



# Microfinance initiatives of women

## Macro benefits for society

*The Istituto Internazionale Maria Ausiliatrice is committed to the empowerment and transformation of the lives of women and children worldwide. We champion the dignity and the rights of women through the promotion of self-awareness, social participation, education, cultural formation, economic autonomy and health care. We are present in 90 countries of the five continents. We work principally in contexts greatly affected by poverty. We focus on women in our efforts towards sustainable development and the transformation of the living conditions of poorer sections of the population. We target women because they constitute the winning strategy to alleviate poverty and better the standards of living of the family in terms of food, healthcare and education of children.*

Microfinance has been one of the most effective strategies we have used in women empowerment in the different continents. It consists of small loans to women to enable them to start an income-generating activity or expand a small business.



### Spotlight story

*Anna Teresa is from Benguela, the second biggest city of Angola. She is 29, a mother of five with a husband who is a daily labourer in precarious situations. During the floods of 2005, the family lost everything. With a credit that amounted to \$ 100, she started a small shop selling second-hand clothing. The credit was repeated three times and now she is completely independent, running a much bigger shop and earning a significant amount to send the children to school and maintain the family.*

Microfinance for us includes several basic systems that guarantee its success. We adopt an integrated approach which includes a series of actions such as social preparation prior to the disbursement of the credit.

Our **methodology** has these different phases:

**Analysis of the situation:** it seeks to study the situation, highlighting both problematic aspects of the context and its resources. It results in the identification of the priority categories of persons as well as the priority area of concern. The analysis of the situation is done, in most cases, through site visits to families and first hand knowledge of the conditions of living.

**Constitution of the group:** it brings together the priority category of persons who are offered some socio-cultural formation which seeks to focus on stimulating self-esteem and leadership skills. This leads to the constitution of Self-Help Groups. The Groups then proceed to establish their criteria for microcredit schemes such as the choice of the micro-economic activity, the timing and the conditions for the repayment of the credit, the meetings of the group and other training sessions. Some of our centres have recourse to banks for the credit; in this case the rate of interest differs depending on the bank. In some other contexts, we have revolving funds; in this case the rate of interest is 1 or 2 percent.

Apart from the economic empowerment, the groups have specific ongoing actions for their upliftment in the field of health-care, HIV/AIDS awareness, political participation, cultural awareness and spiritual growth.

**Periodic evaluation:** the group decides the intervals for the evaluation and takes into consideration the status of the repayment of the credit of each of the members of the group. It is also the group that decides the action to be taken concerning the emergency situation faced by the member of the group, providing peer support and solidarity circles. This becomes the basic guarantee for the repayment of the credits.

Microfinance through the revolving funds has enabled us to widen the circle of benefits and reach out to more and more women. As the loans are repaid, they are re-loaned to another and this continual investment increases the impact of funds to change the lives of more and more individuals and families.

Microfinance initiatives through women have brought about major transformations in their own lives and in the living conditions of families. Their earnings in small businesses enabled many of them to cross the poverty line, improve the nutrition of the children, provide better healthcare, educate their children and thereby break the cycle of marginalization. In some contexts, such initiatives have contributed to the local economy and the formation of networks at a grassroots level.

# Transforming Africa through women

We are present in 22 countries in Africa and we run 37 centres for the promotion of women and 12 centres for girls at risk. The microfinance and microeconomy initiatives are the strategic approaches adopted in these centres aimed at guaranteeing economic autonomy to women in poverty and social, economic and family re-insertion to girls and young women at risk.

In Adwa, Ethiopia, our focus is illiterate women and young people, rural women, women in conflict and post-conflict zones, young women at risk, women prostitutes, single mothers, abandoned and ill-treated women, widows, orphans of war and AIDS, women who require better qualification.

The centres in Kinshasa, Kafubu, Lubumbashi of the Democratic Republic of Congo reach out to women of rural and urban areas who live below the poverty line. Many of them are internally displaced and refugees coming from the conflict-ridden areas of the country. The majority of women are heads of families. Among the girls, the prevalent categories are orphans of war and AIDS, girls who have been accused of witchcraft and abandoned by their families.

The beneficiaries of Kasama in Zambia are between 16 to 25 years and above. Many of them are either widows or single mothers. Most of the women are illiterate on account of cultural discrimination and the absence of public schools in the vicinity.

The target group, of Duékoué in Côte d'Ivoire are women who have been affected by conflict situations. Our work suffered great setbacks with the outbreak of conflict in 2005 and 2006. Duékoué is greatly exposed to disorders, insecurity and is under the control of the UN peacekeepers.

