

Impact Assessment Research of “Micro- Credit Loans on Palestinian Women”

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Executive Summary:

Despite the fact that the universal Human Rights declarations, resolutions and decision on gender equality were adopted globally, gender disparity is apparent in various parts of the globe. Therefore, qualitative studies and action researches are significant tools aiming to examine different modes of women’s work, the resulting economic empowerment, and its effect on social empowerment. The result of these studies is imperative in drawing relevant policies that is based on lessons learned and aims to address the challenges. Although there are various researches in different parts of the world -including many developing countries- concerning the economic and social impact of micro-financing on women, we still lack researches that assess the impact of micro-loans on social and economic empowerment on Palestinian women.

The objective of this research is to conduct an impact assessment testing the effect of access to micro-finance credit loans on Palestinian Women on various levels with relation to social & economic empowerment. The sub-objectives are to assess the effect of micro-credit economically on women and her family with regard to poverty alleviation, to assess the effect of micro-credit on women’s socially and on power relations with regard to her role in the family & the community, to assess trends of growth and draw on lessons learned and best practices, to analyze challenges to empowering women entrepreneurs & micro businesses and to suggest relevant recommendations to achieve the economic and social impact.

This study examines qualitative information that identifies the change, -comparing women's situation before and after the micro-loans- highlights the significance of transformation and explains it’s effects on social and economic empowerment. Hence for qualitative and rapid assessment, the study used “Gender Empowerment Assessment” tools with “Rapid Appraisal” approach that is “Rights Based” within the framework of social and economic empowerment. Therefore; relevant indicators were developed to assess the women’s access to resources through microloans, and its effect on economic and social empowerment.

Methods used were participatory that involved various target groups and stakeholders covering various geographical zones. The study was conducted in villages, cities and refugee camps of the north, south and the middle of the West Bank including east Jerusalem through various methods and tools. As for Gaza, the work was limited to conducting focus groups with targeted women and control group, as well as interviewing MFIs and some loan officers. Due to the deteriorating economic situation in Gaza and the difficulty in attaining accurate information on Gaza's current situation, the study could not be widely expand in that area. Overall; the study in the West Bank and Gaza covered ten MFIs out of thirteen that had served targeted women within the set criteria.

During the study more than three hundred women were contacted. Ninety four were researched in the West Bank, and focus groups were conducted with 37 women in Gaza. As a result one hundred and thirty nine businesses were visited throughout the West Bank were 139 economic surveys were filled (94 women under research and 46 control groups). In addition, 103 interviews were conducted with MFIs and loan officers for these MFIs and also with women's institutes, chambers and economic institutes, formal bodies, as well as local councils and community leaders. In addition, twenty focus groups with women and their families were conducted in the West Bank and Gaza with 178 participants. The study concluded the following:

The study confirmed that micro-credit loans successfully **reached poor women** from poor families and those who have limited resources and opportunities, and it enabled most of them to improve the economic situation of their families and alleviate poverty- even though there were certain limitations to access illustrated in the study with recommendations to overcome-. It was found that 55.4% of the businesses became the primary source of income while 43.5% became secondary sources of income for the families. It was also shown that the loans assisted 80% of the families to raise their emergency savings, and to provide the essentials of food and medicine. Some were able to improve their housing situation as well as alleviating their poverty levels as a result of the micro-loans. Some businesses were able to provide job opportunities.

The loans contributed to the economic empowerment of women, as women developed self confidence, financial confidence, and economic skills through the enterprises. The women increased their financial and managerial abilities and skills, making financial decisions related to business development and re-investment of financial resources. Most of the women became able to provide for the essential needs of the family and contribute in the children's education and medical attention. About half of the women were able to renovate their houses or even buy new ones. In addition more than a half of them were able to provide for secondary needs for the family as well as personal needs.

Providing job opportunities for women is another significant result of loans and women establishment of their micro-businesses, where some of the women who obtained loans employed other women, hence facilitating -even if minimally- the participation of women into the labor market -regardless of age, education level or locality- even if most of these women participated in the informal labor force. 42% of the businesses created new job opportunities, therefore employing an average of 1.4 women per business. This important conclusion responds to the national gender disparity of participation in the labor force.

The women experience gained from the process of obtaining a loan and creating or improving a micro-business and moving forward with it **developed women's self confidence**. This change is evident in women's strengthened personalities, increased sense of security, enhancement of self-assurance and reducing to the minimum their 'shyness' compared to pre-business status. These changes were noted by their families and the male suppliers who work with these women as well as the loan officers, the local leaders and head of various institutes interviewed. In addition, 93% of the women emphasized that the loan has changed their personality traits and increased their confidence in communication with their surrounding society.

Improvement of skills and knowledge along with self confidence and assertiveness lead the women to **improve their communication skills** with their surroundings, as noted by families and husbands. The husbands have confirmed the importance of this aspect in enhancing the relationship with their wives and gaining their support. Some women also mentioned their increased ability to solve problems with sons, daughters and relatives. Women have mentioned that dialogue with her husband and surroundings is one of the tools used to address the faced challenges at home and in the business; male colleagues and suppliers confirmed this information.

Most of the women are now participating in decision making at the household level, compared to previous status. Self assertiveness and economic empowerment had a significant impact on developing women's ability to make economic, health and social decisions within the family -although actual participation were variant-. Women's economic and financial decisions' making have improved significantly after establishing or developing the businesses, while decision-making regarding social issues was improved but to a lesser degree, it was also improved for health issues but with even lesser degrees. As for the change of patterns in house work there was minimal change but the husbands were more prone to accepting that their wives are busy and they won't burden her with extra demands as before she had the businesses.

