

# 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

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- 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?



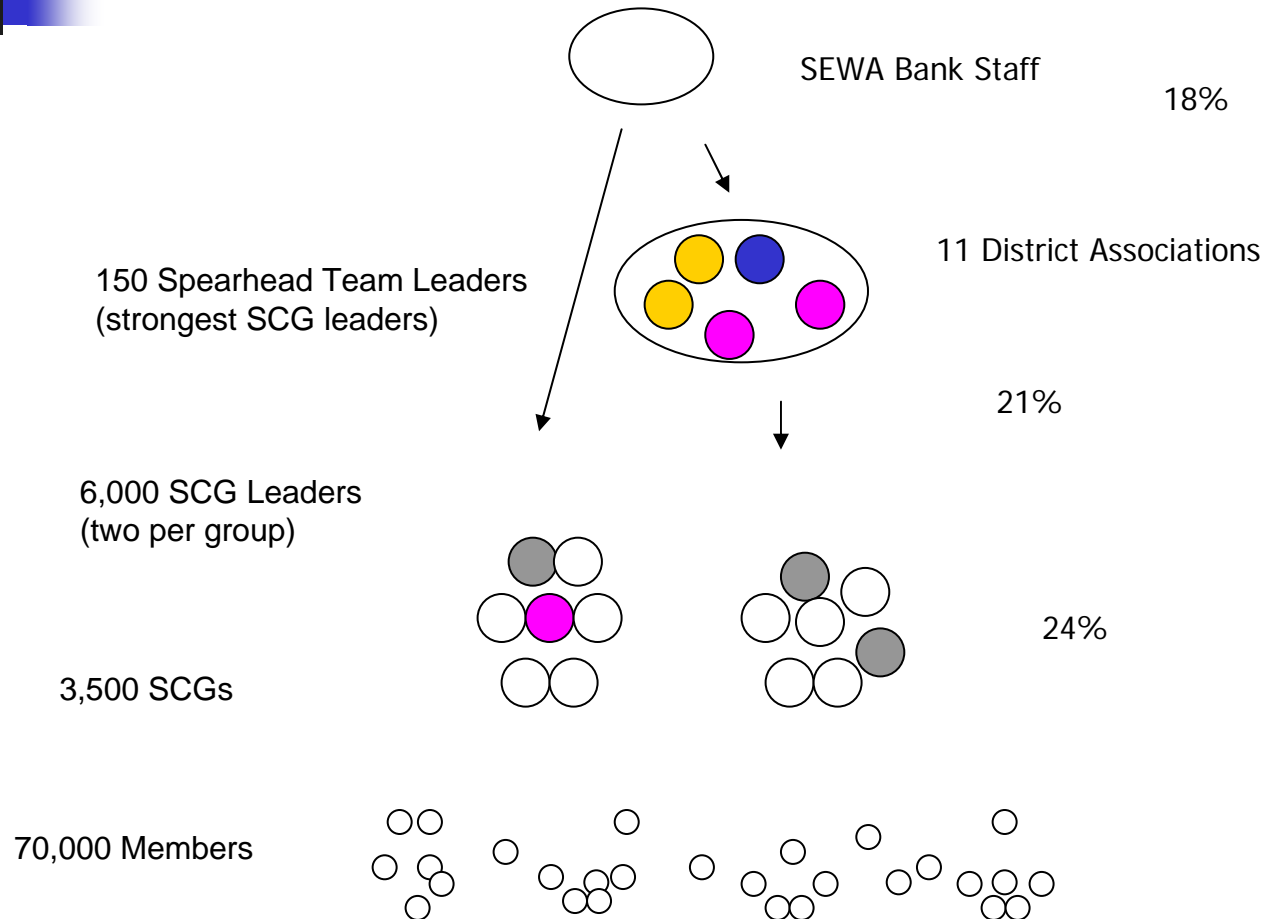
# SEWA Bank: Organization and Movement

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- 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





# The Numbers

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## 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

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- **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

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Short-term savings



Long-term savings



Credit



Insurance







# Problem-Solving Scenarios

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- 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

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- 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

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- 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

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- 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?

