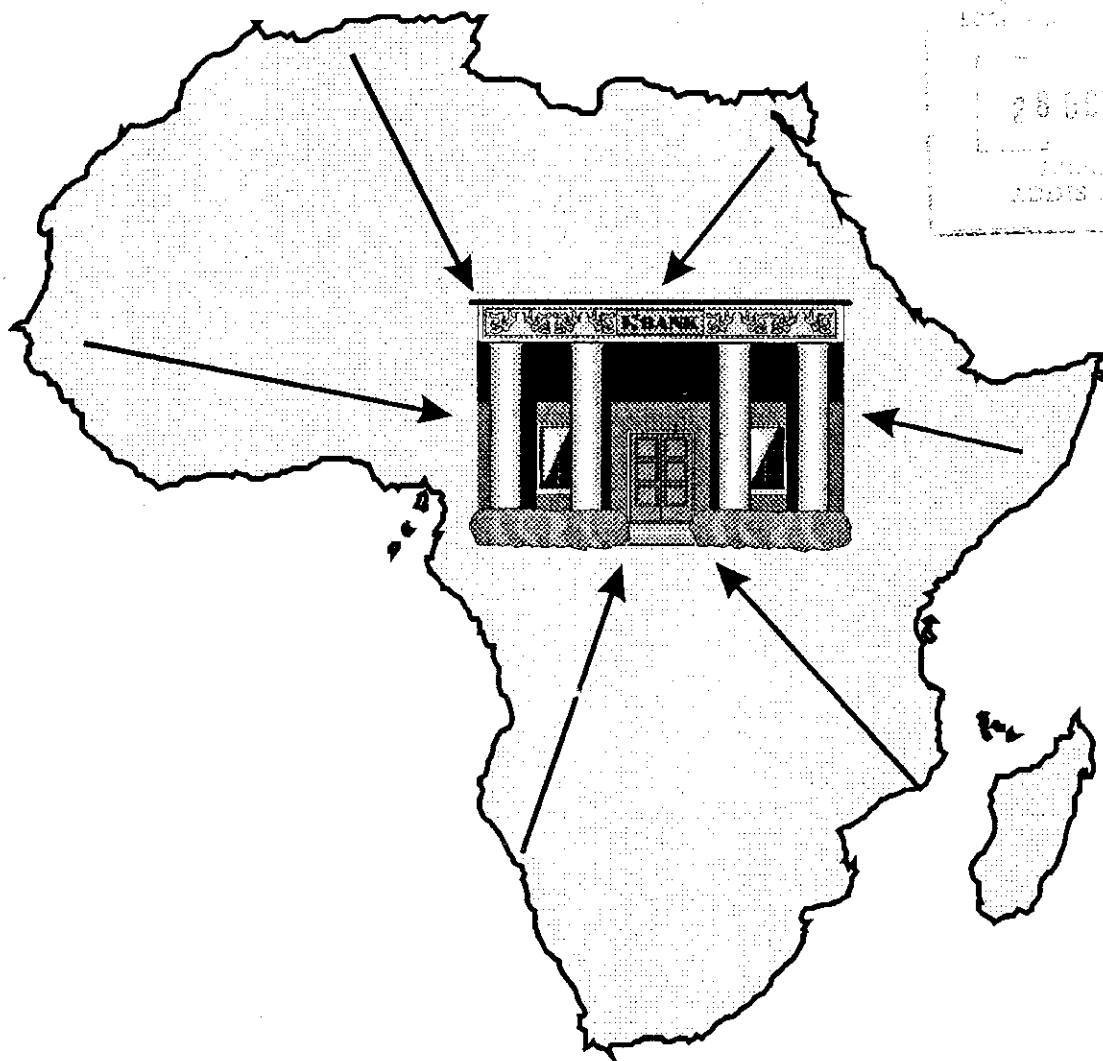




**UNITED NATIONS
ECONOMIC COMMISSION FOR AFRICA**



**REPORT OF THE AD HOC EXPERT GROUP MEETING
TO CONSIDER MODALITIES
OF SETTING UP AN AFRICAN BANK FOR WOMEN
24 - 29 AUGUST 1994, KAMPALA, UGANDA**



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I. INTRODUCTION

In accordance with the ECA work programme for the biennium 1994-95 and the ECA Conference of Ministers resolution 736 (XXVII) which called for emphasis on economic empowerment of women through increased access to resources in the 1990s, an ad hoc expert group meeting to consider modalities of establishing an African Bank for Women was convened from 24 to 29 August 1994 in Kampala, Uganda, at the International Conference Centre. The meeting was organized by the United Nations Economic Commission for Africa in collaboration with the Ministry of Women in Development, Culture and Youth of Uganda.

The main objectives of the meeting were to: (a) devise a financial institution which would cater for specific financial needs of African women at all levels, (b) define the most adequate mode of operation and (c) recommend measures which would ensure its viability and sustainability as well as mobilization of financial resources.

II. PARTICIPATION

The meeting was attended by high-level experts selected on the basis of their individual capacity from institutes of finance and banking, economic planning as well as experts involved in the improvement of women's access to resources. A detailed list of the experts and observers is attached as annex 1.

III. PROCEEDINGS OF THE MEETING

1. Opening ceremony

The meeting was officially opened by the Honourable Minister of Women in Development, Culture and Youth, of Uganda Dr. Sepecioza Wandira Kazibwe.

In his opening statement, the Deputy Resident Representative of the United Nations Development Programme, Mr. Lars Sylvan, stressed the importance of the meeting not only for women and their families but for the development of the African continent as a whole. He recalled the important role of women in the traditional African society and that of access to credit for the development of these societies particularly in the rural areas. He further elaborated on the role credit plays in generating jobs and equity.

Talking about the UNDP activities, Mr Lars Sylvan stated that the UNDP focus was on sustainable human development which is often referred to as Four ES, i.e.,

Empowerment, Equity, Employment and Environment. He also called the experts attention to the importance of setting up a viable credit system which would equally reach out to all rural women.

On her turn, the Chief of the African Centre for Women, of the United Nations Economic Commission for Africa, (UNECA) welcomed participants on behalf of Mr. Layshi Yaker, United Nations Under Secretary General and Executive Secretary of the UNECA. She expressed appreciation to the Ugandan authorities for offering to host the meeting and the Ministry of Women in Development, Culture and Youth for efforts made to ensure the success of the meeting. She also thanked the experts who, in spite of their responsibilities, accepted to sacrifice their precious time to reflect on an issue of major concern to African Women.

She further observed that African Women constituted a great percentage of the labour force both in the formal and informal sectors and yet they relied mostly on traditional credit schemes. She pointed out the need to devise an efficient mechanism which would enhance women's productive activities through mobilizing savings and promoting women's investments, especially at this time when some finance institutions which were providing direct credit to most women were closing as part of financial reforms. She stressed that the meeting was taking place at a time of fundamental changes and scarce resources that require unbridled necessity of self-help. She concluded by stating that such a financial institution as the African Bank for Women would contribute to the sustainability of African economies and that with determination and solidarity, African Women could change the face of their continent.

The Uganda Minister of Women in Development, welcomed all the participants to Uganda, the "Pearl of Africa". She noted that in Uganda, like in many other countries, women do not have access to, or control over means of production and inadequate access to formal credit is a significant constraint to their economic empowerment as it limits their investment capabilities.

The Minister pointed out the necessity to develop credit schemes specific to women which would stimulate savings, encourage women's demands for credit and provide credit along with related support services. Recalling the objectives of the meeting, the Minister emphasized the importance of clearly defining the target groups of the African bank for women which should involve rural and urban based micro entrepreneurs operating individually or in groups as well as medium-scale women entrepreneurs. The Minister drew the attention of the experts to the fact that the African Bank for Women will be competing with other financial institutions. She noted that economic empowerment alone will not emancipate women and that there is a need for an enabling political and legal environment.

She pointed out that Uganda has adequate political and legal infrastructure and

had tested credit pilot schemes for women. Before declaring the meeting open, she stated that she did not hesitate to offer a home to the institution, as she believed that the Ugandan record of Women's credit facilities provided a strong foundation to build on.

