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ECONOMIC COMMISSION FOR AFRICA

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**ECONOMIC EMPOWERMENT OF WOMEN:
PROGRESS REPORT ON THE PROPOSED AFRICAN BANK
FOR WOMEN AND PROMOTION OF WOMEN ENTREPRENEURSHIP**

I. INTRODUCTION

1. By resolution 792 (XXIX) on "an integrated approach to women's empowerment", the ECA Conference of Ministers requested the secretariat of the Commission to complete the final study on practical modalities for setting up a regional financial institution for women and to ensure its establishment and take off. The same resolution stressed the need for governments to generate more economic opportunities for women and requested member States to take the necessary legislative, monetary and banking measures which would facilitate the promotion of African women's entrepreneurship. It further requested the Commission, the Organization of African Unity (OAU) and the African Development Bank (ADB) to give full support to the African Federation of Women Entrepreneurs (AFWE).

2. In the same resolution, the Conference urged that special attention be given to increasing employment opportunities and productive resources of women through the establishment of a financial intermediary, building women's competitiveness and increasing economic exchanges among women entrepreneurs. The present report highlights the activities undertaken in response to the resolution.

II. ACTION TAKEN TOWARDS THE ESTABLISHMENT OF AN AFRICAN BANK FOR WOMEN

3. Women in Africa constitute 52 per cent of the total population, contribute 75 per cent of the agricultural work and produce and market 60 to 80 per cent of food. According to the United Nations Development Programme (UNDP) Human Development Report, the female labour force in sub-Saharan Africa in 1993 was about 73 million, representing 34 per cent of those employed in the formal sector, earning only 10 per cent of the income while owning 1 per cent of the assets. These figures clearly indicate the need for increasing women's access to both formal and informal resources.

4. Despite efforts deployed towards economic empowerment of women, the majority of the active female population continues to be confined in the micro and small-scale enterprises and the informal sector. There are some indications that women are increasingly seeking self-employment in the formal private sector. Women are organizing themselves into associations of entrepreneurs or bankers in order to enhance their economic status and have an impact on economic policies. However, their integration into the formal sector is still constrained by limited access to credit, property, technology and technical skills.

5. In this regard and pursuant to the above-mentioned resolution, the Commission has intensified efforts to strengthen the resource base for women's economic activities. The ECA African Centre for Women (ACW) organized an expert group meeting in Kampala, Uganda from 24 to 29 August 1994, to consider modalities for establishing an African bank for women. The meeting was chaired by Mrs. Theresa Owusu, Deputy Governor of the Bank of Ghana and was attended by 19 high-level experts invited in their personal capacity from Burundi, Cameroon, Ghana, Kenya, Mali, Nigeria, Sierra Leone, Uganda and Zimbabwe. Their range of expertise included finance and banking, economic planning as well as improvement of women's access to financial resources. There were also observers from Kenya, Uganda, UNDP, the United Nations International Research and Training Institute for the Advancement of Women (INSTRAW) and the Lusaka-based Multinational Programming and Operational Centre (MULPOC).

6. The 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 appropriate mode of operation; and
- (c) Recommend measures which would ensure its viability and sustainability as well as mobilization of financial resources.

7. The meeting recommended the establishment of a privately owned regional financial institution called "Africa-Women Bank (AWB)" or "Africa-Banque des Femmes (ABF)" with affiliates at national level and with women holding the highest percentage of shares. The meeting stressed the importance of mobilizing the capital from the region for greater sustainability.

8. Major conclusions of the experts meeting are reproduced below.

A. At national level

9. The meeting recommended a full-fledged commercial bank for women 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:

(a) Set up branches within each country;

(b) Establish links and networking with existing women institutions and other non-governmental organizations (NGOs);

(c) Provide services which other banks do not provide.

(a) Functions of the women's bank at national level

10. The functions at the national level will be:

(a) Mobilization of savings;

(b) Mobilization of resources at local and international levels;

(c) Capacity building and technical services;

(d) 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;

(e) Research, information, gender disaggregation of data and training;

(f) Facilitation of imports and exports;

(g) Marketing and public relations;

(h) Corporate services;

(i) Monitoring of loans;

(j) Advisory and support services;

(k) Discounting services;

(l) Collaboration with existing banks and women's institutions and NGOs;

(m) Credit guarantee arrangements;

(n) Actively soliciting for trustee services; and

- (o) Advocacy.
- (b) Services to be offered by the bank in each country

11. The divisions of the bank will carry out the following:

(a) Operations Division: banking; savings mobilization; resource mobilization; discounting services; imports and exports; lending and recovery;

(b) Finance, Administration, Personnel and Legal Division: finance; administration; personnel; public relations; legal support;

(c) Capacity Building and Technical Services: training, advisory and support services; provision of non-banking information;

(d) Research and Development: marketing; research; data (DIS); information;

(e) Development Financing: project appraisal; re-financing and project evaluation.

(c) Sources of funds

12. Initial funds will be raised from shareholding from individuals, groups, organizations or corporate bodies who will subscribe to shares; bonds; and grants (with no conditionalities).

13. Sources of funds for its operation will thereafter be:

(a) Profits from operations and investments;

(b) Reserves;

(c) Retained earnings;

(d) Fixed deposits;

(e) Savings schemes;

(f) Social security for the informal sector; and

(g) Insurance reserves.