In Benguela, we work with the internally displaced women and women refugees of Angola. In the 80s, when the attacks were so frequent in the villages and the rural areas, numerous families took refuge and lived at the margins of the city. This population lives exclusively on the activities of an informal fish market and some agricultural products of the locality. Entire families live in huts made of clay which fall when there is a heavy rainfall.

The target group of Cotonou in Benin are women heads of families where the girl, victim of trafficking, has been reintegrated. One of the conditions for the credit is that they send their children to school. Poverty, in fact, is one of the structural causes of this phenomenon in Benin and so we felt that the work of prevention consists in making families become economically sustainable.

## Small sums, big incentives

Microfinance is about small sums of money to launch or to expand micro-economic activity, but can go a long way in increasing self-esteem and economic independence of women. It can allow women to go beyond struggles for subsistence to dream and plan the future.

In the centres of DRC, the women constitute groups of 4 to 7 members and each receives a credit of \$100. This small sum is sufficient to launch them into creative economic activities. Their microenterprises range from making jewellery out of the special stones available in the area, to embroidery, dress-making, animal rearing, small scale cultivation, bakeries, recycling of shoes, servicing centres for bicycles and special production of mixed materials between natural fibres and plastic fibres. We have the revolving fund that helps to reach out to more and more women.

Microfinance can allow women and girls in marginalized situations to reclaim their dignity and rights. Among the microenterprises, is a bakery in Kinshasa where the girls at risk receive professional training. From this bakery around 40 to 50 women buy bread and other pastries and go to the surrounding areas to sell them. The profit made goes to the women on a daily basis. Each of the women has her own account book where everything is registered and their savings are set apart.

### Eco-friendly micro-enterprises of women in Adwa

The micro-enterprises, apart from many other objectives, seek to be eco-friendly. The centre in Adwa promotes work through recycling of paper for combustion. Besides, the women are involved also in the recycling of textiles out of which they produce blankets, mattresses, jackets, outfits for men, women, children and diapers for babies.

### The power of the group in micro-enterprises

The women of Kasama run a micro agricultural enterprise. The group asks for a small fee to become a member which is used to increase a fund. Once the capital is sufficient, it is invested in micro agricultural enterprises such as the cultivation of beans, potatoes and peas. The profit is shared among the members. They also have the possibility of asking for small loans when they are in need.

### Microfinance for post-conflict rebuilding

Microfinance helps to increase the assets of women in conflict situations enabling them to rebuild their lives. In Duékoué, Côte d'Ivoire, after the setbacks of military attacks of 2005 and 2006, we started again little by little, with small sums for women to start income generating activities. With the credits received, the women were able to reorganize their families. The revolving fund helped us to reach out to more and more women and bring about a change to the situation of impoverishment which got worse on account of war.

### Microfinance in facing natural disasters

Microfinance is an effective tool in the process of rebuilding after natural calamities. This proved to be so in Benguela after the floods of 2005 which destroyed around 900 houses of the locality. The families were rendered homeless and without anything. They had lost their houses, belongings, money and documents besides human casualties.

The microcredit scheme started with 37 women divided in two groups. Later, another group was formed with 12 women members. Their activities are small shops where they sell dried or fresh fish, cornflour, sugar, cookies made by themselves. The first loan was from 50 to \$100 US. After the repayment of the first loan, another one from 100 to \$150 US was granted.

# Women's microenterprises for quality life in Latin America

We are present in 23 countries in America. The initiatives of microfinance in this context target women who live below the poverty line. The projects aim also at reaching out to women and young people of indigenous communities who are vulnerable to multiple discrimination. The programs implemented are microenterprises generating places of work for women with regular and sufficient income as well as the possibility of initiating small saving schemes.

## Simple steps for quality products

The centre of Masatepe in Nicaragua is located in the area where a high percentage of the population live below the poverty level with little access to dignified work and proper income. The families, in most cases, are headed by very young women, given the high number of adolescents who are in prostitution, youth and juvenile delinquency.

The microenterprise has so far reached out to 37 women who already earn while they undergo training. It is family friendly in as much as it guarantees the possibility of work also at home. In fact, most of them work in their own homes while others work in our centre.

The women are trained to use high technology machines, enabling them to prepare quality products capable of finding a good market. Through their work in the centre, the women have been able to get a good income, offering them hope and raising the standard of living of their families.

## Cooperative of 100 women heads of families

The Cooperative "PUNTATA D'ORO" started on 13 February 2004 in the locality called "La Croce" of Medellin, Colombia. Following the migration from Urabá and Oriente Antiocheno caused by violence, the locality extended into four other areas with around 854 families. The constructions are unsafe and there are more than 5300 persons living in them under the worst health conditions, affected by unemployment which is also one of the causes for violence especially among the young. These people are forced to earn their living through begging in far off places.

