

**Parliamentary Centre Hosts A Southern Africa Regional Workshop On
Micro Finance as Strategy for Poverty Reduction
Ryalls Hotel: Blantyre, Malawi
31 May – 2 June 2005**

Workshop Background and Objectives

In pursuit of the priorities identified by the Women's Working Group on Gender (WWGG), the Southern Africa workshop was the last of the three regional workshops. As a network that developed from an analysis of the NEPAD, it is logical that all three regional workshops have been on poverty reduction. The Southern Africa workshop was on Micro Finance as a Strategy for Poverty Reduction. The workshop brought together a total of thirty participants; two men Parliamentarians from South Africa, a man and a woman Parliamentarians from Zambia, three women Parliamentarians from Zimbabwe and one member of the civil society from Women in Politics Support Unit (WIPSU). The host country was represented by twelve parliamentarians, 10 women and two men; and members of the civil society from Malawi Economic Justice network as well as the Malawi Gender Network. The workshop objectives were:

- To provide a forum for women Parliamentarians to take the lead in analysing the extent of gender based poverty
- For participants to gain a shared understanding of micro finance as a strategy for poverty alleviation
- To facilitate a forum for participants to share information about poverty reduction policies and initiatives in their respective countries
- For participants to develop a strategy for collaboration with civil society organizations in fight against poverty

Workshop Proceedings

The opening of the workshop was graced by statements from Hon. Callista Chimombo in her capacity as Secretary of the Malawi Women's Caucus and coordinator of the workshop. Statements were also made by Hon. Nancy Tembo, Treasurer of the Malawi Women's caucus, Lillie Chitauro as representative of the Parliamentary Centre and the official opening was by the First Deputy Speaker of the Malawi Parliament, Hon. Esther Chilenje.

The workshop format took the form of thematic presentations followed by plenary discussions, with each discussion chaired by a randomly selected Parliamentarian. The workshop concluded with group discussions which formed the basis of the plan of action. The workshop discussions were complemented by a field visit to a Hunger project. Despite not having been given prior warning, all the Chairs performed their responsibilities with outstanding professionalism. Time management and all related matters were the responsibility of a workshop facilitator who was also responsible for production of a comprehensive report. His expertise in providing training for parliamentarians proved valuable to the success of the workshop.

Workshop Presentations and Discussions

The keynote address was delivered by Hon. Priscilla Misiharabgwi-Mushonga from Zimbabwe whose presentation focused on the following issues as they relate to gender equality:

- Women's representation in SADC parliaments and the need for peer review on the representational aspect within the region
- Trade policies and their implications on women
- The transition of women from the informal to formal sector as it relates to graduation from micro to macro finance
- Taxation issues and their impact on women
- The understanding and involvement of women in PRSPs
- Issues surrounding MDGS and women's involvement
- Cross border and immigration issues as they relate to treatment of women at border posts.
- Review of micro finance and the role of women in decision-making with respect to consultations with donors.
- The APRM and its implications on women

Some of the discussions following the keynote address and opening statements were that:

- Corruption in management of micro finance was a major contributor to poverty and should be adequately addressed
- Some Micro finance projects have been a failure and hence the need for a review of the whole concept of micro finance as strategy for poverty reduction.
- The changing of the mind-set as far as women's involvement is concerned was critical to the success of the poverty reduction strategies
- Civic education was essential for women to know their rights and reject the abuse they were being subjected to at border posts
- Micro finance on its own will not reduce poverty unless combined with education on projects that are profitable
- When dealing with gender issues, there was a tendency to deal with symptoms rather than causes of poverty among women which are rooted in culture, religion and discriminatory laws.
- There was need for gender mainstreaming and use of the budget as a tool for minimizing the gender gap

Land Ownership

The presentation addressed some of the following issues:

- Land ownership issues are emotional and hence the tendency by most people to avoid taking action
- While focus is on rural land, the issue of housing stands in the urban areas need to be addressed too when dealing with poverty
- Women are often excluded from most of the land ownership schemes be it urban or rural land
- While the ownership situation is changing in some Southern African countries, women in Swaziland and Lesotho are still denied property ownership rights

- Policies addressing land issues tend to be too general, assuming that the impact is the same for both men and women, yet the truth is the opposite

Suggested Solutions

- Laws should be amended to take cognizance of the changing structure of the family where the proportion of female headed-households is increasing
- The inheritance of customary land should be reviewed particularly in view of the effect of HIV/AIDS in the region
- The citizenship act in most countries discriminate against foreign women in terms of land ownership, but not foreign men and hence the need for amendment of such laws
- Land ownership alone is inadequate to extricate women from the poverty trap, but should be complemented by capital necessary to make the land productive. An example was the situation in Zimbabwe where people now own land, but there is starvation due to lack of capital.
- The land registration system needs to be changed to recognize both spouses as equal partners
- The land dispute settlements often exclude women, but should recognize them as equal partners
- The national budget should provide adequate funds for land reform instead of relying on donor funds

