

SOCIAL ENTERPRISE, WOMEN'S EMPOWERMENT AND ACCESS TO FINANCE

MedUP! project, Ramallah, West Bank, OPT

Palestine case study



Saving and credit cooperatives can be an important financial tool for people on low incomes. However, these cooperatives come with certain challenges that can hinder their usefulness to their members and wider society. The Union of Cooperative Associations for Saving and Credit (UCASC) was established in 2005 to address these issues. Now the national legal umbrella for saving and credit cooperatives in Palestine, it provides assessment-driven services including training, education and information to all stakeholders, and has developed financial tools for its member cooperatives. UCASC has helped to promote women's economic empowerment, increasing income opportunities for youth and women and supporting social enterprises. A central aim of the organization is to support poor and marginalized women in accessing finance and finding sustainable ways of generating income.

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CONTEXT

Social enterprises generate sustainable resources to support their organizational missions and ensure their long-term survival. Earned income allows for greater flexibility in their programmes and is a source of much coveted unrestricted funding for new programme investments. It also enables organizations to remain mission-focused, rather than being dependent on donor funding.

After consumer and producer cooperatives, saving and credit cooperatives are the most common type of cooperative in existence today, especially in low-income countries.¹ In the Occupied Palestinian Territory (OPT), saving and credit cooperatives were established in 1999 in both rural and urban districts by labour unions and other organizations, including government bodies. Saving and credit cooperatives provide one answer to the most pressing need for many people: obtaining financial credit for various purposes.

WHAT DID WE DO?

The Palestinian Agricultural Development Association (PARC), a longstanding Oxfam partner, was instrumental in developing the Union of Cooperative Associations for Saving and Credit (UCASC) in the OPT. UCASC has helped to promote women's economic empowerment, increasing income opportunities for youth and women and supporting social enterprises. This developed from a pilot Cooperative Association for Saving and Credit (CASC) initiative, which began in 1999, and was formally established and registered with the Palestinian Ministry of Labour in 2005, with the aim of providing a legal umbrella for registered CASCs.

UCASC is the only legal entity of its kind at the national level to adopt the savings and credit (S&C) concept, which was introduced by PARC through capacity-building and awareness-raising campaigns and through its outreach in the Palestinian community, in particular in rural areas. The first S&C initiative was introduced in 1999 by a rural women's group working with PARC. Since then Saving and Credit Groups (SCGs), which are in effect rural banks, have been established and their role has become widely known among the public.

UCASC embarked on a new phase in April 2013 when it became completely independent from PARC, the founder of the initiative and the hosting NGO for the previous 13 years. Since then UCASC has concentrated on extending its collective reach and that of individual S&C cooperatives, working towards sustainability and supporting the development of promising income-generating projects by cooperatives and their members. As of 31 December 2018, UCASC represented 12 cooperative associations across the West Bank, with a presence in 216 towns and villages and a collective 5,375 individual members. 95% of members have acquired significant control over financial resources for the first time, which opens up future potential possibilities, e.g. buying land and improving their homes.²

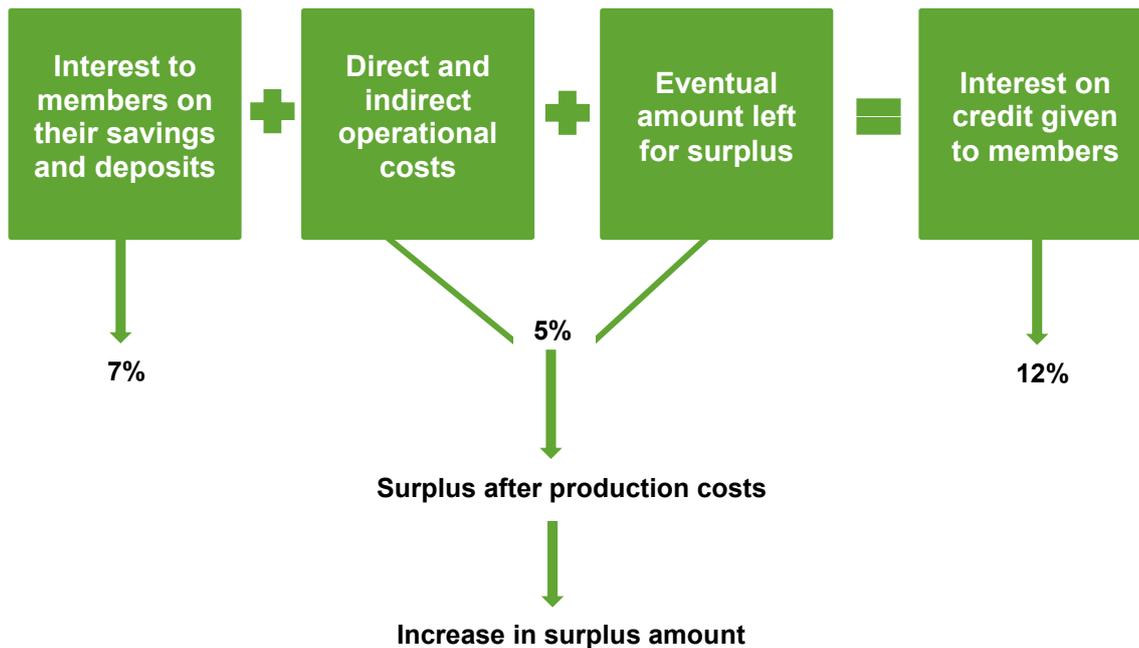
WHY DID WE DECIDE TO DO THIS?

