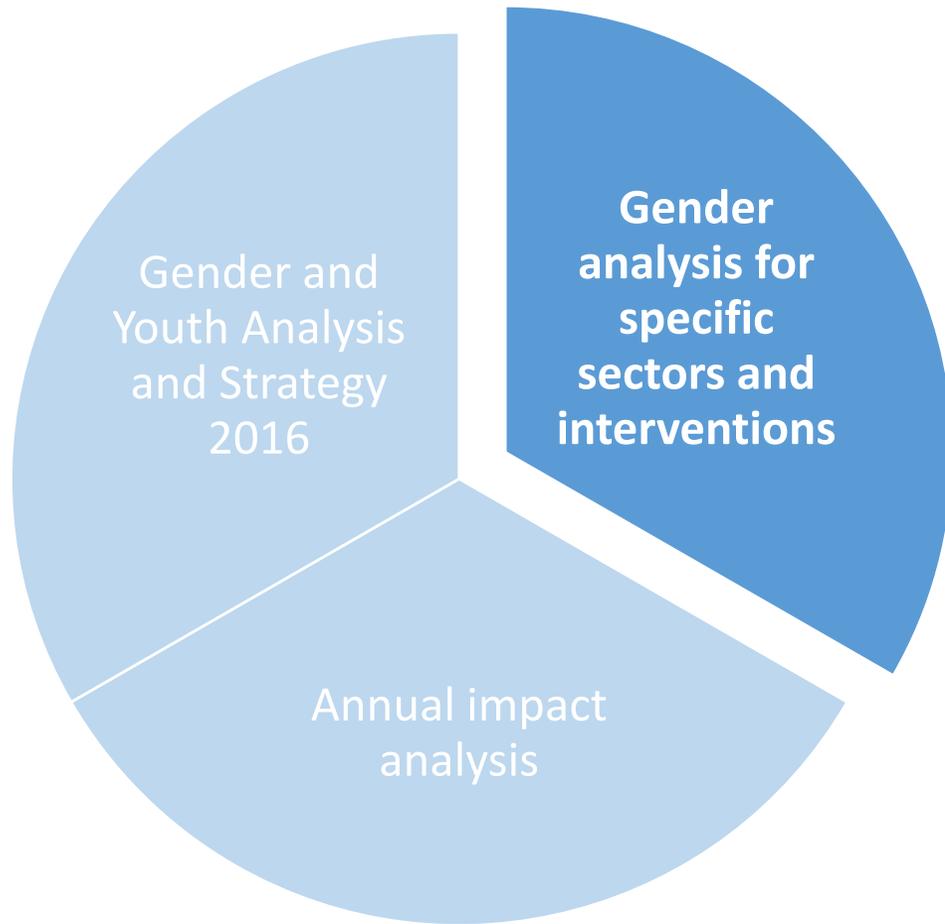


Partnership Strategy in Thin Markets



Project Culture: Recruiting Diverse Teams





Guiding principles

- Quick and timely
- Collaborative team effort
- Operationally relevant recommendations
- Making the most of existing data

Example

“Hidden Roles but Visible Value: Women in the Rubber Sector”



<https://www.growliberia.com/rubber/hidden-roles-but-visible-value>

Q & A



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Thank You!



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SEEP Announcements



WEE Working Group Quarterly Call

We will hear from the newly created Steering Committee on 2019 WG Priorities and more!

February 20: 9:00 – 10:00 EST

SEEP Members & International Women's Day!



IWD Twitter Chat: Innovation & Technology | March 12, 9:00 am – 2:00 pm EST

*Interested in hosting a slot? Contact Caroline Rubin (Crubin@nathaninc.com) by **February 21***

Call for Member Activities!

Are you hosting an event? Publishing a ground-breaking report? Pioneering gender-transformative solutions?

Send an email to membership@seepnetwork.org with the subject line,

2019 IWD Submission by Friday, February 22