

Involvement of Priority Groups with special regard to Gender Equality



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Burgos, 16.05.2017

Involving Priority Groups: Preliminary assumptions

- In general, priority groups are defined as persons who cannot be reached and served with existing services and products.
- Priority groups need dedicated products and/or additional services, e.g.:
 - Women: more risk averse than their male peers
 - Migrants/refugees: additional language skills, adopt culture of their host countries
 - Young people: are more prone to work with mentors rather than consultants, make (more) use of technology and information available online
 - Unemployed: need more time and dedicated services to boost their confidence
- Priority groups have been identified by the European Commission and special funds have been made available to better serve their needs, e.g. through ESF:
 - Female entrepreneurs
 - Migrants, Refugees
 - Young people
 - Unemployed people
- Microfinance is by definition determined to overcome unemployment and foster social inclusion and therefore microfinance institutes provide services to underserved communities.



Good Practice: Social Business Women Microloan I

- Social Business Women Microloan: The loan is targeted to underserved female entrepreneurs in the Rhein-Main-Area.
- Instead of collaterals borrowers have to use a part of the loan and invest in themselves to improve their entrepreneurial skills. The loan product is designed to meet the needs of female entrepreneurs.
- The Social Business Women project supports underserved women in the Rhein-Main area. The project focuses on empowerment and to this end provides dedicated training modules, individual coaching, mentoring and access to finance. The project is funded by private organisations and receives pro bono support from different local actors and stakeholders.
- The loan addresses two issues, which are rather common for female entrepreneurs:
 - risk averseness, which leads to rather low loan volumes
 - request for additional support schemes to ensure success of business
 - waiving of securities



Good Practice: Social Business Women Microloan II

- Objectives:
 - soft-loan without additional securities
 - low interest rate
 - attractive and dedicated support program for entrepreneurs
 - ensure quality portfolio (low rate of defaults)
- The SBW loan is provided at the following conditions:
 - currently 4,6% APR.
 - loan duration 6 years, 1. year only interest has to be paid
 - max. loan size is 10.000€
 - the loan can be fully paid back any time at no additional costs
 - up to 6.500€ can be used for investments or business costs; 3.500 can be used for support (training, coaching) for a period of three years during the loan life cycle



Involve stakeholders: Loan Committees

- The cooperation of different stakeholders and actors combining different sets of expertise and perspectives is especially useful when it comes to supporting start-ups and entrepreneurs from disadvantaged target groups.
- Beyond ensuring low defaults and portfolio quality a broader task for the committee ensures stakeholder involvement and a high level of support for entrepreneurs.
- SBW's loan committee is especially asked to not only evaluate a business plan but also consider other criteria such as personal and entrepreneurial skills and mind set.
- Loan committees have been set up with representatives from:
 - local politics
 - local businesses
 - Entrepreneurs
 - Administration
 - job agency
 - banks
 - •project partners
- An equal distribution between female and male members is preferred.



Loan Committees

- Loan committee demonstrate know-how and experience in:
 - local job market
 - financial services
 - pedagogics, psychology
 - law and regulations
 - tax regulations
 - consultancy
 - Administration
 - regional business development services
- Objectives:
 - approve/reject loan applications
 - support MCP to make better loan decisions
 - provide detailed feedback
 - bring stakeholders from diverse backgrounds together to anchor microloan program locally
 - combine non-financial and financial services for entrepreneurs
 - provide contacts/access to professional networks to support entrepreneurs