PARC's priorities have long included the aim of helping to make women an integral part of rural development and working to empower them socially, economically and politically. It has achieved this primarily through women-centred businesses, giving priority to women rather than to men at various stages of an intervention, and ultimately enabling them to compete with men on an equal basis. PARC's capacity-building and awareness-raising programmes have helped rural women to start generating their own incomes, take control of resources, and manage their businesses on a day-to-day basis, without any need for male support. These efforts also resulted in the establishment of women's groups that provide support in

the social sphere. The CASCs started as informal groups, but in many villages they are now legally registered as women's clubs.

From the start of the initiative, it was evident that financial support was needed to strengthen women's role in society and to help improve their status. The SCGs were established to focus on the financial needs of rural women. The first SCG was established in 1999 in Biddu town in West Jerusalem, with 16 women members; today there are 120 women in this same group, while the Saving and Credit Cooperative Association of Jerusalem Governorate has around 800 female members. At the same time a group was established in Maithalon, a village in Jenin Governorate, with 16 original members; now this group has 58 members, and the Jenin SCA has around 650.

Income generating:



The main objective for establishing such women's groups was to facilitate access to finance for marginalized women. In order to attract members, awareness sessions were held across Palestine to explain how cooperatives work, promoting the concept and explaining the philosophy of savings and credit. The process was based on self-learning and experimentation and included exchange visits with similar groups in other countries. This helped to overcome a number of obstacles, including:

- the limited ability of women in the OPT to utilize available resources due to cultural constraints;
- the complicated procedures and guarantees required by commercial banks and financial institutions, which make it extremely difficult for women to benefit from their services; and
- the concentration of banks and financial institutions in urban centres rather than in rural areas.

The SCGs now operate independently, but the women's groups remain their backbone. As these groups developed and began to expand, it was understood that there was a need to institutionalize their activities, and this resulted in the establishment of the Saving and Credit Associations (SCAs) with UCASC operating at the district and national levels. Through all these stages of development, women's clubs have acted as complementary partners.

Through the SCGs, SCAs seek to assist poor Palestinian households to improve their income and living standards by offering efficient and sustainable programmes for smallholders and

promoting income-generating activities. They also offer capacity-building programmes in finance, accounting and business management. Poor and marginalized women are the main targets of these efforts, with a special focus on rural areas in the West Bank, the Gaza Strip and East Jerusalem; women in these areas are generally in great need of both financial and non-financial services. In essence, SCGs act as rural banks: they collect voluntary savings from members in monthly instalments and redistribute funds via the SCAs to provide other members with loans. By taking out micro and small loans, women can establish income-generating projects in addition to covering day-to-day needs such as paying for medical treatment, education, and home appliances and home repairs.

This mechanism has provided women with a rare chance to possess and control financial resources and assets. By giving them guidance on saving methods, the SCAs ensure members' sustainable independence by using their long-term assets as the main guarantee for loans. These services, in addition to other non-financial services such as capacity-building activities focused on economic and financial matters, the exchange of experience, marketing interventions and technical assistance, enable them and their families to live in dignity and honour.

HOW DID WE ENGAGE WITH AND CONVENE OTHER STAKEHOLDERS?

The S&C initiative leveraged the reputation of PARC as an experienced and trusted organization operating in the West Bank and Gaza, and UCASC benefited greatly from the organization's outreach to rural women in marginalized areas to involve them more productively in the Palestinian economy.

