



The benefits of microfinance for survivors

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Although microcredit has not been a panacea for poverty eradication, researchers agree on the importance of financial inclusion as one of the solutions, as it provides poor people with sustainable and safe ways to save (Demirguc-Kunt et al., 2017; Le Polain et al. 2018). Despite the remarkable progress in this direction, **a high percentage of women remain financially excluded, and this share increases amongst those with lower socio-economic status.** Other exogenous factors such as war and other violence add to this bleak picture. Indeed, in several countries, including the Democratic Republic of Congo, survivors of sexual violence live in abject poverty with very limited access to formal financing systems.

Given the multifaceted characteristics of the factors that contribute to extreme poverty, a tool that incorporates an holistic approach has proven to be able to make considerably increased impact (Adams and Vogel, 2016; Orr et al. 2019; Gash, 2017). Thus, local financial institutions, called Accumulating Savings and Credit Associations (ASCAs), are currently the tool to address this need as they facilitate women's financial inclusion and the achievement of the Sustainable Development Goals (SDGs).

Several barriers exist, adding to the exclusion of poor people in developing countries. These hinderances include savings and credit mechanisms which do not meet the requirements of women's socio-economic situations, and microfinance institutions that struggle to cover the costs of services provided in these contexts (Allen, 2006). Potential clients often live in remote rural areas or urban slums where there is meagre road or sanitation infrastructure, where insecurity is rife, and there is no state assistance nor other support programme. This is in a context where, for many, income is earned on a seasonal basis, if at all. Moreover, due to displacement, on-going insecurity or even social norms, there is little chance for these people to build an asset base. All these factors inhibit access to microfinance services. Thus, ASCAs are local financial institutions that can be found across the world (in Africa, the Americas and Asia), such as credit unions and other self-help groups.

Accumulating Savings and Credit Associations (ASCAs): operations and relevance

This is a group of 15-30 self-selected members, usually women, who meet weekly for 12 months to organise saving and borrowing from each other. The group is self-managed, with its own rules of operation, such as for setting interest rates, with these processes free from external influences. By attracting savings, **the group accumulates funds from their members, offering lending services in exchange for the payment of interest.** At the end of each financing cycle, any remaining funds are distributed to members in proportion to their total savings. This sum includes the return on savings generated and interest earned.

« This income generated through micro-credit, in addition to the training received, has played an important role in empowering women »

To date, the number of members of these associations ranges between 11.5 million to over 100 million worldwide (Burlando et al., 2021). Apart from savings and credit activities, members also receive training on topics such as financial services, income-generating activities, women's empowerment, health, vocational skills (covering the development of entrepreneurial skills and micro-enterprises), agricultural training, programmes for orphans and vulnerable children, education and child welfare, water, sanitation and hygiene, nutrition and food security, climate change, malaria prevention, maternal, new-born and child health services, protection programmes, male engagement and gender equality programmes. (Mersland et al., 2019; Orr et al., 2019).

By participating in these programmes survivors can engage better with local financial institutions. **This leaves them better equipped to develop their capacity to become self-sufficient and to rebuild their lives. In practice, this is encouraged by a range of benefits being on offer.**

Benefits of participation in ASCAs

These informal groups have attracted the interest of scientific research and beyond. Study findings consistently highlight the social and financial benefits of participating in ASCAs (Gash and Odell, 2013; Orr et al, 2019; Gash, 2017). The existing literature mentions that financial benefits include increased saving and borrowing, food security, stabilisation of consumption, increased investment, and increased normalisation of investment given increased access to loans. Some studies also note positive effects on income, asset ownership and creation (livestock, land, etc.), microenterprise performance, diversification of income sources (Beaman et al., 2014; Brunie et al., 2014; Ksoll, et al. 2016; Karlan et al., 2017; Bannor et al. 2020).

In terms of social benefits, participation in the group empowers women and improves household welfare (Swain & Fan Wallentin, 2009; Karlan et al., 2017; Annan et al., 2013; Matthews and Green, 2014; Brannen and Connor, 2016. Wu et al. 2022; Mantsios and al. 2018). Participation also helps to pay for education, improve entrepreneurial skills and increases financial support for orphans and vulnerable children in communities, improved maternal and child health, and women's living conditions. We also see positive effects on water and sanitation issues, social trust and social cohesion (by enhancing freedom of expression), social capital, and facilitating the socio-economic inclusion of women living with HIV.

Perspectives

Beyond these benefits, these groups face challenges often linked to political, economic and environmental shocks: climate change, low market bargaining power, migratory movements, increased food insecurity and social instability. All of this impacts members' income which in turn affects their ability to repay loans, reducing the performance and sustainability of the financial services self-help groups. However, action can be taken to address these challenges, including training on issues related to the Sustainable Development Goals, digitalisation and the creation of associations for social empowerment, as well as policy and institutional changes. Therefore, there is a need for funding and the sharing of know-how for all this action to be sustainable and effective. In rural areas, action prioritising more active and on-going participation of survivors in the goods market would ensure that survivors have a significant source of funding. This would enable them to contribute sustainably to ASCAs and enjoy the associated benefits.