



Micro-Finance & Disability

Presented by: Shaza N. Ahmed

Victim Assistance Specialist

June, 22nd, 2011. Geneva

© TemplatesWise.com

Accessibility is a Right

- In 1948, the Universal Declaration of Human Rights made equal rights for all of the world's citizens a pillar of international law.
- Sixty years later, we call on governments and civil society to use the UN Convention on the Rights of Persons with Disabilities, the world's newest human rights tool, to ensure that the right of people with disabilities to full access becomes reality.

Background

- In 1948, the Universal Declaration of Human Rights made equal rights for all of the world's citizens a pillar of international law.
- Sixty years later, we call on governments and civil society to use the UN Convention on the Rights of Persons with Disabilities, the world's newest human rights tool, to ensure that the right of people with disabilities to full access becomes reality.

- It has been proved that access to capital is one of the major challenges for landmine ERW survivors and other Persons with Disabilities
- While it is estimated that people with disabilities constitute an average of 10 per cent of the population, microfinance organizations reported that 0–0.5 per cent of their clients had a disability;

Coherent & holistic Approach

- The creation of holistic, “**no-gap**” approaches to access for people with disabilities across all of society. As a holistic concept, access covers a very wide range of issues and has different meanings in different contexts.
- Having only one type of access in any field is not enough to ensure full participation of people with disabilities.
- Other needs must always be considered and addressed. These include modifications of physical surroundings, communications systems, legal structures, medical and rehabilitation services and, perhaps most crucially, attitudes. It also includes cooperation between the people and organisations that plan, fund, implement and evaluate these initiatives.

Statistics

- At the same time the MDGs set targets for combating poverty, hunger, disease, illiteracy, and discrimination against women.
- Approximately 10% of the global population have disabilities, 80% of whom live in developing countries, and evidence suggests that they tend to be poorer than their counterparts without disabilities. For those who live on less than \$1 a day, 1 in 5 has a disability (United Nations, 2007)
- Employers often resist employing persons with disabilities. In developing countries, 80 — 90% of persons with disabilities don't have a formal job, so most turn to self-employment (United-Nations, 2007).
- People with disabilities are among the world's poorest, then the MDGs will only be achieved if explicit and specific efforts are undertaken to include them in programmes aimed at reaching the world's poorest.
- The combination of poverty and general insecurity in post-conflict countries often contributes to the marginalisation of disabled people who are stigmatised as a burden on society

Self -employment

- Landmine victims and other persons with disabilities, and the professionals working to help them, have been reporting that their top priority is to be able to earn a living and take care of their families.
- For the majority of people with disabilities, and particularly landmine survivors self-employment is frequently the most suitable way to earn a living.
- Often deprived of access to formal education and living in communities with unstable economic conditions, people with disabilities turn to self-employment to earn an income, support their families and be recognized as equal contributors to the development of their communities.

Is it accessible ?

- One of the main obstacles to self-employment is **access to capital** for start-ups. Access to capital is now considered one of the main elements of economic inclusion.

Can Micro-finance Be a **Solution**

- Micro-finance programmes not only give women and men access to savings and credit, but reach millions of people worldwide bringing them together regularly in organized groups.
- Through their contribution to persons with disability's ability to earn an income these programmes have potential to initiate a series of 'virtuous spirals' of economic empowerment, increased well-being for persons with disability and their families and wider social and political empowerment.

At Strategic level

Inclusion in mainstream microfinance institutions

- through a variety of schemes, including raising awareness among microfinance staff, establishing partnerships for cooperation, adapting methodologies, or simply by supporting people with disabilities to submit their loan applications.
- Interestingly, some microfinance institutions mentioned that people with disabilities were among their best clients. Examples include that of Handicap International in Senegal and Central Africa, which have reached over 200 persons after establishing successful partnerships with microfinance institutions.
 - This seems to be the most successful strategy in terms of *sustainability, cost-efficiency and effectiveness*

- **2. Provision of financial services by organizations of/for people with disabilities themselves.**
- One of the most successful approaches may be to apply a strategy that parallels the 'twin-track' approach developed by the Department for International Development (DFID):
- ✓ To work towards facilitating the **inclusion** of landmine victims and people with disabilities in mainstream microfinance institutions, which is the most sustainable and cost-efficient solution and also promotes an inclusive society
- ✓ To **empower** people with disabilities through specific initiatives. These may include social work and self-confidence building, or specific structures such as self-help groups or revolving funds, if the necessary human and financial resources are available.

Practical Steps

- It is clear that most micro finance programmes have a long way to go before they make their full potential contribution to equality and empowerment of persons with disabilities.
- There is a need for a **whole spectrum** of service provision from private sector banks giving large loans to established disabled people entrepreneurs on an equitable basis with others to small local community-based organizations with savings and credit for the very poor.