Discussion Points

The major discussion points were that:

- There is need to move away from focusing on land as the only source of economic activity and explore other alternatives, but the majority of the participants were of the view that agriculture remains the mainstay of the economy in most of the countries in the region and hence the issue of land reform had to be addressed
- Inheritance laws exist, but the problem was enforcement and knowledge by most women whose capacity is hampered by illiteracy. The PC was requested to consider providing assistance to Civil Society groups that could translate the laws into local languages. It was suggested that the MPs consider the idea of inviting legal society groups to their constituency meetings so as to provide legal expertise needed for women to understand the laws.

Malawi PRSP from a Civil Society Perspective

The Presentation by Malawi Economic Justice Network provided a historical background to PRSPs in general and to the Malawi program in particular. The CSO in Malawi was now involved in the annual PRSP reviews and has provided assistance to the Finance Committee by identifying the Protected Priority Expenditures (PPE), an approach which assists with the streamlining of poverty priority areas and for easy monitoring of the effect of PRSPs. However, the following challenges still exist:

- Transparency especially with respect to access to information necessary for effective monitoring

- Despite identification of PPEs, a relatively high proportion of the budget was still being spent on luxury items
- Funds allocated to the PPEs were still inadequate
- Poor collection and inadequate statistics contribute to the problem of planning and monitoring
- Not all MPs were involved in the initial monitoring process, and still other MPs remain uninformed about PRSPs.

Assessment of PRSPs

- In an attempt to respond to the question of whether or not PRSPs are achieving the stated goal, the following statistics were provided as indicators of success or failure of PRSPs:
- School enrolment has increased by 2.1 % since 2003; however, there is a disparity between rural and urban areas, with greater enrolment being recorded in urban areas.
- The PRSP target student teacher ratio is 1: 60, but in urban areas it is now 1: 59, while in rural areas it is 1: 82.
- The proportion of women promoted in the period under review was lower than that of men
- Out of all 8 MDGs, Malawi had succeeded on the child mortality rate
- Though child mortality rate has been reduced, maternal mortality rate has increased
- The proportion of people living under the poverty line in Malawi has increased from 65 – 70 %

Among the discussion points was the identified reliance on donor funds which will obviously determine how each country addresses the question of poverty reduction. Some of the views were that policies should be aimed at poverty eradication rather than poverty reduction, but the majority was convinced that aid was still an integral part of the development program for most of the countries in the region.

Hunger Project Visit

The visit to the Hunger Epicentre program in the village of Jali offered participants an opportunity to see an integrated approach to addressing poverty. The project which is funded by the Global Hunger Project and its investors has four components: rural bank, health clinic, food storage facility and a day care for children. The project operates on the basis of committees for each of the components. The loans committee assesses loan applicants' requirements and ability to repay. The loan for food production is advanced as inputs and repayment is in kind (grain). In time of food shortage, project members can purchase the stored grain at a subsidized rate. The health committee is responsible for stocking and dispensing of medication for such common ailments as malaria. The education committee is responsible for education materials and teachers for the children and adults who attend the adult literacy program. The food security committee oversees the supply and demand of the grain that is used as mode of repayment for the loans.

PRSP Review Report

The report of the PRSP review conducted by the PC was presented by Rasheed Draman, Coordinator of the PC Poverty Reduction Network. The report offered participants an opportunity to learn what progress or lack of progress other countries are making on PRSPs. Comments on the report were similar to those made on the Malawi PRSP presentation.

Discussion Points

- Parliaments do not seem to have power to make the executive accountable, was constitutional reform the answer?
- The participation of civil society is often resisted by governments because of an elusive definition of civil society.
- Parliaments such as South Africa have endorsed their legislative power by insisting that the executive account for expenditure on every budget line item rather than the Public Accounts Committee being reactive to financial irregularities.

HIV/AIDS Presentation

The presentation on Poverty and HIV/AIDS was delivered by a representative from the Malawi Ministry of Economic Planning. Some of the emerging issues on this presentation were that in Malawi the HIV/AIDS infection rate was increasing among the educated group, an observation clarified in terms of the life style of different skills groups. For instance electricians who travel countrywide and are away from their families for long periods of time are among those registering a high infection rate. It was also observed that the infection rate among the educated may be a reflection of those that actually get tested. The major point was that HIV/AIDS has resulted in negative economic growth and hence the urgent need to address the growing problem of orphans which poses a risk to the future of the entire region. HIV/AIDS has negatively impacted on economies of all the countries in the region with the exception of Botswana whose economy is largely dependent on diamonds, while the rest, apart from South Africa, are agro-based. The debilitating nature of the disease is affecting agriculture productivity.

