Microfinance, Economic Justice and Citizen Capacity: 
The Case of SEWA Bank

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Under what circumstances is microfinance… Economic Justice?
Background Coady
International Institute

- Moses Coady - local fisherman’s associations
- Antigonish Movement
  - Primacy of the individual
  - Begin with the economic
  - Power of collective action
- Partner – Pedagogical with organizing

How can you truly move beyond the narrow economic?
SEWA Bank: Organization and Movement

- Formed by SEWA in 1974 (their own cooperative bank) by SEWA trade union
- Began with 4000 urban women Rs.10 share each
- Began rural operations in 1992 through self-help groups
- Wide range of products: savings (daily), credit, pension, health and life insurance, financial counseling
- Today has over 200,000 members, 3600 savings and credit groups
- Women are owners, users and managers

How does a movement keep its integrity as it expands and “professionalizes”??
Structure of Rural Membership

- 150 Spearhead Team Leaders (strongest SCG leaders)
- 6,000 SCG Leaders (two per group)
- 3,500 SCGs
- 70,000 Members

- 11 District Associations
- SEWA Bank Staff

- 18%
- 21%
- 24%
The Numbers

Urban
- Savers/Members: 202,706
- Borrowers: 50,849
- Savings Portfolio: Cdn$ 20 Million
- Loan Portfolio: Cdn$ 4.5 Million

Rural
- 11 District Associations
- Savings and Credit Groups: 3,631
- Rural Members: 74,000
- Rural Savings: Cdn$ 1 Million
- Rural Loans: Cdn$ 1.2 Million
Capacity Building Strategy

- Women are the centre
- Individual financial education-- to build their capacity to problem solve and weigh opportunities
- Group capacity to become self-reliant
- District Association capacity to become local area banks
- Local leadership
- Popular education
- Problem-solving and trade-offs
- Monitor
- Simplify, simplify, simplify
Financial Services

- Short-term savings
- Long-term savings
- Credit
- Insurance
Mayaben’s daughter will be married in six years. Should she save in a long-term fixed deposit or in gold jewelry?
Module 1: Formation and Management of Savings and Credit Groups

- Why organize?
- Forming a group
- How a group saves and borrows
- Leaders training in savings and loans management
- Leaders training in group financial management
- Leaders training in group governance
Module 2: Financial Education for SEWA Bank Members

- Introduction to financial Planning
- Daily Money Management Practices
- Planning for Future Events
- Savings and Investment
- Borrowing and Loan Management
- Insurance and Risk Management
- Making a Financial Plan
Module 3: Strategic Business Planning for District Association Staff

- What are we trying to achieve?
- Is the DA well-governed and managed?
- Is the DA viable or working toward viability?
  - Growth
  - Buying low; selling high
  - Reducing spoilage
- Is the DA responsive to group?
Reasons for success

- Vision
- Voice
- Hope
Building assets throughout the life-cycle stages
Vision

- Clear vision
- Fluid and fed from women themselves
- Reinforced constantly
- Part of capacity building
Voice

- Policy Forums
  - Members are the Board of Governors
  - Staff stay overnight with members
  - Groups provide forums to influence
  - Represented at the District Level where social and financial come together

- Capacity and awareness building
Hope...

- Forums to dream
- Rating of the groups
- Stories of Success
- Appreciative Inquiry and Asset approaches
Group Self Reliance

- **Is the Group Growing? (15 Points)**
  - /5 In terms of Members
  - /5 In Loan Portfolio
  - /5 In Savings Portfolio

- **Is the Group Managed Well Financially? (35 Points)**
  - /5 Are costs kept down?
  - /10 Is book-keeping well-done?
  - /10 Are by-laws followed?
  - /5 Do leaders assess the finances regularly?
  - /5 Is the profit reported and distributed

- **Is the Group Managing Risk Well? (20 Points)**
  - /10 Is loan repayment good?
  - /5 Is risk analysis done well?
  - /5 Is the internal audit conducted regularly?

- **Is the Group Well-Governed and working toward self-reliance? (30 Points)**
  - /5 Are the by-laws done?
  - /5 Is the decision-making democratic?
  - /5 Are regular training sessions held?
  - /5 Are the monthly meetings carried out? Is the annual meeting carried out?
  - /5 Has the group increased capacity to understand options and make decisions?
  - /5 Is the group making linkages to other organizations and social services?

**Total = /100**
Help SEWA Bank with their challenges…

- Rating system some groups found offensive
- Leaders or drivers unable to step back
- Conflicts between building capacity at individual, group and district
- Accountability mechanisms
- Economic has the power to eclipse other processes
- Other processes have the power to eclipse economic
Microfinance as Economic Justice

Economic Justice – really moves people to take control of their economic situation & opportunities

Service Delivery – people are clients or recipients
In the broader context

Microfinance can lead to economic justice—rights, savings, assets, livelihoods, empowerment and social capital

- Ela Bhatt founded a women’s movement based on empowerment of women

- <1% of the world’s assets are owned by women
  Entitlement to leverage them against future opportunity
  - Hernando de Soto

- Michael Sherradon proposes a $6000 investment fund for every child born in the U.S. to contrast the income

- Assets are more important than income; strategies and trade-offs are more important than snapshots
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