Concept Note for the financial inclusion of Women entrepreneurs in Nigeria.

Introduction and Background.

The relevance of access to financial services for women entrepreneurs to development, poverty reduction, decent work and the achievement of gender equality in Nigeria is an issue receiving growing attention. In particular the link between economic empowerment of women and the achievement of MDGs 3, 4 and 5 has been established.

Financial access implies access to a broad range of financial services including, credit, insurance, pension and savings. It is extremely important that women have access to financial services and products that are designed according to their needs and taking account of their specific situations.

Yet access to financial services does not receive sufficient attention in terms of women's entrepreneurship development strategies. It is hoped that this initiative will assist in raising the awareness of policy makers and the private sector, including commercial banks to understand that women entrepreneurs are not only a potentially lucrative untapped market but will also contribute to economic growth and development of Nigeria.

The international labour Organization is the United Nations agency devoted to advancing opportunities for women and men to obtain decent and productive work in conditions of freedom, equity, security and human dignity. Its main aims are to promote rights at work, encourage decent employment opportunities, enhance social protection and strengthen dialogue in work-related issues and is therefore well placed to facilitate the financial inclusion of women entrepreneurs.

Rationale and Justification

Facilitating financial access for women entrepreneurs is a critical strategy for womens enterprise development and economic empowerment and makes good economic sense, will spur human development, reduce poverty and income disparity and facilitate the achievement of gender equality in Nigeria.

However, world-wide, nearly 2.5 billion people -- almost half the world's adult population -- do not have access to formal financial services. In Nigeria the uptake for financial services is still low. Roughly, only 31 million out of an adult population of 85 million have access[1]. In Nigeria, nearly 77 percent of women lack access to financial services. In addition, there is a very high proportion of women business owners in the micro- and small enterprise categories and a very small proportion in the medium and large enterprises. Also women operate in low-value business sectors and they crowd into the informal sector. This situation can be attributed to the existing patriarchal system and prevailing cultural norms.

The implications of this financial exclusion are significant and far-reaching, reinforcing the cycle of poverty and slowing economic progress and development in Nigeria.

The enterprise is at the heart of sustainable development and the necessary impetus must be given to the creation and development of women owned enterprises. In recent years most jobs have been created by small and medium sized enterprises. Affirmative action programmes in self-employment, entrepreneurial skills development and small and medium enterprise development are strongly recommended because they are significant for at least three related reasons: they represent a potentially viable alternative to wage employment; sometimes such employment better enables women to combine work with their reproductive role especially family responsibilities; and because the successful development of women owned enterprises will determine whether the informal sector is a sector of last resort.

Women often serve as the primary financial managers in most families, expected to stretch meager and irregular incomes to meet daily household needs, not to mention long-term budgeting for life's unexpected shocks. It is remarkable that even with all of the challenges, including the financial exclusion and women living in poverty, they still manage to save 10 to 15 percent of their income.

Ownership of small, medium and large enterprises allows women to earn an independent income and contribute financially to their households and communities. This allows families to have access to a decent standard of living. For instance it has been shown that the income earned by

[1] Central Bank of Nigeria financial inclusion strategy.

women is used to support their families in terms of health and education, hence contributing to poverty eradication and economic development.

Enterprise development for women also ultimately leads to a change in the labour market dynamics and catapults an increased labour participation of women which has great potential as a contribution to economic development. There is growing recognition that labour markets are a key transmission mechanism through which the benefits of growth can be distributed to women and other disadvantaged groups.

There are as a matter of course differentiated paths to women's economic empowerment. Providing access to finance for women entrepreneurs is one avenue and it will facilitate enterprise development and contribute to integrating women into the formal sector and the achievement of a thriving private sector. It will ultimately facilitate the processes of change and transformation of gender relations through its economic empowerment effect.

The political, social economic environment is now opportune for Nigeria to embark upon the financial inclusion initiative.

