



Research Brief: Women Empowerment through Financial Inclusion

Introduction

Equitable and sustainable economic growth necessitates gender equality as a prerequisite. Pakistan, however, is considered one of the worst performing countries for gender parity; According to World Economic Forum's [Global Gender Gap Report 2021](#), Pakistan currently ranks at 153rd out of 156 countries, faring better than only Iraq, Yemen, and Afghanistan. Women in Pakistan, especially those in rural areas, continue to be denied equal access to justice, ownership of land and other financial and non-financial assets, and inheritance rights. Moreover, as per the [Financial Inclusion Insights Report 2021](#), only 7% of women were found to be financially included in 2020 as compared to 36% of the men. Given the many benefits offered by women's financial inclusion – ranging from increased incomes, health, education, and women economic empowerment – the European Union (EU) funded Sindh Union Council and Economic Strengthening Support (SUCCESS) Programme provides financial services in the form of an interest free revolving loan named the community investment fund (CIF) and a one-time income generating grant (IGG) to poor rural women in eight districts of Sindh.

This research brief outlines some of the major findings of a recently conducted study assessing the impact of financial access, in the form of CIF and IGG, on poor households under the SUCCESS programme. The report can be accessed here: <https://success.org.pk/wp-content/uploads/2021/06/Impact-of-Financial-Access-Interventions-Report.pdf>

The SUCCESS Programme: Building Local Social Capital

The EU funded Sindh Union Council and Community Economic Strengthening Support (SUCCESS) Programme¹ is based on the Rural Support Programmes' (RSPs) social mobilisation approach to Community Driven Development. Social mobilisation centers around the belief that poor people have an innate potential to help themselves; that they can better manage their limited resources if they organise and are provided technical and financial support. The RSPs under the SUCCESS Programme provide social guidance, technical and financial assistance to the rural poor in eight districts of Sindh. The programme implementation started in Feb 2016 and will conclude in June 2022.

About the Community Investment Fund and Income Generating Grants

CIF functions as a capital grant by the Rural Support Programmes (RSPs) to community institutions comprising of and run solely by female beneficiaries of the SUCCESS programme. Poor members of the community institutions can then apply for an interest free revolving loan out of the CIF. The distinguishing aspect of the CIF is the fact that the fund is managed by the women themselves and they are the ones who decide which poor member should receive the interest free loan and on what terms.

The poorest households, who do not have the means to repay the revolving loans can instead apply for an IGG. The key purpose of IGG is to provide assistance to the poorest members through a one-time cash grant so that they become capable of initiating economic/income generating activities. A poverty scorecard is used to identify the

¹SUCCESS is funded by the European Union (EU) and implemented by Rural Support Programmes Network (RSPN), National Rural Support Programme (NRSP), Sindh Rural Support Organisation (SRSO) and Thardeep Rural Development Programme (TRDP) in eight districts of Sindh, namely: Kambar Shahdadkot, Larkana, Dadu, Jamshoro, Matiari, Sujawal, Tando Allahyar and Tando Muhammad Khan.



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eligible households to ensure that only the poor households (with Poverty Score 0-23) access CIF and poorest households (with Poverty Score 0-15) access IGG.

CIF and IGG are utilised by women for an income generating activity, based on a proposed micro-investment plan. Given the rural environment, micro-investment plans usually focus upon livestock, agriculture, or micro-enterprise activities. As of October 2020, the SUCCESS programme has supported a total of 125,000 households with total portfolio of PKR 1.5 billion for CIF and PKR 0.56 billion for IGG. Livestock has been one of the most important sectors where 82% of all beneficiary households invest CIF and IGG financing, followed by 10% in agriculture, and 8% in enterprise.

Study Methodology

As part of the afore mentioned study, a survey of 4023 households along with 16 focus group discussions and 24 key informant interviews were conducted with beneficiaries, community leaders, and programme implementers and managers to assess the impact of financial interventions on rural women. The study also sought to gauge any changes in poverty levels, measured through the poverty scorecard, of beneficiary households before and after accessing the financial services under SUCCESS.