2. Election of officers (agenda item 2)

The following officers were unanimously elected to conduct the meeting:

- | | |
|--|--------------------|
| - Mrs Theresa Owusu
Deputy Governor of the
Bank of Ghana | - Chairperson |
| - Mrs Bernadette Yadi Sikho
Fondee de Pouvoirs Principale
Responsable des engagements
Department Credit
Bank of Africa, Mali | - Vice Chairperson |
| - Ms Christine Guwatudde
Ministry of Women in Development
Culture and Youth, Uganda. | - Rapporteur |

3. Adoption of the agenda and the programme of work (agenda item 3)

The following provisional agenda as well as the programme of work were adopted without amendments.

1. Opening Ceremony

- Statement by the UNDP Representative
- Statement by the UNECA Representative
- Statement by the Minister of Women in Development (WID), Culture and Youth;

2. Election of officers

3. *Adoption of the agenda and the programme of work*
4. *Review of the pre-feasibility study on the establishment of a women's banking Institution.*
5. *Discussion on the type, size, structure and location of the Bank and its mode of operation.*
6. *Consideration of the sources of capital and possible partners.*
7. *Adoption of the report and recommendations*
8. *Closing of the meeting.*

The meeting adopted the following working hours:

09;00 a.m. to 13.00 p.m.

14.30 p.m. to 16.30 p.m.

4. *Review of the Pre-feasibility Study on the Establishment of a Women's Banking Institution (agenda item 4)*

Under this agenda item, the meeting made a thorough review of the Pre-feasibility Study on the establishment of an African Bank of Women.

The study showed that in spite of the proliferation of credit schemes in African countries, Women's access to credit still remained low and limited both in number of women beneficiaries and in volume of resources available to them. Channels available to women take various forms with most of them built into development strategies and programmes. These included revolving loan schemes of bilateral and non-governmental agencies, credit unions and savings organizations. Other mechanisms were part of general financial assistance packages. The most common sources of financing for women included among others personal savings, loans from relatives and money lenders and the informal traditional credit unions known as "tontines" or Isusu" or "Susu".

The study further indicated that although lending mechanisms existed in commercial banks, the requirements for collateral support, before consideration of the projects rendered them inoperative as far as women are concerned.

The study demonstrated the importance of delivering sustainable financial service to enhance productive investments by women, and concluded that there was need for an

independent financial intermediary fully devoted to responding to women's financial needs.

Some key issues highlighted in the study were the funds needed such as start-up expenses, funds on lending and regulatory requirements funds to establish reserves for loan losses. The analysis of these issues showed that because of stricter limitations placed on banking institutions regarding ownership roles in assets financed, a hybrid between a consumer finance company and an investment bank might be more appropriate to finance the type of activities that would be needed for the African women in business.

Among the issues to be considered was the determination of a mechanism which would reach out to women where they are and which will be able to take fast decisions to maximize profit, especially in the case where most women are engaged in trading activities. The study stressed that although the specialized financial intermediary should be innovative, certain standards and rules governing the rediscount will have to be strictly adhered to. The portfolio of the intermediary would need to be under surveillance and women's ownership of the institution should be ensured as an important factor of its sustainability. The study proposed a structure for the financial institution, but suggested to conduct a full-fledged feasibility study which would spell out clearly the modalities of how the bank should operate and address in detail other aspects such as target groups administrative arrangement and resource mobilization.

The meeting noted that this study was part of ECA's overall efforts of building an economic infrastructure that will foster the economic empowerment of women through promotion of women's entrepreneurship and access to resources.

During the general debate, experts commended the initiative and the work of the consultant, who had undertaken the writing of the preliminary study. They agreed with the findings and recommendations of the study that the primary objective of the financial institution should be to make financial and other productive resources available and accessible to women at all levels but at the same time operate as a viable commercial entity. The regional financial intermediary should deal with capitalization, financial development, direct financing and should play a catalytic role in building the institutional capacity of local intermediaries.

Experiences of the experts at the operational level highlighted financial problems facing African women in business particularly the poor women in rural areas. These problems were related to legal, managerial or technical aspects of their businesses as well as the attitudes and tendencies of existing financial institutions. The experts emphasized the importance of assisting women not only to obtain finances but also to ensure that they are enabled to utilize these finances. To this end, services to be

provided by the institutions should reflect the requirements of any bankable project, especially small enterprises. These services should range from short-term financing for trading, guarantee of medium-term facilities for capital development to long term finance to build and where applicable to complete assets needed for productive activities. Training, advisory services and other necessary support services should be provided to the clientele.

Experts resolved that the institution should design a mutualist guarantee scheme aimed at providing a risk-sharing mechanism that will make it easier for the institutions at national level to extend credit at minimal risk and encourage institutions to lend to the small borrower.

The experts noted that refinancing facilities at the regional level by donor agencies will be required in order to increase resources available for use by women.

The capital of the institution would depend on the host country's regulation, but it was noted that experience has shown that minimum stipulated capital does not always provide for adequate capital base for a successful market entry for a new bank.

The necessity for an aggressive marketing strategy to raise the capital and marketing measures that suit different target groups was stressed. In this respect, it was agreed that fund from donor countries which are normally disbursed at competitive borrowing rates should be targeted. Supporters of women in development such as African investor who have confidence in women should also be approached to solicit grants or soft loans. It was further agreed that sources of funds were many and varied; that the most important issue was to ensure that the cost of the funds as compared to the cost of the operations was low.

With regard to activities of the Apex bank, it was decided that the bank should be privately-owned, and that women should control the ownership of the bank.

It was also stressed that there would be need to establish appropriate mechanisms for reaching out to the rural areas through existing commercial bank branches, people's banks, rural banks, financial groups or other organizations.

Papers presented by experts are reproduced in a separate document. Annex II of the report.

5. The type, size structure and location of the Bank and its mode of operation and consideration of sources of capital (agenda items 5 and 6)

The above agenda items were reviewed in two working groups. Group I was

required to discuss and suggest a suitable national structure, while Group II was required to recommend the type, functions and structure of the Apex body as well as the modalities of its establishment. The groups' reports were discussed by the plenary session with the following conclusions:

At National Level

The meeting recommended a fully-fledged Commercial Bank as the ultimate institution in each country. The services and products offered by the bank will be open to the general public. It also agreed that the institution will:

- (i) set up branches within each country;
- (ii) establish links and networking with existing women institutions and other NGOs;
- (iii) provide services which other banks do not provide.

(a) Functions of the Women's Bank at national level:

The functions at the national level will be:

- i. Mobilization of Savings
- ii Mobilization of resources at local and international levels;
- iii Capacity building and technical services;
- iv Strategic Planning both short and long term; The bank should be established in accordance with the legal framework which regulates the establishment of banks in each country.
- v. Research, information, desegregation of data and training
- vi. Facilitation of imports and exports;
- vii. Marketing and Public Relations;
- viii. Corporate Services;
- ix. Monitoring;

- x. *Advisory and support services;*
- xi. *Discounting services;*
- xii. *Collaboration with existing banks and women's institutions and NGOs;*
- xiii. *Credit guarantee arrangements;*
- xiv. *Actively soliciting for Trustee services;*
- xv. *Advocacy*

(b) Services to be offered by the Bank in each country

The divisions of the Bank will carry out the following:

- i) *Operations Division*
 - *Banking*
 - *Savings mobilization*
 - *Resource Mobilization*
 - *Discounting Services*
 - *Imports and exports*
 - *Lending and recovery*
- ii) *Finance, Administration and Personnel and Legal*
 - *Finance*
 - *Administration*
 - *Personnel*
 - *Public relations*
 - *Legal support*

iii) *Capacity Building and technical services*

- *Training, advisory and support services*
- *Provision of non-banking information*

iv) *Research and development*

- *Marketing*
- *Research*
- *Data (DIS)*
- *Information*

v) *Development financing*

- *project appraisal*
- *Re-financing and Project Evaluation*

c) *Sources of funds*

i) *Initial funds will be raised from:*

- *Share holding from individuals, groups, organizations or corporate bodies who will subscribe to shares.*
- *Bonds*
- *Grants (with no conditionalities)*

ii) *Sources of funds for its operation will thereafter be:*

- *Profits from operations and investments*
- *Reserves*
- *Retained earnings*
- *Fixed deposits*

- Savings schemes
- Social security for informal sector
- Insurance reserves.

d) Share cost and distribution:

- i. The minimum shareholding should be 10 shares at US\$ 10 per share;
- ii. 60% must be owned by women. The remaining 40% could be raised from the public. No individual or group should own more than 20% of the total shares;
- iii. Governments or parastatals should not participate in ownership of the Bank, but could provide grants and political support;
- iv. Shares should be open to the public through prospectus where required;
- v. All shares should not be floated at the same time;
- vi. There should be pre-emptive rights and bonus shares to members, subject to the provisions of (d) ii) on previous page.