Recommendations

If in line with your social mission engage local/regional stakeholders to

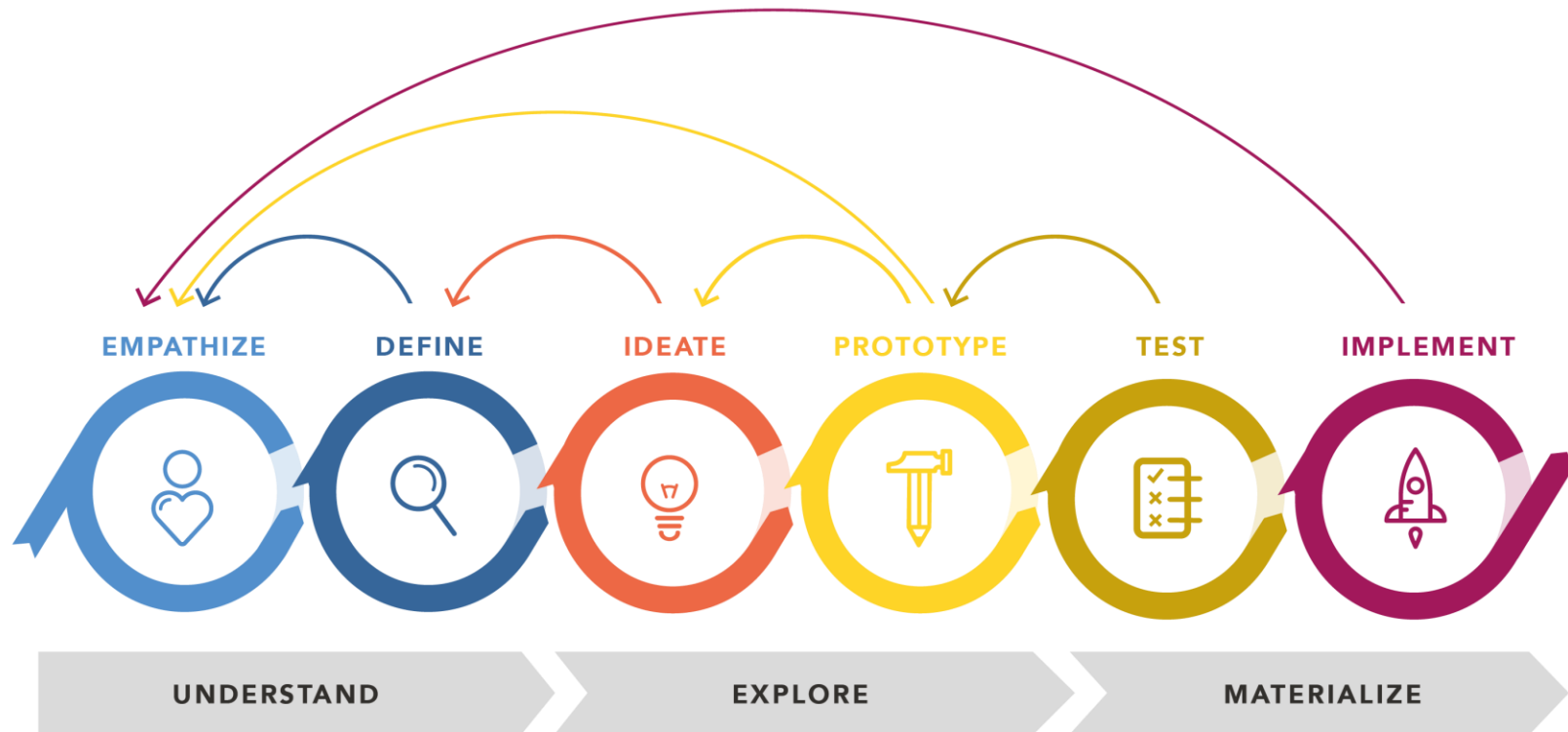
- support underserved communities,
- attract additional funding to cover for defaults and higher costs for additional services,
- Engage stakeholders to actively participate in microfinance (financial and non-financial support!)

Gender equality:

- Build on existing products and services.
- Empathize with priority group to really understand their needs.
- Outcome: roughly 1/3 of all entrepreneurs are female. 38% of our customers are female from a wide range of backgrounds. Thus, providing dedicated services based on the actual needs of priority groups is a big step toward gender equality and participation of priority groups.



Use Design Thinking process to improve services



Source: <https://www.nngroup.com/articles/design-thinking/> **DESIGN THINKING 101** NNGROUP.COM **NN/g**