With the businesses came **role changes within the household** -in many cases- where the women became the producer especially when her businesses is the primary source of income, employs the son or the husband, and can decide what to spend money on and what to buy and how to invest. Consequently she attained a more positive view from her husband and sometimes the change is that the husband does some house work and takes care of the children. Change is experienced for these businesses but would need further accumulation and spread.

One of the most important impacts of the loans and businesses **was the attitude changes of most women towards their 'Right of Work'**, as most of the focus groups' participants from the West Bank and Gaza emphasized that *"work is a woman's right that has been attained from their families and communities, and they will not give it up even if the economic need for their families is not present"*. It's worth mentioning that most women did not believe in this right before starting or developing their businesses, as most of them started it for merely economic purposes.

The increased emergence of success stories and female role models who were able to change their situation and that of their families' in different areas of the country has improved societal perception, **increased community respect and recognition** for these women. They were considered a **reference for surrounding women and a role model** that succeeded in providing economic support for their families and even in moving their household out of poverty. Some of these women became more active in their communities, others became public figures.

The study also shows that microfinance contributes towards reducing gender based violence (GBV) practiced against women (both physical and psychological). GBV is practiced against 9% of women who accessed loans, compared to 30% of women who did not access loans (the control group), although women in control group and their husbands have higher educational and training levels than the researched women and their husbands. It was shown that the increased contribution of businesses in family income has contributed towards reducing GBV against both the

researched and the control groups. It was noted in the study that women accessed loans had better awareness of their roles and rights, increased social contribution than the control group, which provided community protection for the researched women, contributed towards increased awareness against GBV, while enabled them to develop protection mechanisms.

Study also showed that there are few women whom have not been exposed to GBV before accessing the loan became exposed to it after the loan, mostly related to the change that businesses occupied their time taking it away from their husbands and homes, and staying for long hours outside their homes. These women began suffering from psychological violence from their husbands as stated during the focus groups, the survey indicated that 10% of women who accessed loans stated that “husbands/ or family members developed negative attitudes towards them after the loans”, which confirms the above finding. The women who took loans in Gaza mentioned during the focus groups that GBV is extensively practiced against women there, and that in general there is no positive impact of economic empowerment with regards to GBV but rather a negative one.

It was realized that women's participation in community work and activities had notably increased after accessing the loan in comparison with women who did not obtain loans. Some had even started addressing issues on the policy level. However, their representation at policy-making levels needs further enhancement as well as the reflection of their concerns at that level.

Study also realized that participation and activism at community level of these women is a complementary factor to economic empowerment in achieving social empowerment. The mechanisms used by some MFIs aiming at encouraging women's participation in community activities and work have a strong effect on social empowerment of these women.

Economic variables such as business development, business age, and its increase participation in income generation for the household, had a positive effect on social empowerment for women and on their self assertiveness and the ability to make self progress and changes within the family. While increase in business size and its increased ability to employ people from local community; affected positively the community perception and increased their respect and recognition for these women.

Hence, the study concluded that economic empowerment alone, although the key contributor is not enough to achieve social empowerment. Community activism is a necessary component to social empowerment and community protection of women. In addition Self-confidence and assertiveness resulting from economic empowerment is as important for women achievements and protection.

Moreover, it was also shown that obtaining a loan does not guarantee the actual starting of the business; it was found that 21% of the loans are used for other purposes. In addition, economic empowerment is not necessarily a mere product of a loan, it's only so if the businesses succeeds and increased participation in household income is achieved.

The study exposed the challenges that prevent women from achieving social and economic empowerment. These were mainly unsupportive husbands, negative cultural attitudes towards gender norms and roles, gender perceived contribution to the

household, the misconception of women themselves towards their rights and roles, and women's inability to demand these rights, in addition to living in conservative communities for some of them. Women highlighted mechanisms used to address these challenges. It was realized that life skills developed throughout the process of developing their businesses assisted these women to overcome obstacles more affectively.

The study has realized that the vision of MFIs was reflected on their targeting and programs, it was noted that most of researched poor women in the West Bank were served by MFIs that adopt a gender relevant developmental vision and targets poor women. Some of these MFIs have also adopted strategies that links the women accessed to loans with community organizations and women organizations, or target women through them, although strategies still needs further development.

Lastly; recommendations are drawn based on the output of the study, some are directed to the MFIs and others for women organizations, other recommendations were focusing on carrying out further relevant studies.

The recommendations focused on supporting the MFI sector in their role added to supporting their developmental aims and vision, in addition to the emerging need to develop the MFIs' social vision further towards achieving economic and social empowerment for women. It is essential to unify the conceptual notes of the sector on the importance of the economic and social role for women, the women's rights to work, her right to economic participation, the role of microfinance in protecting them from GBV and facilitating women's participation in their communities. Consequently these developed vision and conceptual notes should be linked with strategies, indicators and structure of the MFIs. It is important for the MFIs to expand their role beyond provision of financial services, in specifically providing the services of counseling, training and conducting relevant studies that could leverage income generating businesses towards increase of success, and therefore enhance women's chances to achieve empowerment.

Moreover and based on the outcomes of this study, it is highly recommended that women organizations and MFIs should cooperate to create strategies that facilitate women's awareness in their rights and encourage attainment of life skills, in addition to activate women's community involvement, so that economic empowerment can be extended to social empowerment.