At regional level

- i. The meeting agreed on the name Afrika Women's Bank (AWB) which is French would read as Afrika - Banque des Femmes (ABF).

ii. Type of Bank:

The meeting recommended a Universal Bank handling business accounts.

iii. Objective

The main objective of the regional organization will be to meet the financial needs of women at all levels by availing business funds to women, thereby filling up the gap left by existing institutions. The Apex will be charged with networking with existing institutions.

iv. Functions:

The finances raised through contributions, grants or debt conversion swaps should be used to support the following functions of the Bank without using customers' deposits.

- *Mobilise funds at all levels, i.e., national and international,*
- *Provide technical Services to the national intermediaries, e.g. training, managerial services etc.;*
- *Harmonize operations of the regional and national institutions;*
- *Mobilize funds for lending to large scales regional and sub-regional projects;*
- *In collaboration with existing institutions, introduce appropriate technologies at regional and national levels to ease overburdening of the woman, and consequently improve her performance;*
- *Facilitate Export/Import Services, Insurance Services, etc. for clients i.e. the National Unit*
- *Set up a section to trade in shares and securities;*
- *Provide services to discount loans;*
- *Source seed money for refinancing and replenishing capital,*
- *Provide credit guarantee scheme for the National Institutions.*

The Promoters

At the national level promoters should sensitize donors and companies to mobilise resources.

The promoters will seek shares and grants for financing technical services from national governments, institutions, other agencies and the general public. The ECA will also seek shares, grants and other forms of assistance from international organisations such as UNCDF, UNIFEM, UNDP, ADB, UNTFAD, etc.

Modalities of Establishing the Bank

At the initial stage, ECA will be required to identify a team of founding members who will act as promoters of the Bank with the specific mission of mobilizing funds for start-up activities; sensitize women from member countries on the need to have such a bank and invite investors and/or shareholders.

The team of founding members should have in view the clear objectives of the Regional Bank which should be as distinct from those of the National Banks.

ECA will officially write to the promoters mandating them to promote the Regional Bank and will send them questionnaires for gathering information. The promoters will in turn identify other promoters/shareholders and communicate their contacts to ECA. There should be a time limit set within which the nominal capital should be raised.

At the regional level the consultant for the feasibility study would get information from the national promoters while the consultant at the national level will concentrate on feasibility study required to license the national bank.

Proposed Structure

The promoters (Founding Members) will serve the role of Vice Board Members. After establishing the Bank, the shareholders will hold an Annual General Meeting (AGM) to appoint the Board of Directors to formulate policies of the Bank.

The Board will in turn appoint a Managing Director and a team of Functional General Managers to handle the management and day-to-day running of the Bank.

The bank will have two arms of operations - one arm for inspectorate and support services for the national capital units, and the other for setting up Management Assistance programmes such as training.

Promotional activities for both the Apex and the National units should run parallel.

Location

ECA should set criteria for hosting the Apex Institution and seek support during the forthcoming ECA conference of Ministers.

- 1) the country chosen should offer facilities like building and/or land
- 2) existing geographical distribution of UN expedencies and other regional organisations will be relevant.

- 3) *political stability is important*
- 4) *easy access promoter african countries (communication)*
- 5) *easy telecommunications*
- 6) *offer of diplomatic status to personnel of the agency*
- 7) *private sector development policies*
- 8) *a clear and positive policy on women in development an imperative.*

6. Field Visits

The Experts had two field visits: the first to the Uganda Women finance and Credit Trust which is an affiliate of the Women's World Banking. The institution is involved in financing micro, small scale and medium scale women enterprises and helping women to build confidence and experience as borrowers and business owners directly. The visits demonstrated that the proposed regional banking institution could very well work within the existing national credit schemes.

The second field visit was to Greenland bank, a private banking institution run by Ugandans. The bank set up in 1990 has two branches. The experts had a chance to hold discussions with the Managing Director and other officials of the bank on the banks services and operations. The lessons learnt from Greenland bank indicated inter alia that a banking institution could start on a small scale and later be expanded.

There was need to have flexibility on interest charged which could be calculated on the basis of individual investment proposals. It was also important to move away from traditional collateral and consider the ability of clients to create a repayment capacity through judicious utilization of funds.

7. Adoption of the report and recommendations

The meeting adopted the report and recommendations with amendments.

8. Closing ceremony

The meeting was officially closed on Monday, 29 August 1994.

RECOMMENDATIONS

The Ad Hoc Expert Group Meeting to consider the modalities of setting up an African Bank for Women held in Kampala, Uganda, from 24 to 29 August 1994 recommended that:

1. A privately-owned regional financial institution should be established with affiliates at national level called "Afrika Women Bank (AWB), Afrika Banque des Femmes with women holding the highest percentage of shares;
2. the immediate dissemination of information on the proposed bank and identification of a core group of promoters who would assist ECA in awareness campaign and mobilization of shareholders and partners;
3. the designated focal point and the ECA should work out and implement an agreed calendar of activities before February 1995;
4. given the interest shown by a number of member States for hosting the institution, the criteria should be communicated by ECA to the focal points and all countries in order to facilitate the selection of the location. These criteria should take into account a gender sensitive environment, the facilities offered, accessibility, i.e., easy communications and telecommunications;
5. mobilization by ECA of resources is required for undertaking a full-fledged feasibility study prior to the ECA Conference of Ministers scheduled to take place in April 1995 so that concrete steps could then be taken towards the creation of the bank. The experts should be invited to review the outcome of the feasibility study and the recommendations addressed to the Conference of Ministers on the issue.

**AD HOC EXPERT GROUP MEETING TO CONSIDER THE MODALITIES
OF ESTABLISHING AN AFRICAN BANK FOR WOMEN
24-29 AUGUST 1994
KAMPALA, UGANDA**

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***PAPERS PRESENTED AT THE MEETING BY EXPERTS
ON DIFFERENT IDEAS, PROPOSALS, STRATEGIES AND EXPERIENCES
OF ESTABLISHING AN AFRICAN BANK FOR WOMEN***

N. B. The Experts are responsible for the views expressed in these papers and do not necessarily express those of their organisations and/or place of work.

**BY MARY OKELLO
FORMER SENIOR ADVISOR TO THE PRESIDENT OF THE
AFRICAN DEVELOPMENT BANK**

INTRODUCTION

The initiative to establish a bank for african women is truly commendable and we women of Africa very much appreciate it. It is a timely solution to one of the problems that continue to restrict the growth, expansion and efficiency of women enterprises in Africa

MODALITIES FOR SETTING UP AN AFRICAN BANK FOR WOMEN - KEY ISSUES TO BE CONSIDERED:

CAPITAL: To set up a Bank, a minimum paid up capital is necessary. The amount of capital varies from country to country depending on the type of Bank to be established. For example in Kenya to start a commercial Bank, the minimum capital required is 75 million Kenya Shillings the equivalent of about 1.4 million dollars. Also drawing examples as indicated in the report of the pre-feasibility study on establishment of Women's Banking Institution, in Benin the minimum capital is US\$500,000, while in Cote D'Ivoire and Niger it is US\$666,000 and US\$33,000 respectively. In 1964, the African Development Bank had a capital base of US\$250,000 million when it started operations. At present its capital base is 23 billion dollars, a growth of 100-fold.

The question we now ask ourselves, is how much capital is required to set up a women Bank. To answer this question, requires a detailed analysis of the activities and finances to be employed. Experience has shown that minimum stipulated capital does not always provide for adequate capital base for a successful market entry for a new Bank. It is therefore advisable to raise much more than the minimum required.

HOW CAPITAL CAN BE RAISED: AND FROM WHAT SOURCES GIVEN THE PREVAILING ADVERSE ECONOMIC CONDITIONS IN AFRICA

Efforts must be made to tap available resources both inside and outside the continent. For example from external sources, development oriented funds from donor countries which are normally disbursed at competitive borrowing rates must be targeted.