(d) Share cost and distribution

14. The cost of shares and their distribution will be as follows:

(a) The minimum share-holding should be 10 shares at \$US10 per share;

(b) Sixty per cent must be owned by women. The remaining 40 per cent could be raised from the public. No individual or group should own more than 20 per cent of the total shares;

(c) Governments or parastatals should not participate in the ownership of the bank, but could provide grants and political support;

- (d) Shares should be open to the public through prospectus, where required;
- (e) Not all shares should be floated at the same time;
- (f) There should be pre-emptive rights and bonus shares to members, subject to the provisions of (b) above.

B. At regional level

(a) Type

15. The experts recommended a universal bank handling business accounts.

(b) Objective

16. The main objective of the regional organization should 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 should be charged with networking with existing institutions.

(c) Functions

17. 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:

- (a) Mobilize funds at all levels, i.e., national and international;
- (b) Provide technical services to the national intermediaries, e.g., training, managerial services, etc.;
- (c) Harmonize operations of the regional and national institutions;
- (d) Mobilize funds for lending to large-scale regional and subregional projects;
- (e) In collaboration with existing institutions, introduce appropriate technologies at regional and national levels to ease overburdening of the woman, and consequently improve her performance;
- (f) Facilitate export/import services, insurance services, etc., for clients, i.e., the national unit;
- (g) Set up a section to trade in shares and securities;
- (h) Provide services to discount loans;
- (i) Source seed money for refinancing and replenishing capital;
- (j) Provide a credit guarantee scheme for the national institutions.

(d) Modalities of establishing the bank

18. At the initial stage, ECA is expected 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. ECA should also sensitize women from member countries on the need to have such a bank and invite investors and/or shareholders.

19. At the national level, promoters should sensitize donors and companies to mobilize resources. The promoters will seek shares and grants for financing technical services from national governments, institutions, other agencies and the general public. ECA will also seek shares, grants and other forms of assistance from international organizations such as the United Nations Capital Development Fund (UNCDF), the United Nations Development Fund for Women (UNIFEM), the United Nations Trust Fund for African Development (UNTFAD), UNDP, ADB, etc.

(e) Proposed structure

20. 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 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.

(f) Location

21. The criteria recommended for hosting the apex regional body included the following:

- (a) Political stability and an enabling environment for promotion of business;
- (b) A clear and positive policy on women in development; and
- (c) Provision of the following facilities and services:
 - (i) Premises and other facilities:
 - a. the host government should be able to provide facilities free of charge for the bank's headquarters premises;
 - b. the host government should be able to provide land free of charge for construction of permanent buildings and/or for any modifications or expansions that may be required;
 - c. the host government should be able to make provisions for accommodation facilities for personnel of the bank;
 - d. social, athletic and school facilities for the officials of the bank and their children;
 - (ii) Transport, communication and accessibility:
 - a. the institution should be able to enjoy and have the right to use host government means of transport at the same rates and in the same conditions as other international and permanent diplomatic missions;
 - b. the host government should be able to provide local and external post and telecommunication facilities. The institution should be able to receive official communication without any limitations and restrictions;

- c. accessibility by air and other means, i.e, rail and water. To this end, the host government should ensure free movement to and from the headquarters officials of the bank and members of their family, persons on mission for the organization and visitors invited;
- d. exemption from any immigration restrictions, any taxation and customs duties;
- e. the relevant government should facilitate the right to import, free of duty and other levies;

(iii) Financial, banking facilities and taxation:

The bank should not be restricted by financial controls or regulations, and should freely:

- a. operate accounts in any currency;
- b. acquire negotiable currencies and through authorized channels acquire, hold and dispose of funds, securities, etc.;
- c. transfer its funds, securities and currencies from or to any other country or within the territory of the country.

22. As a follow up to the expert meeting, ECA has sent all the information to the experts but so far, only the Kenyan expert has communicated the names of 18 individuals who have formally committed themselves to be members of the bank. The same expert has also made preliminary contacts with the World Bank. Reports from other experts had not been received at the time of writing this report.

III. PROMOTION OF WOMEN ENTREPRENEURSHIP

23. Consistent with the objective of promoting women's private initiatives for their effective contribution to sustainable economic growth, ECA has continued to give full support to African women entrepreneurs. A forum of women entrepreneurs was organized at the same time as the fifth Regional Conference on Women in Dakar, Senegal at the initiative of the West African Women's Association. The Forum was very well attended by business women and women entrepreneurs from all over Africa. Women from all sectors of economic activities at the informal, small-, medium- and large-scale level were present. The Forum offered an opportunity for an in-depth exchange of information on business opportunities in the manufacturing, trade and services sectors and for creating new ties among women entrepreneurs. Business contracts were also exchanged.

24. Similarly, the African Federation of Women Entrepreneurs (AFWE) and the Ghana Association of Women Entrepreneurs are planning to hold the first All-African and North American Women Trade Show and Exhibition of Exportable Products and Services in Accra from 22 June to 6 July 1995. The main purpose of the trade fair is to promote women's exportable products and foreign private investment in women businesses. ECA and USAID are members of the planning committee.

25. All member States have been invited to take part in the trade fair as well as attend workshops and seminars which will be held during the fair with a view to open a debate on investment opportunities in the global market and the role of women in the economic transformation and recovery of their countries.

IV. CONCLUSION

26. The importance of the African bank for women and the African Federation of Women Entrepreneurs as instruments of effective economic empowerment of women cannot be overemphasized. Women constitute a strong labour force which only needs to be mobilized and encouraged to make an effective contribution to the development of Africa. These two institutions will contribute to economic empowerment of women and to ensuring their effective participation in the process of economic transformation and integration.
27. The Conference of Ministers is therefore called upon to provide suggestions and advice, as necessary, on the name of the bank, its structure and criteria for hosting the apex organization and to give full support to the two institutions in order to ensure that they become fully operational.