Nigeria has adopted its new vision for development with a favorable economic performance with improved macroeconomic fundamentals. The government's development agenda is pro-poor and inclusive and is designed to reduce inequality and ensure that economic benefits reduce poverty and begin to have a favourable impact on ordinary citizens.

There is also progress being made in improving the accountability of public expenditure, and in implementing the decentralization policy, financial sector reforms and private-sector development initiatives. The financial inclusion initiative should therefore be viewed and approached as a re-distributive mechanism that will spur economic growth, reduce overall poverty and facilitate the achievement of gender equality in Nigeria which fits in exceptionally well with the vision of governments and its pro-poor and inclusive approach to development.

The central bank of Nigeria has for its part identified financial inclusion as a key lever for private sector development and has set out to define a financial inclusion strategy. One of its stated goals is to increase the formal use of financial services to 70% from the current 36% of the adult population.[2]

The financial inclusion of women has continued to be a challenge regardless even of the positive economic performance that the country has achieved in the recent past. Despite the entry of new banks and the expansion of products and services by the market players, women are still marginalized and in many instances excluded from institutional credit and capital flows.

The proposed initiative is therefore meant to promote and enhance the financial inclusion of women entrepreneurs by addressing the constraints that exclude women entrepreneurs from full participation in the financial sector and assist them to become better integrated into the mainstream economy.

Project Strategy

The strategy being proposed assumes that women entrepreneurs have undertaken some requisite training in terms of what it takes to start a business, growing a business and have acquired the necessary business development skills.

Through the work on enterprise development and specifically the ILO project on Women's entrepreneurship development and gender equality (WEDGE) a number of valuable lessons have been learnt which are absolutely important in order to economically empower women to play an active role in entrepreneurial business activities.

- The necessity of improving the environment for women in business at both policy level and operational level with financial institutions.
- The need to address the specific challenges confronting women entrepreneurs in Small, Medium Enterprises (SMEs), particularly in terms of accessing capital for their enterprises.

[2] CBN financial inclusion strategy.

- Ensuring that policy makers, financial service providers and development finance institutions have a clear understanding of the challenges faced by women in accessing financial services

- Requirement for development of financial products that address the specific needs of women entrepreneurs.

- Need for a clear understanding of the gender dynamics at stake

- Re-newed effort at gender sensitive product innovation and on improving the alignment between product development and service delivery in terms of the needs and characteristics of women entrepreneurs.

Elements of the strategy

1. Coalition-building around the cause, organizing and strengthening Business membership organizations in order for them to act as an advocacy group and to undertake dialogue with policy makers and financial institutions.

2. Creating a circle of champions to make the case for financial inclusion of women and also to show case successful women entrepreneurs in order to break stereotypes and serve as mentors.

3. Capacity-building and knowledge sharing understanding of the current of financial inclusion of women entrepreneurs in Nigeria, identify gaps and barriers to access for credit for women

4. Build the capacity of financial institutions, including the central bank, commercial and development banks on gender and gender mainstreaming so that they are enabled to have a clear understanding of the prevailing gender dynamics which will assist them to develop financial products that address the specific needs of women entrepreneurs.

Expected Results

The initiative will improve the financial inclusion of women entrepreneurs and promote Small and medium enterprise development for women. It will also contribute to making the economic growth process more gender sensitive and inclusive in terms promoting employment and income opportunities for women's economic empowerment.

Comparative Advantage

The International labour Organization (ILO) is the United Nations agency devoted to advancing opportunities for women and men to obtain decent and productive work in conditions of freedom, equity, security and human dignity.

The ILO works to economically empower women, expand employment opportunities for women, enhance conditions of employment, eliminate gender discrimination and facilitate the achievement of gender equality. In this vein ILO encourages and works at women's entrepreneurship development through support, business development, training, microfinance and organizing and improving the productivity of rural women and women in the informal economy. In addition the ILO poses cross-cutting expertise in terms of the development and human rights approach.

Duration

To ensure optimum results and broad outreach with deepened interventions a minimum time frame of three years is required.

Tentative Budget.

To be discussed with stakeholders on finalization of concept note.