Most Banks mobilise their deposits from the rural areas where most African Women live. African Women are known to be savers and would do everything possible to raise

the capital.

In addition to funds that women can mobilize from their own resources, funds can be mobilised from supporters of the initiative to set up an African Bank for Women, and friends of Women.

STRATEGY TO BE ADOPTED

An aggressive marketing strategy is necessary. It is also important to apply marketing measures that suit different target groups in order to mobilize maximum resources. Supporters of women in development should be approached to solicit grants or soft loans and suitable investors must be sought. However, care must be taken to ensure that women control the ownership of the "Bank.

Substantial resources can also be mobilizes from such sources:

- 1. soft funds from the Governments*
- 2. social security deposits*
- 3. Pension contributions*
- 4. Insurance, reserves*
- 5. Save as you earn schemes*
- 6. Women savings schemes, co-operatives children and the youth*
- 7. fixed deposits*
- 8. Bonds*
- 9. Debt conversion swaps.*

The sources are many and vary, what is important is to ensure that the cost of such funds is low in relation to cost of Bank operations.

ACTIVITIES OF THE PROPOSED BANK:

One of the major activities of the bank will be the continuous matching of lending

activities with present and projected deposit precision, to ensure profitable operations and meet liquidity ratio requirements. The bank will therefore not only engage in mobilisation of resources but will also identify good lending opportunities in all sectors of the economy. However in the initial stages, the bank will have to restrict its operations to short-term lending activities.

All activities to be carried out by the bank must ensure viability and adherence to normal banking practices and procedures except those practices that discriminate against women on the basis of gender. The bank has to be prudent in all its financial dealings and must not spread too thinly after too many activities. This will require research to avoid creation of bad debts and thus losses to the bank.

The bank should provide most services provided through such banks as commercial and merchant banks which services should include:

- internal and external trade
- letters of credit
- bills of discounting facilities
- hire purchase
- lease hire
- foreign exchange loans
- overdrafts
- dissemination of information
- guarantees
- suppliers credits
- training etc.

The volume and type of activities, the terms and conditions of services will largely depend on the deposit base maintenance of a sound deposit base must therefore remain a major activity.

MANAGEMENT AND STAFF:

To ensure that the Bank operates profitably and successfully it must recruit staff who have necessary banking skills and experience. They must have the right attitude towards women credit and they must be productive workers. But above all, they must be honest and people of high integrity. Thieves and rejects from other established Banks could destroy the Bank. Staff performance must be evaluated regularly and those who cannot produce results must be off-loaded. A women Bank cannot afford to carry passengers.

THE LOCATION:

The bank should be located in a country that is politically stable, whose policies are supportive of women issues, and a country which has an enabling environment to promote women's access to productive resources and political and economic power.

Further, such a country must have excellent communications and telecommunications and must also be accessible to facilitate the integration of women in the region.

THE INFRASTRUCTURE:

The Bank will be continental with local autonomous branches in different countries. Services will be decentralized and the local branches will act as conduits for the Banks activities at the local level. The local branches must be accessible to women, their operations services and structures must be tailored to suit women clients; taking into consideration the constraints women face.

Local networks can be created from existing institutions which are assisting women again access to credit and which have capacity to do so.

To avoid duplication of efforts and to harmonise the services of the Bank, there should be clear division of labour between the Continental Bank and its Branches at country level.

Services provided by the Continental Bank should reinforce those of the branches. Branches should have legal entities suited to local conditions.

SUSTAINABILITY:

If the Bank has a sound management team and operates according to normal banking practices and ethics it should be profitable and able to sustain itself. At all times the Bank should not be imprudent in its lending and investment activities. It should maintain an aggressive marketing strategy for both mobilisation of resources and identification of good business opportunities. The Bank should have a business plan and should operate on profitable lines.

In conclusion the prospects for a Bank for Women are good and such a Bank should be established as soon as a detailed feasibility study has been undertaken and

necessary details such as:

- *Financial analysis,*
- *Financial projections,*
- *Sensitivity analysis,*
- *Organisation and*
- *Establishment costs have been estimated and of course the capital for investment has been mobilized.*

BY PAULINE BWAKOSYA OFONG
Chairperson, Uganda Women Entrepreneurs Association (UWEAL)

INTRODUCTION:

PRESENT ECONOMIC STATUS OF WOMEN IN UGANDA:

Women's needs have largely been neglected by development planners and policy makers. Until very recently policy makers were exclusively male, with western elitist model of women and male roles in which women perform domestic functions geared to family nurturing while men undertake the economic and political roles. National leaders are all elitist with no concept of the heavy burden of poor women outside the home.

Women provide the bulk of the labour in agriculture, about 70% of the rural labour force are women, they till the land, grow food for the family but do not control the resources of their labour. Women's work load is long and hard, she rises early and does not stop working until late in the night. A working day varies from 12 to 18 hours (ACFODE 1989).

Women's multiple roles makes it difficult for them to socialize. Very few women are members of clubs or formal groups thus they lack exposure to new ideas and opportunities and access to information, the little information there is, is scanty and not understood by many women due to low levels of literacy. Media coverage is also restricted, and most women in rural areas cannot afford radios, where radios exist the use is restricted.

Women lack property: ownership of property is still a man's right, although there are seemingly no legal statute that prevent women from acquiring property, customary biases and other influences prevent women from acquiring property even through marriages in which case all property belong to the husband. Traditionally women are not automatic heirs to husbands. Under the legal system a wife may claim 15% of the husband's estate whereas on the other hand, a husband automatically takes over everything a wife owned.

Women's access to Income: 44% of Uganda's GDP and 95% of it's export earnings comes from agriculture (ACFODE 1989). Although most of the labour in agriculture is provided by women the returns from the labour they provide is not realised. Men control the sale of the crops and the use of the income. Women therefore are left in constant lack of income. This is a fact that requires to be taken note of and which calls for an urgent setting up of a financial institution that will provide women with capital to

start up income generating activities . However, even if there was an institution to provide credit to women, to what use would the rural women put the money to? How much control would she have on such credit? Wouldn't it end in serving domestic needs? To this end any facility planned should involve men, to ensure the cooperation of the husband and the success of any project initiated by women.

Will the African Women's Bank be able to address the social and welfare factors that have militated against women's ability to access credit? Can we at this level separate the economic factors from the social factors affecting women in a rural settings?

In the efforts to assist women, donors and development agencies constituted income generating activities which required women to work in groups. They provided hand outs to these groups marginalizing women even further, and programmes did not increase the capacity to access credit for growth nor did they stimulate individual women's entrepreneurial skills. Rather the women's burden and responsibility in the home increased and husbands expected women to foot all the bills since they were thought to be earning extra incomes. Women's incomes have remained low with the majority still at survival level.

The efforts of the Uganda Women Credit Trust Fund to mobilize savings and extend credit to women is commendable. However the Trust lacks the capacity to reach the majority of the women. The Trust depends very much on grants which impose conditions and dictate the areas such monies should be used. Consequently the Trust operates in a restricted scope. The target group of the Trust fund is the grass root woman whose needs for survival makes it difficult to save and expand thus the impact of the efforts of the Trust are not felt. Initiatives funded have not created adequate employment.

The intervention of an African women's financial institution would have to aim at uplifting women's economic status to the entrepreneur level at which level women should be able to benefit from facilities provided by the formal financial institutions. The women's bank should mainstream women to the countries economic development.

HOW HAVE WOMEN SOLVED THEIR PROBLEM OF ACCESSING CREDIT?

Women in Uganda resorted to informal sources of credit through saving groups mainly to satisfy social needs. However, most of these graduate into income generating ventures. For example there are saving groups for funeral purposes where funds are pulled together to cover funeral expenses in cases where a member loses a relative. Contributions are made regularly at monthly intervals and the accumulated funds may later be invested in cooking utensils and other items which are then hired out at a fee. This earns an income for the group. After a period of about one year profits are shared.

There are also saving groups for self improvement. Each member contributes a fixed sum of money towards fulfilling a member's social objective. The scheme revolves until each member satisfies her need. Surplus savings generated are invested into income generating activities. Most often the savings turn into a revolving fund for short term borrowing by members with a small interest. We note that after satisfaction of domestic basic needs women take up income generating initiatives. At this level women are ready and may benefit from formal credit.