The aim of the Cooperative is to offer an all-round formation and socio-economic well-being to 100 women heads of families. The vision of the Cooperative is to become autonomous within a period of five years after its constitution.

The women who were trained to use high technology sewing machines in the María Auxiliadora Centre formed groups with the intention of discovering new sources of income, thus empowering themselves from the economic, educational, administrative and technical point of view.

They also have programmes on the values that facilitate working together: respect for the rights and ideas of others, tolerance towards different opinions, honesty that regulates justice and transparency in the cooperative work, mutual help that promotes solidarity and commitment to respect the administrative agreements and decisions taken.

Some advantages:

The registered members receive a monthly salary according to their contribution at work.

The 1% of the monthly profit is capitalised distributing it in the following manner: 80% is put in the personal account of the member, 10% is used for the educational services of the Cooperative, and the remaining 10% for activities of solidarity and personal use of the members.



## Hands that weave solidarity

In the state of San Paulo - Brazil, we have 15 groups in 5 different cities: San Paolo, Itapevi, Guaratinguetá, Ribeirão Preto and Lorena.

The objectives of the centre are:

- to generate and collaborate in the organization of microeconomies in the light of economic solidarity
- to reinforce the mentality of critical consumption and the network of fair trade
- to open up channels for the marketing of products.

Some kinds of microenterprises are weaving of carpets, soap making, embroidery, maintaining a vegetable garden, producing handicrafts and baked goods.

The revolving fund helps our clients to initiate their own microbusinesses. The repayment begins from the third month and whatever profit is made benefits the group.

## Traditional handicrafts for the dignity of indigenous women

The centre of São Gabriel da Cachoeira in Brazil reaches out to indigenous people of the Upper Rio Negro. The dream is to make these populations become authors of their own history in all its aspects. Apart from the situation of marginalization and discrimination, the accelerated processes of exposure, communication, especially through mass-media, have been causing the loss of their rich cultural expressions and heritage, especially in these last years.

The microenterprise program enhances the cultural resources through the production of traditional handicrafts with the fibre called *tucum*. It offers alternative economic opportunities to indigenous women and girls. In fact, the women who participate in the project are able to guarantee better living conditions and economic sustainability to their families. This has a far reaching effect in the promotion of self-esteem of indigenous women who actually suffer from multiple forms of discrimination: racial, gender, socio-cultural and socio-economic.

# Credit to women...

## multiplier effects for children and families in Asia

We are present in 18 countries; we run 88 centres for the promotion of women and 30 centres for girls and young at risk. The most outstanding outreach program of the centres is a widespread implementation of the microcredit schemes with an integrated method.

### Agro-technology to overcome multiple forms of discrimination

Our agro-technical school was founded in Mindoro in 2001. It hopes to give a brighter future for the underprivileged young people of Oriental Mindoro, the out-of-school youth and the Mangyans (Indigenous People) who suffer from intense discrimination that deprives them of their right to develop, grow, and share the wealth of their culture.

The microcredit is linked to a one-year training on Agriculture Technology, which is a technical-vocational course with two specializations:

Crop / Vegetable Management and Production  
Animal Management and Production - poultry, pig-gery, fishpond, goat raising

Forty-three (43) trainees were given micro-credit to start their own businesses while they were still having their training with the Center. All the funds were used to start raising livestock: pigs, goats and mostly chickens. They were used to buy materials to put up the shelters, animals to start its 1<sup>st</sup> cycle, and feed to nourish the animals.

The common problem that the trainees encountered was the destruction to the shelters caused by several typhoons. However, it did not hinder them from repaying their loans because they were able to get additional funds from their earnings. The center facilitated the marketing of the products through its established connections with prospective buyers. The products were being marketed locally, in various restaurants, resorts and hotels in Mindoro, as well as in the market place.



The total number of women who received credit and who were able to start income generating activities in the different parts of India goes as follows:

Tamil Nadu: 10,774  
Karnataka – Andhra Pradesh – Kerala: 11,129  
Maharashtra – Gujarat – Goa – parts of Karnataka: 5,726  
Assam – Nagaland – Manipur – Arunachal Pradesh: 7,900  
Meghalaya – Tripura – Karbi Anglong, Assam: 1,900  
West Bengal, Sikkim: 3,885

### Credit, not aid: experiences in India

The microcredit programs adopt an integrated method. Moreover, the programs are implemented within a larger context of empowerment that seeks to make them proactive agents of change.

