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Statement submitted by **Fundación BBVA para las Microfinanzas, a non-governmental organization in consultative status with the Economic and Social Council***

The Secretary-General has received the following statement, which is being circulated in accordance with paragraphs 36 and 37 of Economic and Social Council resolution 1996/31.

* The present statement is issued without formal editing.



Statement

Financial Inclusion of Rural Women in Latin America. The work of BBVA Microfinance Foundation

In the past 20 years, world agricultural markets have grown with increasing demand and supply from developing countries. New opportunities for agribusiness have emerged but their potential is constrained due to the lack of access to finance which is usually provided by informal sources. Financial services are essential for rural development. However, there is room for improving the flexibility, diversity, price and especially, the outreach of financial products and services.

We must understand the rural world from a comprehensive point of view that goes beyond the traditional agricultural dimension. The concept of rurality has a wider perspective and involves the integration of agro-production and the inclusion of commercial supply chains, rural tourism, crafts, metal transformation and other areas such as logistics, marketing, product transformation, technological services, etc.

This new vision of rural ecosystems also needs to account for gender relations. Data show that women make significant contributions to the rural economy. According to the FAO, women who live in the rural areas are responsible for more than half of the world's food production and play an essential role in food security and biodiversity preservation. Women are about 43 per cent of the agricultural workers in developing countries but only 30 per cent own land or have a relevant position in the local organizations or governments.

The different productions that exist such as family agriculture, tourism, agroindustry, are a proof of the important role that women play in these activities. Women are autonomous citizens, subjects of law, and independently from their civil status, they should have equal access to land, productive projects, financing, infrastructure and training. We must then consider the obstacles that women have encountered and prevented them from accessing to productive assets.

Indeed, rural women face multiple economic and financial obstacles that constrain their education levels, especially in remote areas; legal obstacles (equal access to property); scarce sexual and reproductive health services, and lack of agricultural extension services, technology, capacity building and access to financial services. In addition, women in rural areas have more domestic responsibilities than urban women due to their more pervasive gender roles.

As in the cities, rural women also allocate income in improving the family well-being. This phenomenon has positive consequences in terms of contribution to economic growth, sustainable development, human capital and social wellbeing in the world. It becomes essential to remove the discrimination in their access to productive resources, their participation in public sphere, education, and investment in new technologies dedicated to improving work, saving time and boosting performance. Only by doing so, could women develop other productive activities, add more value and reach social protection, health and recreation. And most importantly, they could be empowered and effectively contribute to reduce hunger and poverty levels of their families and communities, creating a ripple effect that benefits the entire population.

Our work with rural women at BBVA Microfinance Foundation

At BBVA Microfinance Foundation we foster inclusive social and economic development through responsible productive finance. Our methodology includes a personalized attention model that brings to the client's home/business financial services (credit, insurance, savings, etc.) financial education and training. We operate in Latin America, where around 115 million women (52 per cent) are financially excluded.

By the end of 2016, women were 60 per cent of our 1.8 million clients, 83 per cent of them were vulnerable and 1 out of 4 lived in the countryside. They represent 49 per cent of total rural clients, a significantly lower percentage than female urban clients (66 per cent). The rural women clients we serve are younger than those who live in the cities, since they face limited access to education, higher unemployment levels, and early pregnancies which limit their access to quality employment. Very often, becoming an entrepreneur appears as the only alternative to earn a living.

Women in rural areas face two additional obstacles. First, their vulnerability levels: 8 out of 10 are vulnerable and 1 out of 4 is poor. Starting a business with higher levels of vulnerability implies a need for resources, access to loans or insurance against negative shocks such as droughts, illness, commodities price drop. This is why financial inclusion becomes paramount in the rural areas. Second, the large amount of unpaid work done by these women affects the type of economic opportunities they can pursue outside the household. Women are primary caregivers of children and the elderly. They usually contribute to farm activities such as helping with large crops, tending small livestock for self-consumption (chickens, goats etc.) And they might also have other income generating activities (small shops, food preparation, tailoring, hairdressing etc.). There is also another rising phenomenon in the region: single mother-headed households which further constrain the participation of women in the labour markets, the available time they might dedicate to their businesses and reduced mobility. World Bank estimates that in households with children in rural areas, a female economic head of household faces a 30 percent likelihood of being extremely poor.

Consequently, many start businesses as an extension of their household responsibilities and not always tied to land or nature as we could expect at first. In fact, 59 per cent of rural women's businesses are in retail and only 25 per cent are dedicated to agriculture (where additional investments, specific knowledge and higher physical force are required). The rural gender gap is found in the activities they perform. Lack of access to land property and productive resources derives women away from agriculture. Agriculture is still a men's business (47 per cent of rural men clients have agro-businesses).

The rural-urban women gaps are explained by the different education and poverty levels. On the one hand, lower education levels restrain access to the labour market. In rural areas, 64 per cent of women under 30 have attained higher levels than just primary education (78 per cent in urban women) but this percentage decreases with age, only 42 per cent for those in their 30's-60's (60 per cent in urban women) and 23 per cent above 60. If we look to rural women who conduct agriculture activities, these percentages are even lower.

It is harder to deliver financial services in the rural areas. We reach poorer women in urban areas. While 38 per cent urban women are poor only 24 per cent of rural women are poor. However, after two years with us, 36 per cent of rural women that were classified as poor or extremely poor overcome their poverty lines. Our

rural female clients account for almost half of our total rural clients, represent 45 per cent of the total rural loans and 41 per cent of total rural assets. If we look at these same percentages for the average women in the BBVA Microfinance Foundation Group we find that while women represent 60 per cent of our total clients, they only represent 53 per cent and just 49 per cent of total assets. However, rural women outperform those in the cities. Their business sales increase at annual 26 per cent while the urban women businesses sales rise at a 22 per cent.

Designing appropriate financial products for women that improve their savings, borrowings and insurance is key if we want them to boost their contribution to the rural economy and rural development. At BBVA Microfinance Foundation we have designed specific services that meet rural client needs: rural savings promotion program, group banking, agricultural loans for women, loans on all the economic activities of the rural family, technical assistance and non-bank agents to reduce the transaction costs derived from travelling to our branches.

Technological innovations that improve the delivery of financial services, such as mobile banking, bring the promise of a wider and cheaper access particularly for farming families, women, small agribusiness and the rural poor. This is something especially valuable in rural areas harder to reach than urban areas. Mobile banking has a great potential to reach women who have less mobility outside the household due to their domestic responsibilities or social restrictions for independence or interaction with men. For us, it is crucial to develop mechanisms that will ensure financial access without discrimination for women. Doing so, will contribute to food security, reduce hunger and alleviate poverty. There is just too much at stake.