As we look at a financial institution for women we must recognise the different categories and levels of women and decide on the facilities to provide. It may be necessary to decide on a cut off i.e. at which level can the bank lend safely?

Below, is an attempt to categorise women economic status:-

- a. **Survival Level:** The need to satisfy basic needs of food clothing etc is paramount at this level. Most women in this category are illiterate and have no source of income. These may be better served by the existing programmes of women in development indeed most of the programmes by Government, Donors and numerous NGOs target this category.
- b. **Up-coming entrepreneur or Start up:** Women in this group have satisfied the basic needs. They are at income generating level and venturing into projects to generate an extra income. They have the drive, and have been exposed to some group training as most of them belong to certain women groups. They women in this category can take initiatives. However they lack property and cannot access credit, the projects they are involved in are small and risky thus they lack start up capital.
- c. **The budding entrepreneur:** She is concerned with growth of her business. This type of women has acquired some business management skills through experience rather than formal training. She is innovative, trainable and can handle credit. However she lacks liquidity in her business, which in most cases is small and regarded as risky by banks. She is not capable of writing a bankable business plan. This category requires links to a formal credit institution.
- d. **The entrepreneur:** who owns property. Has built up enough confidence and can access credit from formal banks but lacks skills in formulating a bankable project. She needs assistance to plan expansion to graduate from retail trade to manufacturing or to become a big importer. This category requires technical assistance mainly.

WOMEN TEND TO ASK FOR SMALL FUNDS WHICH ARE CONSIDERED TOO EXPENSIVE TO ADMINISTER BY THE BANKS

Through working in groups women have managed to create enterprises by pulling resources together to improve their economic status. The culture of borrowing and paying back the debts is well established in women. Women fear losing their hard earned properties and losing credibility in the community. A group puts pressure on its member to pay back borrowed money. In most women groups, there exists mutual trust, mutual responsibility and mutual interest as the basis for success. These qualities are used as assets in a situation where a group may guarantee a loan for one of its member who may not have any form security. These groups therefore, would be useful to reach women especially in the rural areas by the proposed financial institution.

The Mission of a Women's Bank

At this stage we support the establishment of a Women's Bank to provide the following services:-

1. Forge a link between informal and formal financial institutions.
2. Mobilize savings to improve on women's liquidity.
3. Provide credit for development projects as well as enterprises.
4. Provide training to improve skills in handling credit and improve technology.
5. Carry out market research and assist in the actual marketing of women's products i.e. introduce the new products onto the market, this will ensure take off of enterprises and recovery of loans.

Structure

The proposed banking institution should be flexible and accessible both in physical and psychological terms. Women should feel confident to go to the bank for assistance. There is need to have National Banks which will be affiliated to a Regional institution. For accessibility there should be branches in rural areas.

Start up Capital

Capital would be mobilized through sale of shares I believe that multilateral and bilateral funding agencies interested in the development of women will be happy to channel funds through a women's bank.

I thank ECA for having organized this meeting.

**BY CISSY W. KWOPA ABUNGU
FOUNDER AND CHAIRPERSON OF THE UGANDA WOMEN'S
FINANCE AND CREDIT TRUST LTD**

Present Situation

Most of the present situations both local and international as discussed in the feasibility study on the establishment of an African Bank for Women, are actually the only tangible results of the Women's Decade and the subsequent series of conferences. We should therefore not look at their weaknesses as failures but rather as lessons and foundations for future strategies. We should study them in our search for a more appropriate mechanism for Women's access to financial resources.

It would be interesting to analyse some of the reasons for the limited scope of operations and achievements of many of the credit schemes in Africa and the apparent discrepancies between local and foreign strategies. Initially, the African countries did not have either national or sectoral WID or gender policies. The absence of such guiding policy documents forced donors to write up their own WID strategies. These of course turned out to be limited in scope and products of the respective donors' own thinking and the donors' present and/or planned activities. Although the goals have shown goodwill, concern and devotion to the issue, may not be in the best interest of the beneficiaries.

Secondly, many of the strategies so far established in Africa have had limited resources and restricted the type and scope of lending to women. They have failed to match the high demand for financial services. The organisations themselves cannot become self-sufficient and sustainable due to the nature of their resources.

With regard to WID Ministries or officers and "windows" in financial institutions and agencies, they are faced with rough time trying to break through the bureaucracies. The WID structures were not initially well defined with no mandates except ad hoc resources. The women who became involved did so due out of devotion to the subject matter itself. These officers found themselves constantly occupied in persuading others within the organisation to "integrate" the perspective of women in their work. In fact the trend has been that a career woman with an interest in WID issues should make sure that she works with that subject for a short time and that she identifies with other issues as well.

Target Groups: African Women At All Levels

The purpose of the study was to "look into delivering sustainable financial services (with emphasis on credit) to women for their productive activities". Most poor people are

women, and most women are poor. Almost all low income women are economically active and they constitute the lower 50% of the economically active population. Women's activities range from agricultural production i.e. full time small holders of farm and livestock, small agro-based manufacturers, farm producers and purchasers of agricultural input; light manufacturing and cottage industries.

In addition, we have the middle level women (by African standards) who have broken through the poverty line or subsistence level (like the women in the Uganda Women Entrepreneurs Association Limited-UWEAL-) who have failed to attract donor funding because they do not fall within their target groups. These women who have made many Ugandan families survive over the years have had no access to financial services. Even women who can climb into the higher bracket should be supported.

Type of financial Institution and Services

We are therefore looking for an institution that will financially empower the majority of women in Africa as defined under paragraph 3 above. This calls for more than just credit schemes being upgraded, or creation of "windows" within existing institutions. It will need an institution so well structured with adequate financial resources and commitments to employ such resources profitably and professionally. There must be a mechanism for adequate preparation of women to ensure that they are able to manage resources (i.e. skills training and access to relevant supporting services and information).

Credit alone is therefore not the answer. Any intermediary to be set up must have the mechanism to ensure that women will have access to a whole range of financial services. Credit itself call for a lot of financial services. Credit itself call for a lot of financial discipline. It must be well-managed and properly utilised if the women's projects are to be viable (keeping in mind that the traditional African economies are not cash economies as the case in Asia). Credit must be linked to savings as women are encouraged to develop savings habits and trust in the financial institutions to deposit their liquid assets for safe custody. Savings mobilisation represents a future source of capital for the women, the financial institutions as well as the economy for re-investment (especially as women will be encouraged to invest in the intermediary).

Training must be linked to credit to ensure that women are well equipped with basic management skills. Women however illiterate must be assisted to learn to appreciate simple methods of record-keeping, pricing and marketing of their products. Training should be tailor-made to women's needs and various activities at different levels and must be continuous. Training needs should be identified as part of the loan processing.

Technical support should also be part of the credit package in order to improve production, learn new techniques and generally improve efficiency. The delivery of technical support calls for a lot of time and devotion. The staff involved must therefore be well sensitized and with the relevant training and skills in the variety of activities undertaken by women.

These services must be well planned and integrated so that the financial intermediary takes the final responsibility. Entrusting separate specialised institutions may lead to generalisation, commercialisation and exploitation by the agencies that may not share the same objectives as the financial intermediary. Integration of the three different services under different functions may also serve to create a continuous relationship between the borrower and the financial intermediary.

THE PROPOSAL

It is not easy to envisage restructuring or modifying any existing financial institution so as to deliver the services required by the African Women at all levels. Financial institutions, systems and the people in them cannot be reshaped overnight but would need a couple of generations or more to change. Since 1975, concerted efforts have brought us this far. Neither financial sector liberalisation nor mandated credit allocations have proven useful. women are still at the begging end. Women's access to financial services is not a privilege but a financial right. The time has therefore come to set up a specialised financial right. The time has therefore come to set up a specialised financial intermediary formulated and structured with the objectives to financially empower women of Africa at different levels.

The following types of institutions are proposed:

Regional Level Financial Intermediary

This should be an apex institution responsible for mobilising and redistributing financial resources from multilateral, bilateral and private lenders and channelling them to national level financial intermediaries. Funds would be used for the following purposes:

- a) Capitalization, institutional development refinance facilities and well structured guarantees.*
- b) Directly financing financial intermediaries at national level.*
- c) Playing a catalytic role in building the institutional capacity of local*

intermediaries, working in close partnership with leading practitioners, network organisations and national intermediaries.