The formation of Self-help Groups in India has brought about outstanding results in the field of the empowerment of women. The SHG constitute a space where women acquire self-confidence, boosting their self-esteem and enhancing their leadership skills. The SHG is also a space where women develop their sense of solidarity and the power of planning and working together.

The SHGs give out loans to meet the specific needs of their members and constitute a support system in times of emergency such as death of a family member, marriages, major healthcare expenses, need for modern agricultural equipments, pursuit of higher education of children, construction of houses, release of mortgaged lands or acquisition of land. The following phases are adopted in some of our centers which however is a method commonly adopted also in our other centres:

**The first phase** consists of an initial survey to make a socio-structural analysis, the search for linkages at a grassroots level with local authorities and village leaders and training on capacity building and the understanding of the concept of Self-Help Groups.

**The second phase** leads to the formation of Self-Help Groups and training on book-keeping, accounting, savings, credit plus activities, inter-loaning within the SHGs and linkages with the banks.

**The third phase** concentrates on the training of leadership skills of women at various levels and training for political participation at a local level, making them aware of the responsibilities and roles of local political authorities and lobbying for issues and concerns of women. They also receive training on the awareness of their legal rights.

**The fourth phase** focuses on the training of women on HIV/AIDS and other health issues at different levels.

**The fifth phase** aims at training for participatory research appraisal and awareness on socio structural situation through activities such as village mapping, resource mapping and wealth ranking.

**The sixth phase** looks into training on income generating programs (IGPs), the possibility and the benefits of bank loans for IGPs. Networking is one of the principal focus of this phase. The women are also offered training and awareness on issues such as ecology, human rights, peace, justice and inter-religious dialogue.

# Credit to young people: possibility to plan their future in Europe

We are present in 22 countries in Europe. In many European countries with the economy in transition, the condition of poverty is a big challenge resulting in the exodus of men and women in search of better opportunities in life. In such contexts we seek to offer alternative sustainable self-employment programs. In other European countries, the considerable number of undocumented migrant workers, their families and cases of unaccompanied children migrants are some of the areas where we are involved.

## Microenterprise for the young women in Albania

Our training centre is situated in the locality called New Tirana where we are surrounded by numerous overpopulated apartments with families that are originally from the mountains and rural areas. They live under subhuman conditions with a prevalence of prostitution, child labour and illiteracy.

The aim of the training centre is to offer professional quality in the area of dressmaking and culinary arts. The centre builds networks for the marketing of goods that are produced by the women. Little by little, the women are helped to become autonomous and self-supporting. Through small credit offered to them, they are able to start for example, a small pizza house or tailoring shop.

Some of the products made by the women are table covers, napkins, traditional costumes, school uniforms, other outfits.



## Cooperative for young people in difficult situations

The Cooperative is an extension of seven residential homes for minors and three temporary housing facilities for children and young people from problematic families both from Italy and from other countries. Of around 55 children, adolescents and young people who are taken care of by the centre, the majority are from migrant families of Albania, Bosnia & Herzegovina, Romania, Angola, Ethiopia, Morocco, Nigeria, Tunisia, Brazil. The Italian residents, too, come from families that migrated from the southern part of Italy and in situations of serious difficulty. Most of the children and young people have their fathers in prison or are involved in drug smuggling. In many of their families, domestic violence is rife because of the socio-cultural background of the countries where discrimination against women is deeply rooted, aggravated by situations of poverty and the state of marginalization.

The Don Bosco Social Cooperative aims at offering alternative job opportunities to young people of this centre after the age of 18 as a means of making them become self-supporting and acquire economic independence. This is realised through micro-credit schemes and microenterprises. Through this program four young people have already bought their own apartments and others have become autonomous and economically independent.

## Remittances of migrant workers and microfinance

In most of the Western European countries, we run centres for the assistance of migrant workers and their families. Apart from assistance, promotion and initiatives for alternative job opportunities, we have begun creating an internal network in the field of remittance flows linked to poverty reduction strategies and microenterprises in the countries of origin.

### Spotlight stories

"I came to Italy from Albania when I was 11 as an unaccompanied migrant boy. Earlier, never did I question the common mentality that considered it acceptable to bring Albanian women for prostitution on the streets of Italy. Accordingly, learned the people who do it are not wrong provided the profit was divided fairly among partners in question. After years of education in the residential home, little by little, I learned that selling women is not at all a question of sharing the profits fairly, it is basically unacceptable and a serious violation of the dignity of women. I am now convinced of the need for a change of this accepted mentality and I am also certain that real transformation in the situation of women and their empowerment can come about only through the involvement of Albanian men".