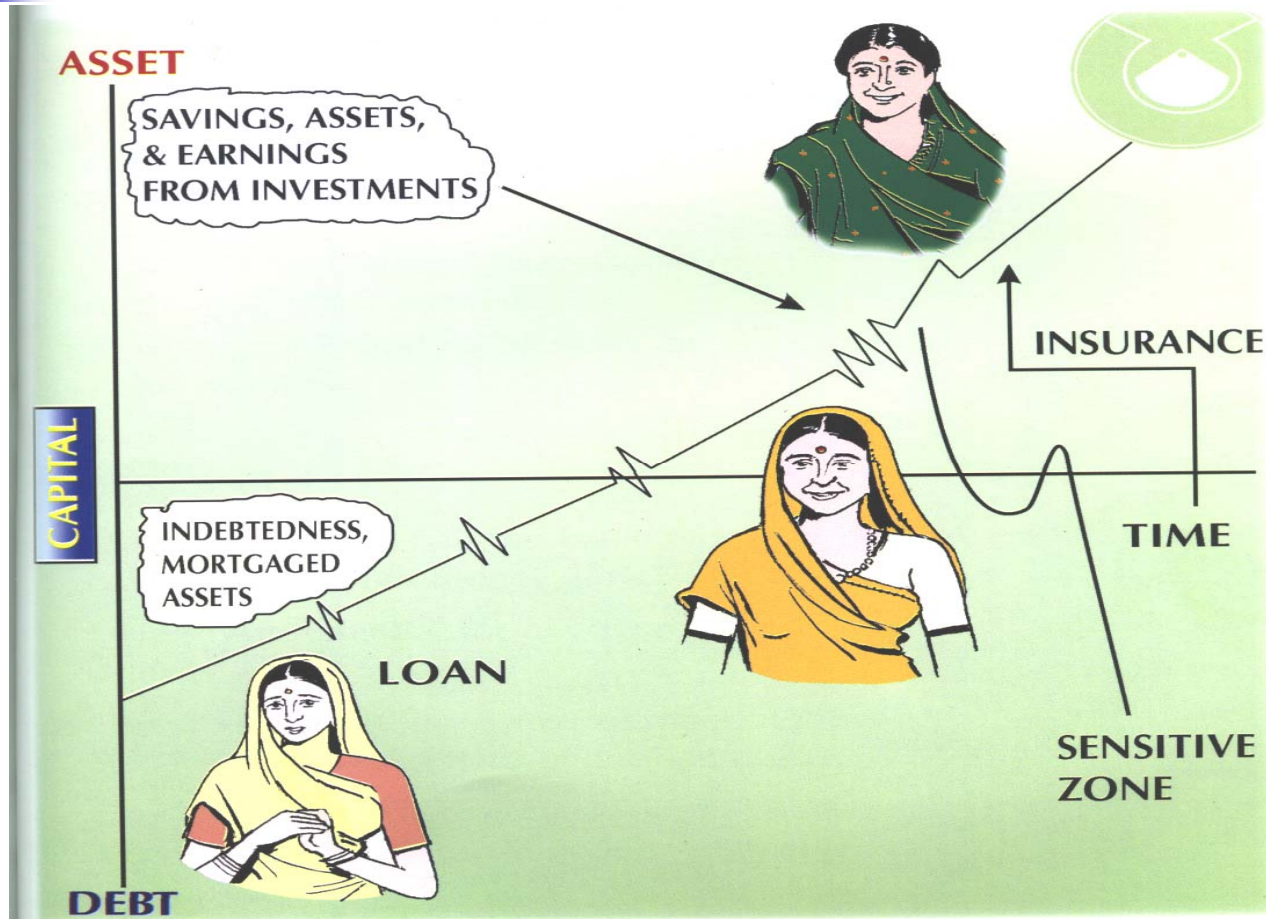


# Reasons for success

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- Vision
- Voice
- Hope

# Building assets throughout the life-cycle stages





# Vision

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



# Voice

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- 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....

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- 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...

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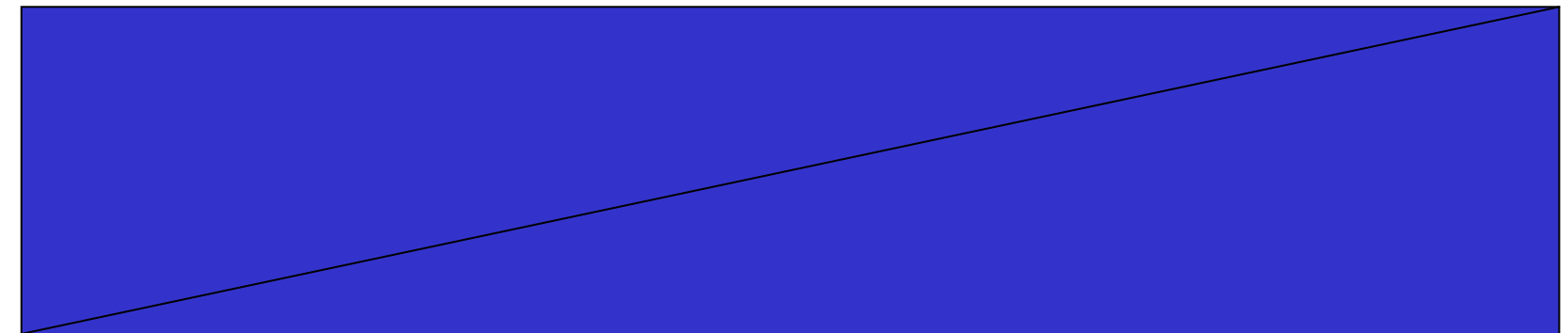
- Rating system some groups found offensive
- Leaders or drivers unable to step back
- Conflicts between building capacity at individual, group and district
- Accountability mechanisms
- Economic has the power to eclipse other processes
- Other processes have the power to eclipse economic



# Microfinance as Economic Justice

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



Service  
Delivery –  
people are  
clients or  
recipients



# In the broader context

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- 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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