- d) *Undertaking impact evaluations and measurement of financial intermediaries being financed.*

National Level Financial Intermediaries

These should be encouraged at national levels with the following functions:

- a) *Directly financing micro, small scale and medium scale women enterprises.*
- b) *Wholesale lending to NGOs, specialised financial institutions and credit unions that meet performance standards.*
- c) *Motivating and encouraging the local banking institutions that lend to the micro and small enterprise sector.*
- d) *Providing refinance facilities to a wide range of institutions and NGOs at market rates.*
- c) *Channelling capitalization to competent retail intermediaries.*
- f) *Helping to design new financial products for use by other financial institutions that serve low income women producers providing linkage with commercial banks.*

Effective financial intermediaries at national level should aim at building organisations, loan delivery systems and performance that enable significant reach and sustainable operation standards of excellence should be adopted. Credit and savings methodologies that effectively reach women at all levels should be used.

Keys to success in lending to women will include the following:

- *operating in places and sectors where women are concentrated.*
- *design services that meet women's needs for convenient and rapid access to small working capital loans with limited paper work.*
- *helping women build confidence and experience as borrowers and business owners.*

- *building a sense of ownership and mutual accountability for results with the borrower*
- *secure excellent repayments, through responsive services, relationship of mutual accountability, and non-traditional collateral as means of reducing risks*
- *reducing high transaction costs through simplicity, efficiency, concentration and group mechanisms*
- *mobilising savings as a means to helping women increase control over their economic futures, providing a substitute for traditional collateral, and providing the intermediary with a sustainable source of loan funds.*
- *when mobilising savings, efforts should be made to build convenient collection points, encouraging small savings, and provision of ready access for withdrawals, ensure safety of custody and provide fair returns.*

FUNDING

Initial Capital

African investors who have confidence in the future of women in business should be attracted to invest. These should include African Women themselves both individually and in corporate bodies. Other friendly agencies already operating in Africa can also be invited to invest.

Other Funds for Operations and Functions

Funding required for setting up and implementing the specialised financial intermediaries both at Regional and National levels will be achieved through effective lobbying for re-allocation of funds channelled through government development projects by multilateral and bilateral agencies. Most of these funds have hitherto not reached women. For instance, during 1990 it was reported by IFAD that a total of US\$ 5.8 billion of total multilateral loans and grants were allocated to agriculture and rural development in developing countries. It was estimated that not more than 5% of that money was disbursed to rural women. It was further revealed that the gaps between those producing and those receiving financial and technical assistance have declined since the

*proclamation of the UN-Decade for Women in 1975.**

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¹(Inter-regional Training Seminar Report on "How to Improve Banking for Rural Women" - Nicosia, Cyprus - November 1990 by the International Fund for Agricultural Development (IFAD), Mediterranean Institution of Management (MIM) and International Research and Training Institute for the Advancement of Women (INSTRAW).

**BY MS THERESA OWUSU, DEPUTY GOVERNOR, BANK OF GHANA
CHAIRPERSON OF THE EXPERT GROUP MEETING
24-29 AUGUST 1994**

INTRODUCTION:

The financial problems facing African women at all levels in business are many, some bordering on aspects which may be considered legal, managerial or technical, relating to the business being operated as well as the attitudes and tendencies of existing financial institutions. Above all, the environment is not conducive to the progress of women in their relationships with financial institutions and this must claim the urgent attention of the policy makers, especially in the economic planning and financial institutions' supervisory levels.

These constraints have been well documented in the consultants' pre-feasibility report before us. The undertaking by ECA-ACW under the auspices of the ECA Conference of Ministers Resolution 736 (xxvii) on "Women and their access to resources in the 1990s to take steps to set up a bank for the sole use of African Women" is an onerous task with ramifications that will embrace many other sectors.

The mission of any financial facility, its strategy and the type of services must relate to basic findings of the studies and research that have been conducted on this topic.

Indeed, the mission of the institution must not only be to assist women to obtain finance, but also ensure that they are enabled to utilise finance thus obtained to generate enough resources to repay whatever is due to the institution.

The strategy to be adopted is to learn more about the women's situation by listening to the demands of the women clients and systematically set out to address them on a generic basis. Thus it is expected that, for example, an agro-based micro enterprise owned by a women will suffer from the following, to name a few:

- (a) low level of initial and working capitals;*
- (b) Poor management*
- (c) Lack of record keeping that might be used to establish references;*
- (d) Lack of access to modern technology, storage facilities, and good*

packaging materials,

- (e) *Lack of proper feasibility studies covering enterprise undertaking;*
- (f) *Lack of quality control and limited access to formal credit. This limited access to formal credit is also further complicated by delays in processing loan applications;*
- (g) *Repayment schedules of interest and principal that do not reflect gestation periods and which inhibits business growth;*
- (h) *High market interest rates that might have been lowered if they were influenced by concessionary rediscount rates in the African entrepreneurial sector.*
- (i) *Collateral deficiencies brought on by fixation on immovable properties as the only acceptable security.*

These constraints are indicative of the type of risks that must be addressed.

ACTIVITIES AND SERVICES

Type of services to be provided should, as far as practicable, reflect the requirements of the representative entrepreneur from financing all types of requirements, ranging from short-term for trading, guarantee of medium-term facilities for capital development, to long term finance, to build, and where applicable to complete assets needed for productive activities. Extension work in areas of management book-keeping as well as advice about cash flow management in order to be able to pay up on due date should also engage the attention of the institution. It might be easier in some institutions to include deposit-taking liabilities to foster banking habits and, in other institutions liabilities of an equity nature might be used to foster banking habits.

Loans, for example, should be encouraged against documented assets rather than overdrafts on current (checking) account to foster better banking habits.

CAPITAL:

- (i) *The capital required should reflect the demands on the institution as well as technical assistance to the clientele in the form of training and monitoring. If the institution is not deposit taking, on-lending funds should come from the capital, loans and other credit lines to*

be solicited from multilateral agencies and or bilateral.

- (ii) The institution's structure should be able to tap resources from development Banks where commercial as well as soft loan terms exist.*
- (iii) The African Development Bank's annual meetings to which all African countries converge should have an agenda item on this topic.*

Economic groupings such as PTA, ECOWAS, SADCC, BCEAO and the Maghreb Union should be asked to support these efforts.

- (iv) The organization should be structured such that it is run on a daily basis by technical people who report on their areas of responsibility for decisions on policy issues.*

Measures for sustainability and viability

The institution may be set up by an accord of all identifiable political/regional economic, groupings or agencies, thereby creating an adequate legal framework which will be binding for purposes of funding as well as accessing the funds of the institution.

This approach will sensitise all groupings to include women in development in their agenda.

Schemes in support of women's groups are often covered under the generic small and micro-enterprises, co-operative, rural and community banks, small finance companies, credit for establishment, rehabilitation and expansion of existing and new businesses and equipment lease financing.

Mutualist Guarantee Scheme *aims at providing a risk-sharing mechanism that will make it easier for interested banks to extend credit at minimal risk. The scheme revolves around the concept of Mutualist Guarantee Association which will endorse members for guarantee facilities and thereby encourage financial institutions to on-lend the needed credit to the small borrower.*

Refinance facilities may be made available by a donor agency to increase resources available for use by women in specific sectors of the economy.

**BY VICTORIA LUYIMA - PROGRAMME OFFICER
OXFAM, UGANDA**

Women Income Generating Projects: Experiences in Uganda

INTRODUCTION

This paper tries to summarize lessons and experiences learnt from funding Women Income Generating Projects (IGPs) in Uganda. The views expressed in this paper are a summary of a report of a 5-day workshop held by Oxfam Uganda in Kampala in June 1992. The lessons learnt from this workshop are relevant to the objectives of this meeting. This is because the workshop was as a result of a collaborative effort of agencies in Uganda who were concerned that there was a sudden increase in the number of projects purporting to assist and enable women generate income.

However, the agencies felt that the current approach to women's income generating projects (IGPs) was unsatisfactory and was not achieving many of the goals that had been assumed it would. In particular, it was suspected that IGPs were not generating profits.

