

Microfinance in Rural Areas – Access to Finance for the Poor

Understanding Financial Inclusion of Women in Rural Laos

Academic literature suggests **significant social and economic benefits** through more female-focused financial inclusion.

With **more than 31,000 clients** spread over 380 village banks in the **poorest and most remote provinces**, GIZ wanted to verify these theses for the rural Lao context. One focus was laid on **financial inclusion of rural women**, particularly through AFP's innovative village banking model.

This GIZ study on **'Rural Finance in Laos'** became one of the most downloaded documents on Microfinance Gateway in 2013.

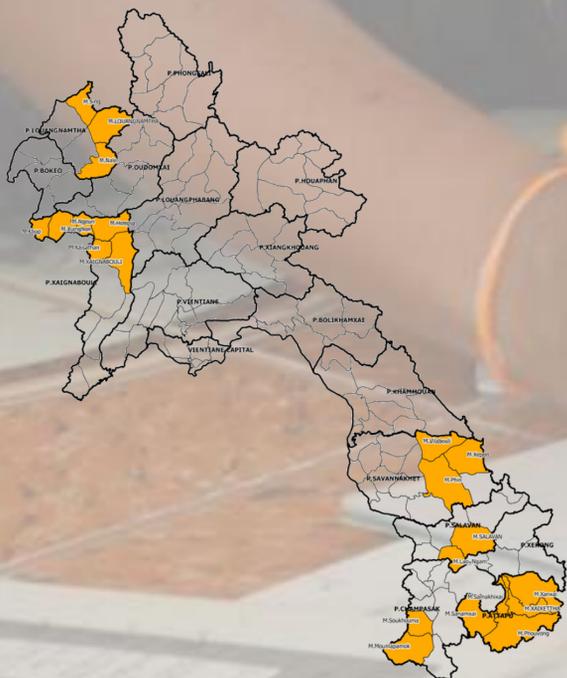
The picture of financial inclusion of women in rural Laos is mixed. **At home, women seem very well integrated in financial decision making processes:** 90% of financial decisions are taken jointly.

Household Financial Decision Making



Research suggests equally high levels of satisfaction with joint financial decisions!

AFP Target Areas in Laos



Main benefits of a village bank are access to finance (39%) and as well as personal independence and business development options (29%). However, sharing ideas within the community (12%), facilitated family and community development (11%), and general capacity development (8%) are also important.

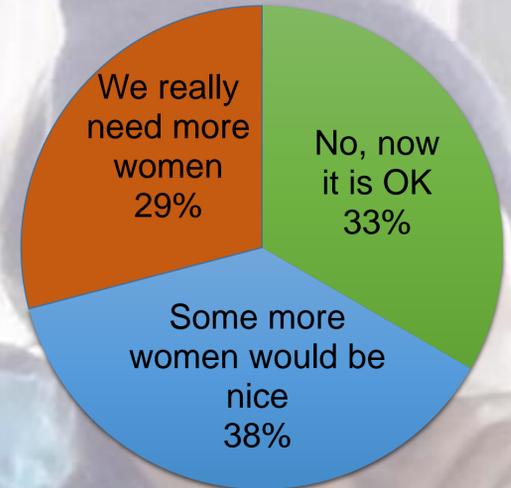
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Improving Financial Inclusion of Women in Rural Laos

However, **female participation in village bank operations is not ideal yet**. 25% do not feel disadvantaged, while the same share perceives traditional role models as excluding women from full participation and co-decision making.

Main challenges are a lack of confidence in own capacities and courage to speak up (38%). Many female villagers are illiterate and innumerate, and women from ethnic groups frequently face Lao language barriers.

‘Do you see the need for more women in village bank committees?’



Two third of women would like to see **more women in village bank governance bodies**.

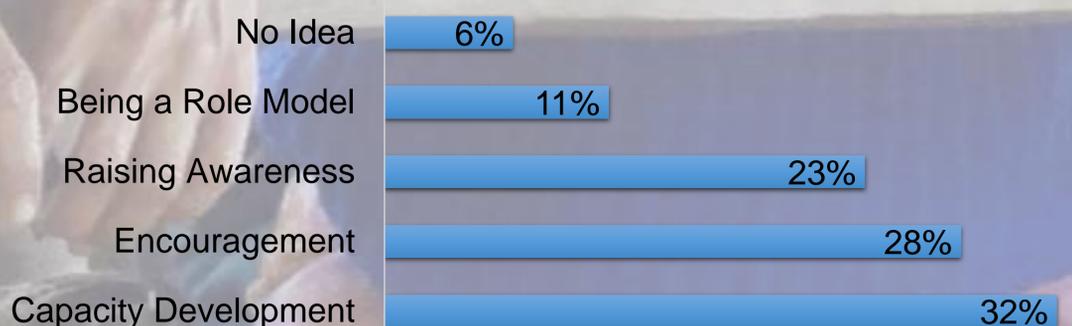
Did you have same decision-making powers as male committee member?



More than 50% of women in village bank governing bodies feel well integrated in decision-making processes. When women feel excluded, they often do ascribe this to the fact of being a women (85%). A dominant aspect preventing equal voice is low awareness of own capacity and knowledge (55%).

The most important measure identified by female village bank leaders to strengthen the position of women in village bank governance structures is building confidence and technical capacity.

Most Important measures proposed by women in leadership



Building on these findings, GIZ-AFP pursues a strategy of **pro-actively strengthening capacities and integrating women** in relevant structures. This is done through policies and village bank regulations that ensure female representation in governance structures. Targeted financial capacity building, collaboration with other stakeholders, and raising awareness on the concept of gender equality are further supporting actions.

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Monitoring Progress in Financial Inclusion of Women in Rural Laos

Gender is an **important cross cutting topic** for AFP operations and included in the main programme indicators. AFP monitors female participation in the village banks' governing bodies as well as many other aspects of female inclusion in the project's area of operations on a regular, monthly basis:

54%

of Single Accounts in Village Banks are held by Women

25%

of Village Bank Committee Members are Women

30%

of NSO Board of Directors are Female

48%

of NSO Retail Credit Clients are Women

85%

of Village Bank Accounts are accessible for Women

61%

of Savings in Vilabouly are held by Women

In conclusion, women hold important positions in household financial management. Low capacity and a lack of courage are often voiced by women as their biggest challenges towards playing more active roles in their village banks. AFP has achieved some good progress towards better integrating women and is committed to keep on improving female financial inclusion in rural Laos!