A. M.

"We are a family that is favoured by the bridge of solidarity that is built between Italy and Ecuador. Through an internal international network of the Istituto Maria Ausiliatrice, it was possible for us to send our remittances in real-time with little expenditure and without having to pay the high rates of the formal financial institutions.

This has enabled our family to pass from the situation of isolation and poverty to a dignified life in Italy, to educate our son and send remittances on a monthly and/or bi-monthly basis to our country of origin. We intend to build a house on the land that we have already bought, to open a small shop and to insert ourselves within the local economy upon our return to Ecuador".

Melissa

# Empowered lives for sustainable development

## Major lessons learned:

- Women need to have ownership of the program from Planning, Implementation, Monitoring and Evaluation (PIME).
- Critical factors for success include social preparation developing their market knowledge and skills and ancillary programs such as business training for borrowers, awareness raising for their families, communities, leaders, vendors and government officials.
- The integrated approach in a culturally based program guarantees the viability of the project.
- The power of the group ensures bonding and reinforces the understanding of their commitment, repayment and strengthens social support network among members.
- Microfinance helps in rebuilding lives in post-conflict situations and natural calamities.
- Empowerment of women calls for the involvement of men.
- Microfinance programs should be linked to broader social systems, institutions and development efforts for greater effectiveness.



In our efforts to implement the Millennium Development Goal 1 - "Eradicate extreme poverty and hunger", the *Istituto Internazionale Maria Ausiliatrice* organized an international seminar on "Economic Solidarity. Common Avenues between North and South of the World for a Sustainable Development" at Cachoeira do Campo (Brazil) from 7 – 13 August 2001 and organized another follow-up seminar in 2005 under the title: "Towards Alternative Economy. Volunteerism, Micro-credit and Micro-economies through Networking Today" at Sanlúcar la Mayor (Spain) from 17 – 24 August 2005. Both seminars brought the experiences of eradicating poverty at the grassroots level with a specific focus on women and young people.

The Acts of the seminars are published in Italian under the titles:

- ISTITUTO FMA, *Economia solidale. Percorsi comuni tra Nord e Sud del mondo per uno sviluppo umano sostenibile*, Bologna, EMI 2002.
- ISTITUTO FMA, *Per una economia alternativa. Volontariato microcredito-microeconomie in rete nell'oggi*, Bologna, EMI 2005.
- ISTITUTO FMA, *Cooperazione allo sviluppo. Orientamenti per l'Istituto Figlie di Maria Ausiliatrice*, Bologna, EMI 2006.

## Spotlight stories

My name is Cola Jeanette. My husband and I teach in a primary school run by the Salesian Sisters (IIMA) for 15 years. Outside the teaching hours, we are obliged to keep a farm that provides us food. The economy of our country is in crisis. With the deplorable salary of a teacher, it is impossible to buy fertilizers which could help obtain a better crop. This situation makes life difficult and it is a great pain not to be able to pay the school fees of our children, run the expenses of the family and the rest. This is the reason why I adhered to a microcredit project. In my case, I seek to fructify what I received in the hope of bettering the condition of life. I learn to invest well the credit I received from the Sisters and to save for the future of my family. I am convinced that the commitment in this school of economy is an incentive to raise the quality of our work.

*Democratic Republic of Congo*

I am Zelia. An unforgettable moment of our group of which I am one of the founding members is when we took a loan of 450,00 real (\$25.005) from a bank to be repaid within six months. It was to buy materials because we had received a very nice order. When my husband came to know about it, he angrily remarked: "You all are mad, it requires much organization to become a co-operative. Look, I am telling you already that not a penny from my pockets will go to repay this loan".

In fact there was no need. We were able to pay back the loan with the positive outcome of our work. We made that money grow and multiply just as it is said in the Bible "Every gift that is put together, multiplies". We had been very courageous.

*Brazil*

I am Najda. I was helped to get training and become a competent and high-skilled seamstress. With the credit that was given to me, I began a microenterprise and I make table covers, curtains, school and workplace uniforms and traditional Albanian costumes. I now have another shop in the centre of Tirana, the capital city. I get orders from the local population. I also offer the possibility of practical training to the trainees of the Salesian Sisters centre. In the near future, more microenterprises of this kind are sure to prosper.

*Albania*

I am Iris and I am running a canteen for the past two years. I have succeeded to employ the whole of my family, putting an end to earning our livelihood as domestic workers. My daily profit goes from Rs.800 (\$20) to 1000 (\$25) after deducting the daily expenditure. At the end of the month, after paying the workers I gain Rs.5000 (\$127) to 7000 (\$178) per month from my canteen.

*India*

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