The discussion on HIV/AIDS revealed that a group of 15 Malawi Women caucus members had taken the initiative to be tested for HIV/AIDS as an example of good leadership. The purpose of being tested was to **send out a strong message about responsible behaviour** because once one was aware of their status, then they have an obligation to take appropriate measures to control the spread of the disease.

In South Africa, HIV/AIDS patients have been categorized as people living with disabilities and are thus eligible for assistance. In Malawi, in addition to orphanages, there is a concept of two child protectors per constituency who work with the relevant MP on all issues relating to the care of the children.

Micro Finance as a Poverty Reduction Strategy

The presentation delivered by Dr. Dr. Khwima Nthara, Economist for the World Bank country office confirmed the positive contribution of micro finance to poverty reduction on all following indicators: incomes, expenditures, acquisition of assets, nutrition,

education status of women and basic financial management. However, there are challenges such as the sustainability of micro finance in view of declining resources. That sustainability also depends on proper targeting of the recipients of micro finance. The designing of appropriate packages to suit the needs of the various groups is time consuming and requiring proper planning which increases the cost of extending micro finance to the target group, thus making interest rates higher than commercial banks in some cases. In order to minimize the risk involved with extending loans to people without collateral, there is a tendency to focus on women because of the high repayment rate and ability for them to borrow as a group.

Discussion Points

Some of the discussion points were that:

- The group borrowing concept only serves the interest of the MFIs while creating serious social problems at times. An example given was of a woman in Malawi who was stripped naked by other group members for failure to meet her repayment obligation. The woman then became depressed because of the shame and eventually died.
- The pressure on women to repay the loans was extending to children being made to go out and market goods and hence being subjected to all forms of abuse which is contributing the spread of HIV/AIDS.
- The frequency with which repayments have to be made are making repayment a job in itself and the loan being used for repayment purposes instead of generating income.
- MFIs target the middle income group of the poor because of their repayment potential instead of extending MF to the poorest of the poor. Capacity to repay is indicated by the ability to mobilize the savings which are the pre-requisite for participating in a group.
- The government should ensure that MF loans are extended to the poor without the deposit condition and at rates lower than commercial.
- Women should not be obligated to join a group as a condition for accessing loans
- The repayment should include a grace period and reasonable schedule instead of weekly payments as is the case with some MF loans.

Country Presentations

The concept of country presentations facilitated the achievement of the objective of sharing of policy information and knowledge between Parliamentarians and other participants from the region. One member from each delegation made a short presentation on their country situation. Most presentations were made by Parliamentarians with the exception of Malawi's case, which was delivered by a member of Civil Society.

Malawi

- The Malawi PRSP was being used as the tool for reducing poverty and emphasis was on agriculture in recognition of the country's reliance on that sector
- On MF, the bank lending rate for MFI has been reduced to 25%, which is lower than the 27% for commercial banks. MFIs are now lending at 20% interest.

- The government has introduced public works programs in communities as a strategy for employment creation
- Due to declining donor assistance, the government has introduced multiple forms of taxation as revenue generating measures, but that is impacting negatively on the poverty reduction drive
- The country's economic growth plan is putting emphasis on tourism and vocational training for employment creation, but progress is being hampered by corruption in choice of participants on programs. MPs were doing their best to monitor expenditure of funds allocated to PPEs, but only three committees were engaged in this exercise
- The poorest of the poor are women, but very few women MPs are knowledgeable about MDGs, PRSPs and other poverty reduction programs.
- A request was made to PC to consider facilitating another workshop for the purpose of educating women MPs on the various poverty reduction programs.

South Africa

- In South Africa, the approach is poverty eradication rather than poverty reduction
- Like Malawi, there is a public works program designed to generate employment in the rural areas as well as a reconstruction program
- Grants have been introduced for old age beyond 65; child care grants for ages 1-14, grants for foster parents of the HIV/AIDS orphans and grants for care givers of HIV/AIDS patients.
- Education system has adopted a holistic approach which starts with a feeding scheme for children
- In agriculture, a land bank has been established which extends loans with a year grace period to farmers and at an interest rate lower than the commercial rate
- The land reform program entails government assistance to farmers for five years in terms of inputs, identification of markets and all the ancillary services. After five years, the farmers are expected to be self-reliant.
- Tender policies have been made pro poor including the Black empowerment policy. A tender should indicate a certain percentage of participation by Black women and Youth for it to be approved.
- On budget oversight, each Minister is called by Parliament to account for the expenditure of the entire budget, instead of parliamentarians reacting to audit qualifications

Zambia

The country was once heavily reliant on copper, but has since changed to focus on agriculture, health, education and tourism as strategies for poverty reduction.

