

# **PRESENTATION ON MICROFINANCE BORROWING EXPERIENCE AND WOMEN'S CHALLENGES IN TRYING TO ACCESS FINANCES FOR BUSINESS**

## **INTRODUCTION**

WABAZ is a coalition of women's business associations. It was formed in 2011 under the auspices of ZNCC. Currently it has a membership of 25 women's associations, representing 16000 women across the country, and across sector. It is an organisation which seeks to economically empower women through advocacy, proactive engagement, networking, research and information sharing.

## **Background**

Research (supported by ZIMBISA) was conducted in 2015 and main findings were- Major challenge for women in business is access to finance; the low uptake of finance and financial exclusion from the formal financial sector among other things.

- ❖ WABAZ seek to have a strong relationship with MFIs because MFIs have been helpful in that:
  - i) Wider reach – have MFIs in almost all towns and even growth points in Zimbabwe,
  - ii) Accessibility
  - iii) Less cumbersome requirements
  - iv) Help with capacity building.
- ❖ However there have been some challenges.  
A case study with Redcliff Business Women – an affiliate of WABAZ established the following findings after borrowing from a MFI:

### **Advantages**

- a) good reception
- b) willingness to assist
- c) fast processing of loans
- d) Reasonable requirements e.g. co-guarantee scheme
- e) Training.
- f) Less cumbersome KYC requirements than banks.

## **Disadvantages**

- 1) Loan tenure too short
  - 2) Interest rate too high thus prohibitive to the growth of business
  - 3) Lack of grace period (Loan repayment starts a week after date of loan disbursement)
  - 4) Loan attracts an extra interest rate charged daily in case one fails to meet the deadline.
- ❖ Statistics on the WABAZ policy brief of March 2016 pg 7 show that only 2.4% of women in Zimbabwe accessed loans from micro finances for business start ups and 7.7% for business growth. For this reason many of our women are still in the micro businesses.
  - ❖ Women from Redcliff Business Women's Association, an affiliate of WABAZ, borrowed group loans of \$200 each but ended up paying up to \$300 instead of the agreed \$240/12 weeks
    - Some had their properties attached
    - Some ended up selling their valuable goods and property to pay back to avoid litigation.
    - Others had to borrow from other sources to repay their \$200 loans

## **RECOMMENDATIONS**

We as WABAZ requesting the legislative authorities to

Allow MFIs to get longer licence periods . This will benefit our members by:

- i) Lengthening loan tenure
- ii) Reduction of interest rates,
- iii) Allowing longer grace period commensurate with nature of business

## **CONCLUSION**

WABAZ seeks to see its members migrating from the micro to medium and eventually large businesses and this can only be achieved if WABAZ, ZAMFI, and other stakeholders, work hand in hand to build favourable conditions for business growth. Addressing the issue of licencing period to MFIs by responsible authorities will make this vision a success.

Open invite to funding forum, an interactive platform between women in business and funders. A platform for accountability, as a follow up to our Call to Action, which is lobbying for a translation of policy into economic realities for women.