The participants were grassroots women from IGPs which were supported by the agencies involved in the planning of the workshop. The women were involved in a wide range of activities. The workshop was designed to enable them to articulate the problems faced within their groups. It also aimed to help women position their IGP experiences within the wider context of social and economic relations and gender divisions of labour in production and reproduction.

The women worked through the analysis themselves and appreciated the participative nature of the workshop. The main points arising from the workshop were as follows:

Women face many external pressures to be able to qualify and be considered as producers of development.

Women's IGPs were seen by communities and the women themselves as conduits for channelling support and funds from donor agencies whereas there were many other benefits

Women and agencies had combined too many project objectives which should have been viewed separately. Consequently, the projects aims and objectives were not very clearly defined, making it so difficult to hold groups together.

The main benefit felt by women was that their involvement in the IGPS facilitated greater association with other women including the status gained from being able to maintain their families from the income earned, and provision of services to their communities.

It transpired that women had invested huge amounts in terms of time, money and energy in projects which, on closer investigation, produced little or no profit. This was particular shock to women in cases where they had received considerable start-up capital from outside agencies.

Many women were unknowingly subsidising their IGPs with income gained through other activities. Some of the projects should have been seen more realistically as community-servicing projects.

The women did not have many of the basic skills necessary to calculate what income could be expected or was actually being generated. In particular, they had not included costs such as depreciation and their own labour and time.

The women associated their failure to generate profits to inaccessibility to funding or operating with limited resources and difficulties in marketing their products, without which it is very difficult to generate income.

The following were the benefits of IGPs as perceived by the women

The participants identified the following main reasons for the importance of IGPs for individuals: it promoted self reliance; helped them to learn new skills; helped them to share their problems with other women; increased their understanding of other women; and increased their self-respect and sense of personhood as well as contributing to self development.

The major reasons offered for its importance to the groups were as follows: it facilitated cooperation and unity; enhanced their ability to secure loans and other forms of assistance; created group assets; brought respect and recognition; allowed women to break new ground and facilitated their acquisition of managerial skills.

The importance of IGP activities for the community were as follows: created jobs; provided resources; brought services closer; besides enhancing women's status in the community. The most important reason for women who participated in groups and engaged in IGPs was their increased capacity to service their families and community.

In summary it is evident from the above that women have been engaged in IGPs

for reasons such as self respect and recognition, sense of personhood and capacity to service their families and community, other than as way of empowering themselves economically. The idea of developing business skills beyond just making ready cash for disposal was not well conceived and developed to promote and expand their investments. The cash that was generated from the projects was taken for granted that it was all profit without taking into consideration the cost of inputs and labour.

Another problem was that women had a very busy and overworked schedule. They have responsibilities of providing services for their families such as cooking fetching firewood and water, looking after children and husband, caring for sick and taking care of guests to mention but a few. This left them with little time to concentrate on their IGPs. In order for the women to be able to put in extra effort for the IGPs, there was need for time saving and workload reducing methods for example introducing appropriate modern technologies like improved energy saving cook stoves and modern farming equipment.

The following were the problems of IGPs as perceived by women

- Lack of Funds
 - Lack of time
 - Transport
 - Markets
 - Water source/firewood
 - Materials
 - Machinery
 - Materials
 - Labour
- Insecurity - stealing, raids, war
- Loss of animals/spoilage
 - Storage
 - Lack of cooperation
 - High competition
 - Lack of book and record book keeping skills
 - Lack of training
 - Different backgrounds of group members
 - Members' anxiety to get quick returns
 - High price of inputs
 - Lack of inputs
 - Insufficient technical advice
 - Lack of land
 - High bank interest rates/short grace period

Lack of building materials.

These were then categorised into the following groups of problems

- Funds
- Infrastructure
- Skills
- Market
- Labour
- Credit
- Storage/spoilage
- Group cohesion
- Resources - eg land
- Quality of products.

From the women's analysis it was clear that a fundamental problem of the IGPs was poor planning reflected into selecting the activity organising the activity. It was evident that the women were unaware of many of the factors to be taken into considerations when planning an income generating activity.

The women related their inability to raise funds as stemming from poverty brought about by a combination of factors like lack of education, high dependence rates, contentious traditions and the wider environment of political instability and drought.

With regard to resources, the groups felt that it was lack of property, poor planning of projects, and the failure to identify locally available materials. The problems of marketing arose from poor location of projects, the poor quality of produce, lack of marketing skills, insufficient time to seek out and develop markets, and the high competition in the market-place, due to the fact that women choose the same activities.

Credit availability was plagued by a number of problems. Women were not familiar with use of bank services and the interest rates were too high while the grace period for repaying loans too short. Women were also unable to provide the collateral which was a major handicap in obtaining loans.

Points to consider when establishing an African Bank for Women

It is important to make the credit available to the poorest women at the grassroots level. The women who have access to banking institution are the ones with education and have acquired some property. Perhaps it would be better to set up different levels

of credit schemes. The lowest level would be at the grassroots. In forming groups, women would not be looking for only generating income, but would be receiving other services in terms of training, which could be provided by some agencies. This kind of training would provide skills such as legal structure training, financial institutions, organisational and leadership skills, managerial skills, book and record keeping. They would also receive training in project identification and evaluation with clearly spelt out objectives and activities. _

At this level a revolving loan scheme would be most appropriate for the women in groups. The groups would be the ones to form loan committees and identifying individual activities. This however, can only be achieved after some considerable time has been spent with the group members in terms of different skills training. One of the main problems with funding agencies and banking institutions is that they set rules and regulations which cannot be met by women. It would be better if the groups were left to decide their own rules and regulations. The group members know each other better and they are capable of assessing each others projects. The groups will then work out interest rates which are realistic while taking into consideration the time period to pay back the loan to the Banking Institution.

The problem of security for individuals at the lowest level will arise because they hardly own any property. Experience has shown that these women own some form of property such as animals and household goods which they can give as security. Although the property will not be worth the loan, the fact that the women treasure them, will induce them to work hard to pay back the loan.

It is assumed that this kind of scheme will enable women expand their activities and generate more income to move to the next level of borrowing, at which they could borrow directly from the Bank.

Women's projects are always referred to as income generating activities and yet when men engage in the same activities, they are referred to as business enterprises. Perhaps because of this reason, the women tend not to put in as much effort and time. It is important to stress the importance of business training and other forms of skills training at all levels. Experience shows that in the past agencies have tended to fund women projects in a rush without spending time with the women to work out their training needs and analyse their problems. This has resulted in women not being able to generate profits and not being able to pay back loans. Perhaps the greatest lesson is that women need a lot of training in all respects from leadership training to project identification. Training takes a lot of time that it is necessary before projects are considered for funding, to take this aspect into account. Some groups take up to six months carrying out all kinds of training before they are considered ready to venture into any project activities.

*By E.M Nwosu, Bank Manager, Agriculture and Special
Programme Division - United Bank for Africa*

COMMERCIAL BANKING AND AFRICAN WOMEN
THE NIGERIAN EXPOSURE

INTRODUCTION

The awareness being created is no longer localised but one that cuts a cross the national, sub-regional to regional borders. The tardiness in the exposure of women to the walks of life can never be limited to Africa alone but had been a traditional and cultural norm inspirable from colour, race or nation. On the global spectrum, the developed actions have tried to identify with their women in the fields of business, governance, education, sports, entertainment, name it. But the African nations are waiting for the proverbial "year 2000" to give their women their rightful place in the scheme of things as if "year 2,000" is a utopian attribute not knowing that it is a reality around the corner. There is a chance for African women especially through the establishment of their own bank.

HISTORICAL BACKGROUND

Empirically, records have shown that women like their male counterparts have participated in various forms of traditional credit financing at different levels of their monetary income under different nomenclatures: "osusu" ("Isusu" as in Nigeria) or "tontines" "contribution" (an adulterated name given to this phenomenon by semi-illiterate ex-british colonies) to the present credit and cooperative unions. These categories of credits had their limitations and could not carry the participants any length in present day business orientation. Hence the thought of banking.

THE BANKING CRESCENDO

The typical African (male or female) had been scared by the mere mention of banking. He had always thought that banks were meant for the rich and white-collar workers. It was later that they came to know that they could deposit their monies in banks. Most of them started with savings deposits which could yield them monthly interest. Gradually, it took some stretch of efforts to convert them to opening current accounts where they were charged interest on their deposits. Later they came to realize the great advantages of cheque transactions over cash. Greater awareness came when they realised that they could enjoy some facilities like loans, overdrafts, transfers (mail

telegraphic etc) as account holders.

