

CARE International Submission to World Bank Gender Strategy Consultation

31 July 2015

- 1) The **World Bank Group** is committed to supporting countries in their efforts to reduce poverty and promote more equitable societies. In this context, what are key gender gaps the World Bank Group should focus on to support countries in implementing these goals?

CARE International places great emphasis on Women's Economic Empowerment as a critical component of women's empowerment and gender equality. A gender transformative approach to women's economic empowerment decreases gender gaps in access to and control over key economic resources in ways that radically change exploitative markets and work places so that all people benefit from the changes. We have therefore decided to focus our response to the consultation largely in this area, but we would like to emphasize that many other areas need to be tackled to ensure gender equality.

The UN Foundation report "[A Roadmap For Promoting Women's Economic Empowerment](#)" explains that "Proven interventions include designing and marketing appropriate savings vehicles for all women", however the Bank's own Global Findex 2014 states that "in developing economies, where account penetration increased by 13 percentage points for both men and women between 2011 and 2014, the gender gap remains a steady 9 percentage points: while 59 percent of men reported having an account in 2014, only 50 percent of women did."

CARE International has over twenty years of experience in savings-led financial inclusion in poor communities, working with [Village Savings and Loans Associations](#), 75% of whose members are women. While VSLAs are an informal approach to financial inclusion we have been working in a number of sub-Saharan African countries in the last few years to link our savings groups to the formal financial sector. This brings benefits to the savings group members in terms of improved security and access to more sophisticated products, but is also increasingly being seen by the banks as an attractive business proposition. Further, [we have evidence](#) that members of mature savings and loans groups, even though the members live on \$1-2 per day, save on average \$58 per annum. These savings, if they could be aggregated across the 2 billion currently unbanked, could bring an additional \$116bn into the banking systems of developing countries, thus providing liquidity and low cost, low risk funds to banks to support their lending.

However, only a relatively small number of banks are currently engaged in linkage, plus a major obstacle to the formation of groups and the expansion of groups linking to banks are low levels of financial literacy. Finally, some banks are indicating that the costs (or at least opportunity cost) of lending to savings and loans groups are an obstacle that will require balance sheet support to overcome.

An emphasis on savings led financial inclusion would greatly strengthen the World Bank's wider goal to achieve universal financial inclusion by 2020 and the Group is extremely well-placed to tackle the issues highlighted above via the IFC's scope for influencing the policies and approaches of commercial banks, as well as the resources to provide balance sheet support.

2) Beyond the issues you identified in Question 1, are there other gender gaps the World Bank should take into consideration as priority while developing the strategy?

Engaging men and boys is critical. For instance, in financial inclusion, CARE's initial assumption was that once women simply have access to money and contribute to household's expenditures they will have more say in household decision making and become more active in their community given the self-esteem gained through their VSLA participation. However, findings from CARE's impact studies tend to suggest that women's empowerment gains are not maximised without a dedicated gender intervention, and CARE's cross-country review on economic empowerment and men's roles affirms the need to constructively engage men and boys in gender transformative approaches to financial inclusion.

Gender Based Violence – Economic deprivation, neglect and control are forms of gender based violence which can compromise household well-being. As a result of violence, households may suffer from lost labour, income and productivity for all affected individuals. These consequences may be both short-term or last a lifetime, and have implications on women's economic empowerment. Additional time and capital costs have also affected households that make use of health services, psycho-social support, justice and penal systems and transport for survivors and others.

3) What are examples of policies, approaches and programs (either by the public or private sector) that have helped remove economic and social constraints to women and girls and that the World Bank Group strategy could learn from?

As discussed in our answer to Question 1, Village Savings and Loan Associations (VSLAs) have for over 20 years been providing access to financial services for people living in poverty, especially women who on average comprise 75% of group members. CARE International works in 74 developing countries and we use VSLAs in almost all of our programmes. In sub-Saharan Africa we have almost 5 million people in CARE-originated VSLAs and approximately the same number again is involved in VSLAs originated by other NGOs who have adopted our methodology.

To give some impression of the impact of VSLAs, over three years:

- In Uganda, VSLA members' monthly household income rose from \$60 to \$95.
- In Rwanda, members' spending on household assets increased by 300%.
- In Tanzania, members increased their spending on children's school fees by 76%.
- In Rwanda, VSLA members running small businesses grew from 19% at baseline to 43% at the end of the project, and business investment grew by 339%.
- In Uganda, 42% said they could solve problems themselves compared with 31% at baseline, while 63% indicated their husbands respected and valued their role, compared with only 48% at baseline.
- In Rwanda, the average number of meals per day eaten by VSLA members rose from 2.1 to 3.2.
- In Rwanda, the average amount members spent annually on healthcare increased from \$5.60 to \$10.30.

