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CO-OPERATION MICROFINANCE- REGULATED COMMERCIAL FINANCE
[SHARING INFORMATION ON INNOVATIVE BANK & MFI RELATIONSHIP]

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EMERGENCE OF MICRO BUSINESSES:

The last decade has seen a number of initiatives using micro credit as a tool for poverty alleviation and economic empowerment, both of which are catalytic to women gaining access to the same basic rights as their male counterparts. Examples include the Pakistan Poverty Alleviation Fund (PPAF) the National Rural Support Program (NRSP) other Rural Support Programs (RSP), and more recently the Khushali Bank. These programs have all tried to target women in their outreach for lending, mainly because the rising levels of poverty in Pakistan. Moreover the preponderance of poor women have forced the policy makers to give special attention to women who intend to start a micro business activity.

Ironically enough, the best-recorded outreach for Rural Support Programmers (RSPs) is mere 25% coverage to women as borrowers (Agha Khan RSP, National RSP, Punjab RSP). NGO programs offer micro credit to women much more frequently but their overall coverage is yet very small.

The Role of First Women Bank is also crucial in *the back drop of the* Government plans for poverty alleviation, and has in fact become one of the primary windows for the emergence of micro credit in Pakistan, with its outreach of over 77% with 19,525 women borrowers to their credit.

HOW FIRST WOMEN BANK FEATURES IN THIS SCENARIO:

Women experience inequality all over the world and Pakistan is no exception to the norm. The gender perspective acknowledges the importance of both the sexes contributing to the development and promotes the equitable distribution of resources opportunities and benefits. In Pakistan women constitute more than one half of the population- a fact, which cannot be ignored.

FWBL was established in 1989 perhaps the best example of public -private partnerships for sustainable entrepreneurship to cater solely to the financial needs of women Its mandate as *a nationalized* Bank was to improve the socio economic

Status of women in urban and rural areas by creating opportunities for their development through enhanced economic participation. In a way, it is designed to serve the dual objectives of a commercial bank and a development finance institution by offering them support services along with credit lines

The uniqueness of the bank places a special burden on the institution in that; it has to optimize profit levels from its commercial operations to successively achieve its objectives of empowerment of women.

The Charter of the bank is to undertake the conduct of all forms of business of a banking company, in a manner to meet the special need of women. Our Mission statement is to be a financially sustainable bank with a specialized focus on promoting economic prosperity and self-reliance in women in urban and rural areas by:

1. Transforming their role from the passive participants to active partners in the economic development in the country
2. Facilitating their access to the financial services by providing support through its financial services desk one of our most powerful products launched at Karachi Lahore and Islamabad with its five components:
3. Credit-Facility
4. Trade-Finance

5. Legal-Counseling (as far as.: their matters relating to documents are concerned, inheritance, complications etc.)
6. Tax consultancy
7. Marketing

Promoting asset ownership through its unique credit policies (IT loans, home improvements, salaried class loans, Aasaish etc.)

Promoting entrepreneurs through computer literacy and Business Centers for skill enhancement product development and business management. The Bank realizes that access to credit alone is not sufficient for developing women entrepreneurship and **support services** are essential to build the skills of women. FWBL was the first Bank to offer the support services for enterprise development in 1998. Through the Business Centers, which provide a comprehensive package of enterprise development. To date, over 4,323 women entrepreneurs have been developed through these 3 centers at Lahore, Karachi, and Islamabad.

The Bank also provides extensive banking training through its Training Institute and collaboration with other Institutes. The Bank also has in-house Computer Literacy Centers and to date has trained 6,000 women from these 3 centers

ALLIANCES /COLLABORATION IN RESPECT OF MICRO FINANCE

To effectively promote our financial products and to play our role in the socioeconomic development of women in Pakistan we have entered into strategic alliances with the various international agencies and the Ministry of Women Development.

The Ministry of Women Development which is responsible for the implementation of the National Policy for Development and Empowerment of Women, entered into a collaboration with FWBL

FWBL launched a small loan facility for women from low-income groups with an initial allocation of Rs. 30(m) by using a group guarantee NGO warranty or personal surety from two Government officials. Approximately 11,000 women have benefited from this scheme in the last 13 years. It is also relevant to mention the fact that we have also extended micro finance facility to one NGO Kashf Foundation where in finance has been extended against the Grant allocated to them for financing.

On 22 d March, 2003 UNDP approved a Grant of US\$1.2million for the project 'titled women access to Capital and Technology in collaboration with FWBL for capacity building and infrastructure development, training & up-gradation of three business centers and setting up two new business-centers at Peshawar along with computerization of 12 micro credit branches.

FWBL and CIDA have entered into collaboration on 6th August 2003 involving, three years financial assistance of Rs. 24M for training and capacity building and Financial Services Desk

We entered into a collaboration on the 8th April 2002 with ILO /IPEC for elimination of child labor in the carpet weaving industry by identification of viable income generating projects; The targeted areas were Gujranwala and Shaikhupura

The project interventions were provision of Micro credit Facility to adult members (particularly mother) of the carpet weaving families. Provision of skill development opportunities to the existing and potential Micro Entrepreneurs (adult females from the carpet weaving families). The objectives were elimination of child labor. The underlined motive to empower the women for a more active role and for establishing an equitable distribution of resources, opportunities and benefits to carpet weaving families. Along the line to provide quality skill development opportunities as well.

The methodology involves in the formation of Groups for Income Generations (GIGS) opening of Savings Accounts, identification of potential borrowers, credit & skill development, resolutions from the groups, completion of credit documenting; thereafter meetings of local micro finance committee. After which the disbursement of approved cases is made. Follow up is fortnightly for recovery purposes.

ACHIEVEMENTS:

1. So far 116 GIGS have been formed with a membership of 846 women
2. Accumulated savings Rs. 26,9510
3. Against an initial target of 515 borrowers, 544 adult women of carpet weaving families
4. Rs. 5,019,000 disbursed.
5. Average loan size is Rs.8, 867
6. In total 566 loans created to 544 borrowers
7. 100% recovery
8. Provision to skill development services to 144 women
9. An. average increase o f Rs.1500 per hh/month. 80% increase for their income
(Research study based on 117 women)
10. 67 women have purchased new l assets. after availing loan
11. 91% have claimed to have an increased participation in the household decisions as a result of becoming economically active.

The project no doubt had its share of pitfalls and problems eg. In the proccurence of ID cards and resistance from influential members of the community but FWBL has managed to effectively overcome all these issues. Our experience in this project has been mentionably exemplary in that, we have as a Bank been a vital component of the social services imparted in the project as a whole and have contributed in the income generation and skills Training aspect of the program.

In a message from Mr. Johannes Lokollo-Director ILO "the programme could be replicated as a model in other similar interventions combating child labor. FWBL management has been extremely cooperative in facilitating implementation of the programmes strategies. Bank's standard procedures-were simplifies/tailored and accordance with the programme requirement to facilitate the target group to have .easy excess to micro finance programme. Further more transparency and appropriate use of project funds were all hall mark of FWBL policies."

We would also like to mention the implementing partners in t hi project who were non-banking organizations being 2 NGOS, BLCC and CCF, Sudhaar, Skill Development Council, and Center for improvement of working conditions and. environment and AKIDA.

Our project benefited from the co-operation in the identification of the potential borrowers since the targeted families were already working with one component or the other. (NFEs, Prevocational Centers etc.)