COMPETITIVE BANKING

Banking services in Africa were the prerogative of the colonial masters. The oldest bank in the Nigerian context was the British Bank of West Africa (BBWA) now first bank of Nigeria OLC started operation in 1984. This was followed by Barclays Bank now Union Bank of Nigeria PLC; the British and French Bank now United Bank for Africa PLC; also Bank of America now Savannah Bank PLC. Followed by a proliferation of commercial Banks counting in their hundreds, mostly indigenous Banks.

EMERGENCE OF OTHER BANKING SECTORS

Specialty in Banking services led to the emergence of other types of Banks like Merchant Banks, Development Banks, Trustee Banks, Federal Savings Banks and Mortgage Banks. Their respective performances were as their names implied.

COUNTER RESPONSE BY THE COMMERCIAL BANKS

We must not forget that the peer commercial banks started in urban centres but the emergence of smaller one - branch Commercial Banks started to affect their dominance of urban patronage. So they started to look outward into the rural areas where the women constitute about 83% of the informal sector. Hence the establishment of:

The rural Banks to carry out the banking needs of this sector who utilize the money for buying raw materials like cassava for the preparation of Garri, buying feeds for their poultry, buying oil palm fruits for the extraction of palm oil, weaving of traditional clothing, carving, petty trading and facilitating local transportation on motor-cycles popularly known in Nigeria as "Okada"

Fine-tuning the Exposure

All along, attempt was being made to focus attention on the spread of the commercial banks from the urban to the rural communities, and the involvement of women in utilizing some of the facilities affordable to them. But we discover that the women compare unfavourably with their male counterparts. The reason for this can be traced to the stigma of inferiority which culture had imposed on them, not that they cannot take up the mantle of leadership or administration of their own bank. There are instances to justify this postulation. For ease of citation I would use one of the peer commercial banks in Nigeria - the United Bank for Africa PLC.

(a) **BANK CHAIRMANSHIP**

A woman was for the first time the chairman of this bank from 1986 -1989 with characteristic achievements:

- (i) It was during her tenure that contract for the erection of the new Headquarters building was signed. Incidentally this 23 storey building spanning two major streets in Lagos, Broad Street and Marina, is the largest and most overwhelming Bank building in Nigeria.
- (ii) It was during her tenure that the ubacard, the first cheque guarantee card in the history of innovative banking services by any Bank in Nigeria was first launched in October 16, 1986. In its third and final phase, the ubacard will graduate into a credit card.
- (iii) Her tenure witnessed a relative calm in trade union controversies in the Bank.

It was during her tenure that the 3rd phase of rural Bank establishment was completed 1987/88. Today UBA PLC comes 1st (among other Banks) with 90 rural Bank Branches.

Other Banks:

Uba has a woman presently as an Executive Director, a woman Assistant General Manager (AGM), a medley of principal, senior managers, managers and Assistant managers who are seasoned in the Banking profession.

Support Services:

- (i) **LAWYERS:** A good many of them women who are assigned to legal division, commercial and credit sector including loan recovery and securities departments for their expert advice.
- (ii) **PUBLIC RELATION MANAGERS.** These have their involvement in corporate divisions to boost the Bank image.
- (iii) **INDUSTRIAL RELATION MANAGERS:** Those that see to industrial harmony.

THE SIGNIFICANCE OF WOMEN IN COMMERCIAL BANKS

Banking services now are more sophisticated as women are showing their

presence in all walks of life. The Apex Bank which is the Central Bank will look at the calibre of staff before granting a licence to a Bank to start operation. A woman entrepreneur will feel more at home with her fellow woman bank manager when asking for a loan, the type of collateral, security and guarantee.

THE NIGERIAN EXPOSURE

Nigeria has the enabling environment for the location of the African Bank for women due to her:

POPULATION: she is the country with the highest population in Africa which is over 85 million. It is said that out of every 5 African, 1 is a Nigerian.

BANK CONCENTRATION: As at date, there are:

- (i) 65 different commercial banks throughout the country.
- (ii) 55 different types of merchant banks.
- (iii) 5 types of development banks.

The commercial Banks are scattered all over the country with UBA PLC alone as one of the "Big three" (UBA PLC, first Bank of Nigeria PLC and Union Bank of Nigeria PLC) controlling 100 urban branches, 90 rural branches and 11 cash offices.

CENTRAL BANK CONTROL: All the Banks are under the eagle eye of the CBN which regulates, inspects and monitors the activities of the commercial Banks.

GOVERNMENT PARTICIPATION: Government has relinquished its equity participation in all the commercial banks, hence these banks became privatised. She rather opened up people's banks and community bank in aid of poor people. The head of the people's Bank is a woman.

BETTER LIFE FOR RURAL WOMEN: This is organised by the government to encourage the rural women to produce cash crops and handicraft for sale.

FORUM NIGHTS: Uba organizes get together nights for elite women customers in the urban areas occasionally to exchange views on UBA operations.

CONCLUSION: *With her oil wealth and sound investment climate, Nigeria no doubt stands the right chance to harbour the African Bank for women.*

BY MARY AMAJO - BANKING OFFICER

INTRODUCTION:

The experts were requested to prepare a paper on the topics to be discussed, as were indicated in the aide memoire namely:

1. The mission of the financial institution, its strategy and the type of services to be provided;
2. The modalities of establishing the banking institution which include:
 - determining the minimum required capital
 - consider the possibilities of raising the required capital
 - consider the possible locations for the bank, which are easily accessible.
 - consider the infrastructure of the proposed banking institution.
3. Consider measures for sustainability and viability.

Mission of the Financial Institution.

The mission is to make interventions that will address obstacles and provide solutions to Women Credit needs at affordable interest rates, substantive levels and measures and procedures. This however, would required well defined factors and strategies.

BENEFICIARIES

During its infancy, the proposed banking institution should cater to financial needs of limited women groups and levels. It should have well researched targeted services especially to women in the informal and rural areas. This view is taken for various reason:

- such a specific bank for women would lead to gross marginalization of women from other financial institutions.
- a good number of women entrepreneurs who operate in the formal sector have the potential to access credit from existing financial institutions either

directly or through special arrangements, as with the PTA bank.

- *an institution accessible to women at all levels would further marginalize the grassroots level entrepreneurs who are most affected by the socio-economic barriers.*
- *the appropriate institutional strategy and mechanisms and their sustainability would depend heavily on the level and determination of women entrepreneurs themselves.*

THE INFRASTRUCTURE:

In deciding on the type and operations modalities of the proposed financial institution, the following limitations have to be avoided:

- *over-centralization of decisions and lack of transparency.*
- *too many beaucracres and conditions which result in a lot of overhead costs which are not in most cases beneficial to the clients. Most of these conditions cannot even be met by women.*
- *Incompetent managerial and institutional capacities which affect sustainability.*

In considering therefore the financial intermediary which will access women to credit, emphasis should be put at national levels. Advantage should be taken on the use of already existing institutions, coordinate with donor funded credit schemes and existing grassroots level schemes, to learn from their experiences.

The type of operations to be introduced will depend on the existing situations in different countries especially with regard to credit support facilities including the Central Bank rules and regulations. It should also take advantage of the Central Banks's refinance facilities through a discounting mechanism.

Source of Capital

- *Locally mobilized from the business community especially the women.*
- *Government support*
- *donor support*

- *Institutions own operations after take off stage.*

Services to be rendered:

The proposed financial intermediary should be involved in offering facilitating financial and non-financial services for its target beneficiaries. It should aim at upgrading the institutional capacities and capabilities of the existing, small scale financial institutions and NGO's involved in facilitating credit to women.

- *supporting services for import/export promotion among women entrepreneurs.*
- *Building capacities of grassroots women entrepreneurs. In this regard, it should advocate through WID Ministries training in small and medium enterprise development and promotion through the existing training institutions.*

It is quite clear that beyond the national level, there is need for a coordinating institution. In determining the nature and function of such an institution it might be helpful to draw from the lessons of Women's World Banking (WWB) and the African Development Bank (ADB). This body should concern itself with resource mobilization and play the intermediary role with the national level branches and other interested institutions.