There is no 'one-size fits all'

- There are many possible strategies to increase equality access and empowerment of persons with disabilities. In the sector as a whole there is a need for:
- Greater clarity in the underlying equality in access and empowerment vision of microfinance programmes.
- Building on the organizational base provided by micro-finance (both individual lending and group-based) to promote wider organizations to challenge inequality in access and provision .
- Innovation in product design to respond to women's & men with disability's needs .
- Commitment to internal disability integrated policy to ensure organizational capacity to realize the full potential of micro-finance to empower persons with disability
- Mainstreaming disability concerns in the policies of the micro-finance sector and the financial sector in general.

Networks to increase access to micro-finance by persons with disabilities

- MFIs must be secure in the knowledge that as they reach out to low-income disabled people, they are supported by a strong network of peers who share their vision.
- Landmine victims association , DPOs including in many countries union of persons with disabilities' role is to continuously expand the network, screen potential affiliates to maintain the quality of the network, arrange lateral learning opportunities, and provide support and expertise to help MFIs navigate the changing landscape of microfinance, strengthen their organizations, expand their customer bases, and deliver innovative products and services that meet the needs of clients.

Accessibility & Gender

- Women are not a minority, but the 'marginalized majority'
- Targeting women became a major plank of donor poverty alleviation and gender strategies in the 1990s. This was the result of a number of factors:
- Human rights (CRPD): official commitments to equity and disability mainstreaming on national policies of governments, donor agencies, and civil society.
- women's human rights: official commitments to gender equity and gender mainstreaming on the part of most governments, donor agencies, NGOs and the Microcredit Summit Campaign itself.

Women with disabilities:

- Poverty reduction: increasing evidence that not only are women and women with disability's overrepresented amongst the poorest people, but are also more likely than others to spend their incomes on the welfare of children and dependents. Therefore poverty reduction programmes which target women are likely to be more effective.
- Financial sustainability: increasing evidence in micro-finance of much higher repayment and savings discipline among women than men.

- This is not only a women's human right, but necessary for any serious agenda for poverty reduction, economic growth and civil society strengthening

Not only reaching, but also empowering women

- Not only reaching, but also empowering women, is the second stated goal of the Microcredit Summit Campaign.
- Many donor statements on credit and NGO funding proposals present an extremely attractive vision of increasing numbers of expanding, financially self-sustainable micro-finance programmes reaching large numbers of poor women borrowers.

Literature prepared for the international and regional Micro-credit Summits from 1997

Challenges

- The loans that women and especially women with disabilities took out were usually too small for their needs.
- The loan terms and conditions were too rigid to suit women's and especially women with disabilities needs.
- Most women and especially women with disabilities lacked financial management and business planning skills.
- Many women and especially women with disabilities knew very little about credit union operations and cooperative principles

Social, culture & economic reasons

- For socio-cultural and other reasons, boys girls, men & women with disabilities , would not have had access to education, and those who did would have accessed lower levels of this resource.
- This lack of access to education and low literacy levels has hampered their ability to:
- acquire vocational skills for self-employment;
- access information on support services for improving their business; and
- earn an income and, thereby, engage in capital accumulation.

Basic Approaches

- *Rural Approaches*
- Micro-financial institutions that target rural disabled people use the group lending mechanism to ensure joint liability for securing loans. This strategy is cost-effective in increasing the number of clients to credit staff ratio.
- This is important in order to reduce the cost of reaching isolated rural communities.
- Group development training also equips rural disabled persons with decision-making and leadership skills.
- They select group members, make loan decisions, and are active within MFI operations

- *Urban Approaches*
- Urban-based MFIs tend to focus on individual lending since urban communities are not as close knit as rural ones.
- Clients of urban MFIs usually go to the institution for financial services.
- In rural areas, however, it is the MFIs who usually go to the communities. Urban MFIs, therefore, tend to have lower transaction costs.

Tips for all

- Follow a **twin track approach** , including both targeted and mainstream programmes
- Conduct evaluations to study the impact of the accessibility and inclusiveness of social protection programmes and ensure involvement of the stakeholders in designing such initiatives
- provision of services like education, skills development , training and mentoring to enable youth with disabilities to access employment
- **Social protection** to be broader than cash transfer and linked to other essential services (health, education, family support services etc).
- Identifying innovative methods and approaches that reaches and engages disabled people, who are not currently reached
- Develop strategies to enhance awareness on disability, in the hard to reach areas
- To advocate for a **multi-dimensional** economic empowerment programme to address the different abilities and to move away from the traditional approaches
- Promote further research into the possibility of more flexible conditions for microcredit provided to vulnerable groups.
- Stand alone disability programmes have limited reach. Therefore mainstreaming disability in all the key sectors to be achieved

The time for action is **now**

- There is great urgency. Therefore, the right time is now to take up the challenges of designing **appropriate products** to serve without discrimination.

Thank you