- In agriculture, inputs are given on a loan basis and repayment is in kind, but the challenge as faced by all other countries is the identification of the real vulnerable groups and the existence of corruption even in rural areas
- On micro finance, the same problems of forced repayment and punishment being meted against those who default was being experienced in Zambia

- Loan repayment was being complicated by the drought that has ravaged the region
- In education, primary school is now free and the requirement for uniform has been removed
- In order to encourage the development of the tourism sector, loans are being given for such ventures as guest houses to enable more people to participate in the sector
- The problem of HIV/AIDS poses a problem like in all counties in the region. In addition to orphanages, Zambia has a community based care program which involves an adult charged with responsibility of overseeing the welfare of the orphans, to minimize the risk of child abuse
- Street kids are being accommodated in service camps and provided with training in life sustaining skills.
- HIPC funds are being utilized for infrastructure development
- The mining sector is being resuscitated with the involvement of the people for employment creation

Zimbabwe

Zimbabwe's poverty situation was reported to have been exacerbated by the political situation which has affected all sectors of the economy. The political situation was also responsible for Zimbabwe's exclusion from participating in aid programs. Unlike other countries participating in NEPAD, Zimbabwe was not and neither does the country have a PRSP. The HIV/AIDS effect was being compounded by the shortage of food as well as medication because of the deterioration of the health system.

Group Discussions and Role of Parliamentarians

The participants were divided into two groups that reported back to the plenary. The group discussions identified the following role of parliamentarians in combating poverty:

- Enhancing the oversight role of committees
- Networking with civil society as source of information and research
- Committees to raise issues of concern with the executive
- Parliaments to link up and lobby regional organizations such as SADC – PF, PAP, AU and COMESA
- Parliamentarians to prioritize budgets as key development and policy implementation tool
- Parliamentarians to engage with people at the most local level on budget matters
- Identify micro finance as one of the priority development tools and generate appropriate legislation, policies and programs
- Strengthen the constituency role of parliamentarians

Action Plan

- Parliaments should prioritize poverty and align larger programs such as NEPAD and MDGs to their government programs
- Civil society needs to create forums at local levels for interaction between citizens, CSO and MPs

- MPs and CSO should develop a positive working relationship for support in areas of research, capacity building and networking.
- Undertake follow-up workshops and training
- Establish a regional Poverty Eradication Committee (with membership from workshop participants)
- Form a communication forum using IT and internet to continue networking
- Provide IT training for some of the MPs
- Facilitate study tours and exchange visits within the region as well as to countries such as India
- Encourage the development and strengthening of cottage industries
- Submit an advocacy statement on eradication of poverty to SADC- AP in August, to PAP, AU and COMESA
- Honourable Callista Chimombo (Malawi MP) appointed to coordinate the follow up action

Comment

All participants were quite engaged and above all the workshop encouraged an open exchange of views on issues of importance to the region. The workshop succeeded in achieving all the stated objectives. The decision to submit statements to the relevant African organizations is an indicator of the seriousness and the determination by the region to operationalize the workshop resolutions.

There was a good regional balance and the small size of the workshop provided for intimate and focused discussion. This workshop was also a major stride towards the continuation of positive relations with the Malawi Parliament and assisted in establishing a strong working relationship with its women's caucus.

Expected Results

While it is too early to measure the impact of this workshop, some results can already be identified and we hope to report on additional ones as participants implement some of the elements of their action plan and continue to participate in Gender Network activities.

Some of the immediate results of this workshop include:

- Increased awareness among Southern Africa parliamentarians of gender based poverty and tools to analyze the impact of poverty and economic inequalities on women.
- Improved understanding among participants of micro finance as a tool for poverty reduction and improved knowledge of PRSPs and the role of parliamentarians in PRSP control and oversight.
- Development of an action plan including increased advocacy for gender and poverty reduction through statements to be submitted to the next SADC-PF and PAP sessions
- Appointment of Hon. Callista Chimombo as coordinator for the regional submissions to SADC-PF, PAP and AU sessions

- Strengthening of linkages between parliamentarians and civil society groups particularly in Malawi where two major civil society organizations worked closely with the MPs throughout the 3-day workshop
- Increased sharing of best practices and mechanisms for poverty reduction and gender equality among parliamentarians
- Commitment from the Malawi Women's Caucus to become an active member of the ACPSP Gender Network
- Deepening of the ACPSP Gender Network in Southern Africa with stronger ties to parliamentarians in Zambia, South Africa, Zimbabwe and Malawi.