Key Findings

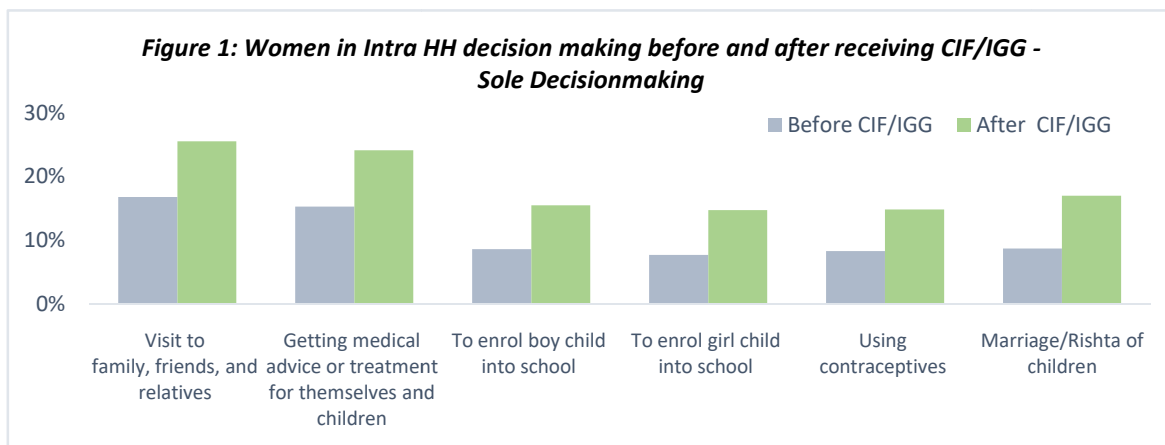
Focusing mainly on aspects of women empowerment, the study finds multiple avenues through which access to financial services in the form of an income generating grant or a revolving community investment fund complements women empowerment. These are discussed below.

1. A sense of empowerment stemming from increased community institutions and financial management responsibilities

Women are organised to foster community institutions and are placed on management positions so that they can run these institutions and can themselves operate CIF and IGG activities. Access of women to the financial services and placing management responsibilities on them has not only increased their self-esteem but they have now involved themselves in income-earning activities which builds their social trust, and more importantly, develops their financial and economic skills and equips them with means to graduate out of poverty.

2. A say in Intra-household decision making

Financial access is found to have a positive impact on women’s intra-household decision making with regards to visit family and friends (from 16.8% to 25.5%) and getting medical advice or treatment for herself and her children (from 15% to 24%).



Source: CIF & IGG Survey, 2020

Similarly, decisions regarding enrolling children into school, dealing with children’s schoolteachers, making everyday goods and larger asset purchases, taking loans, and using contraceptives, have also seen a positive impact, as a larger proportion of women reported have a say in these decision after receiving CIF/IGG, by deciding on these issues solely themselves (See Figure-1).

