

WOMEN-DRIVEN MICRO FINANCE IN SRI LANKA

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INTRODUCTION

Many great minds have deliberated over whether women are “head of households” or merely the heart of the home. In the West, workforce equality has resulted in a greater balance of household duties between men and women; while in the East the head of the household has been slowly changing. Nevertheless, more women are taking the lead in determining key household financial decisions.

A number of factors are contributing to this “epidemic” in Sri Lanka including post-tsunami and post-war earning-pattern shifts. During the war, many men went to the Middle East as migrant workers or left their communities because of war-related death threats.¹ These trends have resulted in calls for a more inclusionary approach in the financial services sector for women. While marked changes in practice have occurred, paradigms and policies have been slow to follow suit.

Ranee Jayamaya (Deputy Governor, Central Bank of Sri Lanka)² has referenced some salient trends that have been emerging in Sri Lanka over the past decade:

WOMEN'S CONTRIBUTION TO ECONOMIC DEVELOPMENT

Women have increasing contributed significantly to Sri Lanka's economic development during the past decade. They have been major participants in the garment and apparel industries, tea plantation workers and domestic workers abroad.

For example, during 2003-2007 about 65% of the Sri Lanka's estimated workers abroad were females. In 2007, 80% of exports were dependent largely on the fortunes of the garments industry in which more than 90% of employees are female.³ Despite these

¹ Suriya Women's Development Centre, Batticaloa, Sri Lanka, January 2005.

² In her presentation on Access to Finance and Financial Inclusion for Women, Central Bank of Sri Lanka, 4 April 2008.

³ Dr Ranee Jayamaya, Deputy Governor, Central Bank of Sri Lanka, Access to Finance and Financial Inclusion for Women, Central Bank of Sri Lanka, 4 April 2008.

emerging trends, the women's role in economic development has not been widely recognized because of the lack of quantifiable statistics and "gender budgeting" deficiencies.

Given women's significant national economic development role Sri Lanka has not been able to synthesize and fully capitalize on the internal shifts within families and communities resulting from gradual head of the household changes.

FINANCIAL INCLUSION INITIATIVES IN SRI LANKA

Matching its South Asian counterparts, Sri Lanka has jumped on the micro-finance bandwagon with vehemence. In 2005, micro-finance institutions serviced about 35 million of some 270 million people and met around 15% of the credit requirements of low-income families in South Asia. In Sri Lanka 60% of low income families utilised micro finance programs in 2005.

SEEDS (Sarvodaya Economic Enterprise Development Services) was founded in 1958 and is a member of WWB (Women's World Banking). Of its plethora of clients, approximately 70% of their memberships are women while the Sarvodaya Societies CBOs

(community based organisations) are 90% women driven.

Lending membership in 2005 from the three micro finance institutions was as follows:

- Sareeram Sri Lanka National Foundation, Batticaloa-Rs. 115,290,000
- Women's Development Federation (Janashakthi Bank), Hambantota-Rs. 806,000,000
- Ruhuna Development Bank, Matara-Rs. 2,527,000,000

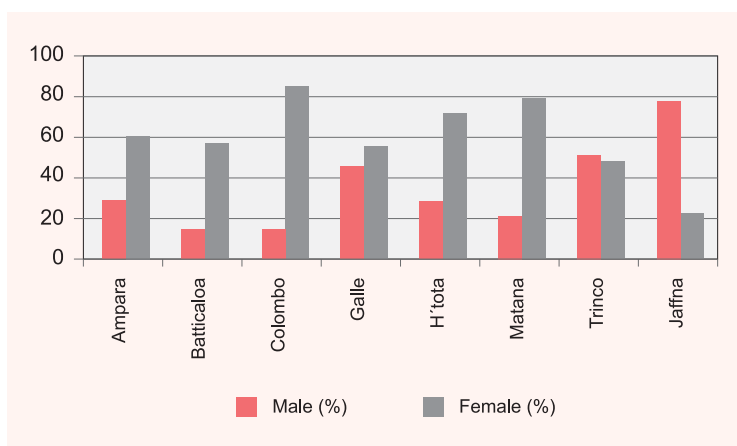
Most importantly these MFIs experienced repayment rates of 95% in 2005 from primarily women borrows. If the women were directly involved in the loans, the disbursements are linked to women to ensure regular repay-

ment⁴. **A gender disaggregation of repayment rates** in graphical representation is as follows.⁵

As at March 2009, SEEDS was able to confirm this **gender disaggregation of loan disbursements** which was an interesting tool for examining what might be a trend in both loan disbursements and the subsequent repayments that follow in terms of gender disaggregation.

The Women's World Bank conducted market research to better understand their clients' savings patterns and desires. WWB found that, like Sri Lankan women, Pakistanis save for lifecycle events such as the birth, education and marriage of children, health emergencies, and housing. While men tend to put money into their businesses,

GENDER REPRESENTATION IN SRI LANKA



⁴ Survey Report of Micro Finance Institutions Affected by Tsunami submitted to GTZ by Sri Lanka Business Development Centre, March 2005.

⁵ Graph from the Survey Report of Micro Finance Institutions Affected by Tsunami submitted to GTZ by Sri Lanka Business Development Centre, March 2005.

women are more likely to save because of their gender roles as caretakers as well as the need to mitigate risks, including being widowed or divorced.⁶ These trends in South East Asia are true of the Sri Lankan experience and one story from a micro finance partnership run by SEEDS and Habitat for Humanity Sri Lanka (HFHSL) illustrates this very point while also serving as a useful tool for examining emerging Sri Lankan financial inclusion developments.

THE SIRIYALATHA FAMILY

Mrs S. Siriyalatha is 42 years old and lives in Aiyange Wewa, Kabithigollawa, Sri Lanka. Although married she has not seen her husband for 4 years. She has been the sole care-giver and provider to her 4 children. Mrs Siriyalatha did not attend school and can't read or write. Her literary abilities extend only to the extent that she is able to place a scribble which is indicative of her signature on a piece of paper. Mrs Siriyalatha's eldest son is a student currently studying to complete his GCE O/L examination in December 2009. Her second child is currently studying to become a priest and her last 2 children, twins are in the third grade at school.

Her circumstances became known to the SEEDS and HFHSL team

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in December 2008. Sri Lankan rupees 60,000 later, she has plastered and cemented the floor of her partially completed a 3-bedroom house. The current value of her house is Rupees 150,000.

Mrs Siriyalatha earns her living from a kovil in front of her house. Her household expenses amount to approximately Rupees 16,000 per month. She is able to meet these expenses, her loan repayments and is also able to save regularly using the income she generates as primary bread winner in her household.

This lucrative partnership between SEEDS, HFHSL and Mrs Siriyalatha is an example where MFI intervention has prevented this

family from becoming lost in the masses of poor who are unable to satisfy conventional bank lending criteria. It also lends weight to the gender disaggregation repayment graph.

CONCLUSION

While Sri Lanka, constitutionally guarantees that women are to be given equal treatment before the law and that there shall be no discrimination based on gender except for the purposes of affirmative action, this is not the case. For day-to-day dealings with state administrations, official documentation and culturally within communities, males are recognised at the state and non-state level as the "head of the household".⁷

While serving as a harsh reminder of reality, this situation draws attention to the urgent need for comprehensive research and policy adjustments to accommodate the changing climate within which MFIs operate so that women can experience greater financial inclusion.



⁶ Women's World Banking, Annual Report, 2005.

⁷ Revisiting the Concept of the Head of the Household, COHRE Briefing Paper, Women's Housing Rights Programme, Issue 1, Sri Lanka, August 2007.