Source: Connecting the world's poorest people to the global economy: New models for linking savings groups to formal financial services, CARE International UK, 2013

CARE is currently implementing programmes in seven countries across Africa that collectively aim to have linked over 40,000 VSLAs to formal financial institutions by mid-2017. The economics of banks linking accounts to VSLAs are attractive, spreading the cost of opening and maintaining an account over 20 to 25 people, and lowering significantly the cost to serve. Bank accounts for VSLAs provide

banks with access to a pool of largely women savers and borrowers who are quality customers with accessible savings and credit records. Digital technologies strengthen the business case for banks to link VSLAs, improving the revenue and profitability potential by increasing the number and size of transactions while also reducing the risk, time, and cost of going to market. For example, banks can use financial transaction data captured and stored in e-recording systems to create digital credit profiles for group members and make better decisions on extending individual savings and credit products responsibly. Electronically-based materials can help reduce the cost of group formation and acquisition by automating more difficult aspects of savings groups, such as training, promotion and calculating share-out amounts at the end of a savings cycle.

4) In your experience, what are the best examples of policies and programs that have created access to better jobs for both women and men? What made these work?

In line with our emphasis on financial inclusion for women, the UN Foundation WEE Roadmap highlights that “Savings interventions increase women’s business earnings. Women seek savings vehicles and use personal savings to invest in their businesses”.

Further the Roadmap also highlights access to affordable and quality childcare and access to land as two other key interventions for Women’s Economic Empowerment.

5) What solutions have worked or are needed to increase ownership of or access to land, housing, finance, and technology for women?

Please see above for our comments on access to Finance

6) How can the World Bank Group better support countries and companies in their efforts to strengthen their systems and institutions with respect to gender equality to yield more sustainable results?

The World Bank Group can better support countries and companies on financial inclusion of women by:

- Embracing a comprehensive definition of women’s economic empowerment so that World Bank Group systems and partners take a holistic approach to changing social norms, relations and structures that prevent women from participating meaningfully and equitable in the economic sphere
- Encouraging commercial banks to expand their products, services and infrastructure to the currently unbanked
- Encouraging commercial banks to link to savings groups responsibly (see further below)
- Encouraging the inclusion of savings and loan groups in national financial inclusion strategies
- Encouraging the removal of bureaucratic hurdles to opening group bank accounts
- Encourage governments to more actively promote financial and basic business literacy through the school system
- Encourage banks to take greater responsibility for the development of financial literacy through:
 - joint “pre-competitive” activities
 - targeting CSR investment
 - incorporating financial literacy training in marketing and sales activities.

For banks to link to savings groups responsibly, CARE International, Plan International and Barclays have [developed a set of principles](#) (see below). We are asking banks, governments, regulators, donors and other interested parties to commit to linking savings groups to banks in line with these principles by signing the Linking for Change Charter and joining our Alliance, and it would greatly support our efforts if IFC were to do so.

1. It's a win-win investment that brings social and economic rewards Global financial exclusion can be reduced by responsibly linking poor savings groups to formal financial services. This will bring both social and business benefits.

2. Banking the poorest is possible People living on US\$1-2 a day are bankable. New products and services can be designed to reach them – particularly women and young people who are generally the most excluded, but can also enable the greatest social change.

3. It starts with savings Savings are a springboard to responsible financial inclusion and there are nine million savings group members who can be linked to formal financial institutions. This can provide greater security and more sustainable services for the user, as well as business benefits for the provider.

4. People come first Consumer protection and transparency must be front and centre of efforts to link informal savers to formal institutions and, crucially, must be demand-driven not supply-driven.

5. Financial education matters Greater investment must be made in expanding access to financial education. This is particularly true for young people. Practical involvement in financial activities facilitates economic growth and supports sustainable small enterprise development and job creation.

6. No one can do it alone Collaboration between banks, NGOs, governments and technology providers is key, and offers an exciting new business model for taking financial inclusion to scale. By working together we can create the right environment for change post-2015.

7) **The World Bank Group uses assessments and data to understand and diagnose gender gaps. Country Gender Assessments available [here](#) and data and research on this topic available on our [gender portal](#) constitute our current set of tools. Do you have any recommendations and/or examples of better diagnostic tools that can be used to help the understanding of constraints to gender equality?**

8) **What are the important knowledge gaps – areas where you feel that we don't know enough and the World Bank Group should prioritize in its work to help close gender gaps?**

9) **Any other comment or suggestion that you may have.**