3. Increased Mobility

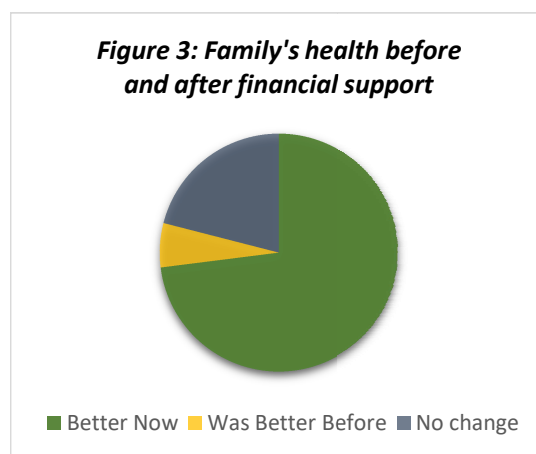
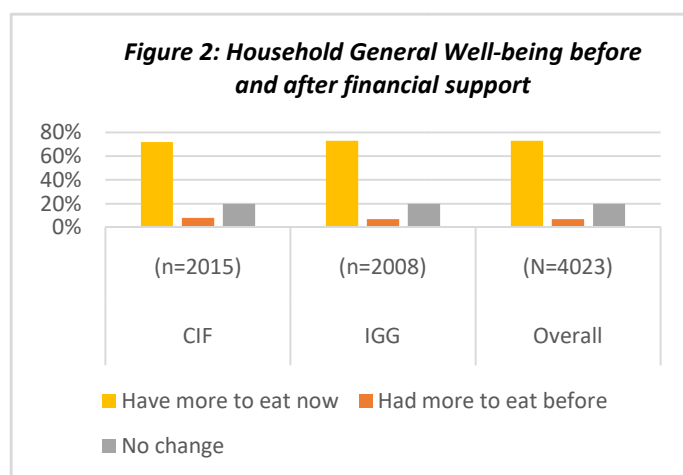
The results reveal that overall mobility for beneficiaries has increased; Women’s visits to family and friends, marketplaces, health facilities, and other public places have all increased after accessing CIF/IGG. On the contrary, visits to educational facilities have decreased, however this may have been due to the closure of educational institutes following the Covid-19 pandemic. Interestingly, the proportion of women who paid at least one visit to banks more than doubled, from 15% to 33%, after receiving CIF or IGG. This change may be directly attributable to the CIF and IGG, as disbursement of loans and grants is made to women through the banking channel.

4. Reduction in Domestic Violence

Women’s access to capital through CIF and IGG has decreased domestic violence, primarily because women contribute financially to the household expenses, so male members have come to realise their contribution in building a financially stable home. Another reason is the increased awareness level of women, due to SUCCESS programme interventions, about their rights and knowledge of different offices and agencies.

5. Improved General Well-being

As depicted through Figure-2, beneficiaries were asked whether they had more to eat now or before receiving CIF/IGG financing, to which 73% reported they had more now, 7% reported that they had more before, and about one-fifth stated no change in their consumption. Similarly, for health, beneficiaries were asked whether the general health of their households was better before or after the CIF/IGG. Again, about 74% reported the health to be better now (Figure-3).



Source: CIF & IGG Survey, 2020



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Policy Recommendations

1. Reducing gender biases in finance

In Pakistan, women's access to financial services and economic opportunities has remained challenging for a long time. Governments should work to minimise gender bias in the financial sector, even though the [State Bank of Pakistan \(SBP\)](#) established a Gender Mainstreaming Policy to reduce the gender gap in financial inclusion and reach a target of 20 million active women bank accounts by 2023 under the National Financial Inclusion Strategy but Pakistan's social system and traditions around gender socialisation have marginalised women to access social and economic services. The government should continue to encourage community-based financing like the CIF in order to directly empower women and provide them with safe, stable and affordable access and enact policies that consider the social and cultural barriers that prevent women from accessing financial services from the existing sources.

2. Control over Microfinance Use

Another field where special strategy is needed for women economic empowerment is the promotion of women-owned and women-led businesses through gender-sensitive policies to increase not only access to affordable and adequate financial services but also the control over microcredit use. Access to microcredit alone cannot uplift women's status if they remain subordinate in the decision-making regarding control over their loans as well as their income. To promote gender equity in microcredit control in patriarchal settings, policymakers should devise policies to increase men's willingness to support their wives when they use microcredit to fund their income-generating activities.

3. Expansion of financial allocations for larger coverage

Providing financial access to poor rural women through CIF/IGG and community mobilisation should be the cornerstone of the country's poverty reduction strategy and women empowerment. Working with a similar model of financial services as initiated under the SUCCESS programme, the government should support the RSPs and similar initiatives to set up new revolving funds or expend existing ones that preconditions on income-generating activities and would lead to a larger coverage of the poor population and a greater impact on women economic inclusion alike any other project.

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