The initiative, aimed primarily at enhancing the economic role of women, has proved to be very effective. Its ability to grow and increase its membership has been confirmed by several studies, notably two prepared by the International Labour Organization (ILO).³ These found that 60% of women involved in the Palestinian cooperative movement are members of the SCAs, which underlines the importance of this intervention. The initiative's numerous success stories and its real impact on people's lives have contributed to convening and engaging stakeholders within the framework of the SCAs.

WHAT HAVE WE ACHIEVED?

As of 31 December 2018, UCASC represented 12 cooperative associations across the West Bank; these have a presence in 216 towns and villages and have 5,375 individual members, with a total amount of \$4,011,545 in savings and shares. The cumulative number of loans disbursed to date over 13 years is 15,110, with a combined value of \$39,463,013.

Job opportunities within UCASC and SCAs

At present, 23 full-time and seven part-time staff are employed to run UCASC and the SCAs.

Increasing employment opportunities for youth, especially women, through on-the-job training programmes

To date, 47 new university graduates have gained work experience at UCASC and its cooperative members through on-the-job training programmes in accountancy, banking, financial and administrative roles. Of these, 13 have subsequently been hired by the same cooperative where they were trained.

Income opportunities for cooperative members

There are 150 group treasurers managing their members' voluntary savings. Members are offered incentives on the total amount of savings and loan repayments they collect.

Income opportunities for cooperative members by starting income-generating projects

To date, over the 13 years, 8,489 direct loans have been made to SCA members to start up income-generating projects, with a total value of \$25,592,775. This represents 62% of all loans made by UCASC affiliates in Gaza and the West Bank.

Financial and administrative skills

By the end of 2018, 276 women from rural households had been democratically elected to positions of responsibility on the boards of cooperatives, in addition to around 100 female members serving on monitoring committees (each cooperative has a three-member monitoring committee). Currently, the boards of directors of the 12 SCAs are collectively composed of 70 female and 11 male members. It is worth noting that even in Hebron, which is a mixed cooperative, the main positions are occupied by women, with 31 female and four male members on the supervisory committee.

WHAT HAS WORKED WELL AND WHAT HAS NOT?

UCASC's successes include enhancing women's economic role, especially that of women smallholders. It has improved employment opportunities for both low-income women and young female graduates who have not found employment, giving them the option to undergo training with UCASC and individual cooperatives in order to enhance their professional skills. It has also supported young women's access to higher education by providing financial aid until they finish their studies, and has equipped women with essential skills and working knowledge.

However, it has been less successful in applying adequate guarantee tools to the loans provided to targeted SCA members. It experimented by introducing collateral guarantees, whereby a loan seeker could be guaranteed by her group, but this did not work well. It has now changed to a system where an individual member can guarantee a loan seeker, but this member's savings should not be less than one-third of the total requested loan amount.

UCASC has also faced problems in convincing communities of the whole idea of saving and credit, and that it is acceptable from a religious perspective (*halal*) and not a form of usury (*riba*). To address this issue, it arranged a meeting with Sheikh Ekrema Sabri, who was the Grand Mufti of Jerusalem at the time, to explain the concept of S&C and to obtain a written statement from him that it was not sinful, and that people could engage in such transactions.

HOW COULD WE CHANGE WHAT WE DO IN THE FUTURE?

Currently, UCASC has plans to expand both vertically and horizontally in order to reach out to more women in need of support. Its main plan for the future is to launch a large-scale investment project that will return more revenue to SCA members and create more jobs, and

that has potential to be a model success story to promote the concept of S&C cooperatives in Palestine. The most feasible opportunities at present are to:

- establish a cooperative bank;
- create new financing products, such as children's savings programmes, social solidarity funds, etc.; and
- invest in different fields with the private sector.



NOTES

- 1 Branch, B. (2005). *Working with Savings and Credit Cooperatives*. CGAP. <https://www.cgap.org/research/publication/working-savings-and-credit-cooperatives>; and Galor, Z. (2003). *Saving and Credit Cooperatives: A New Conceptual Approach*. <https://www.microfinancegateway.org/sites/default/files/mfg-en-paper-saving-and-credit-cooperatives-a-new-conceptual-approach-2003.pdf>
- 2 All UCASC figures in this case study are from internal UCASC reports. Contact huthayfa.assi@pal-arc.org for more information.
- 3 See: ILO. (2014). *Presentation: UCASC - Role of Women-led Cooperatives in Promoting Youth Employment: Horizontal cooperation between the Occupied Palestinian Territories and Yemen*. https://www.ilo.org/pardev/south-south/WCMS_235623/lang-en/index.htm

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