

Empowering Women Through Group Revolving Funds: An Initiative Towards Building Community Resilience

Myanmar Red Cross Society (MRCS) with support from International Federation of Red Cross and Red Crescent Societies (IFRC) is implementing an integrated multi-sectoral Community Resilience Program (CRP) in Sittwe and Minbya townships in Central Rakhine.

The CRP is jointly funded by British Red Cross and Norwegian Red Cross through a multilateral funding mechanism with IFRC. The Program directly support MRCS's strategic goal to "Build healthier and safer communities, reduce vulnerabilities, and strengthen resilience".



A monthly women's group meeting in Sittwe Township for savings activity

CRP is being implemented over a three-year period (2017-2019). Resilience outcomes are being achieved through the integrated delivery of interventions in Disaster Risk Reduction, Livelihoods, WASH and Health. CRP also invests in Strengthening of Community Institutions which fosters both integration and sustainability.

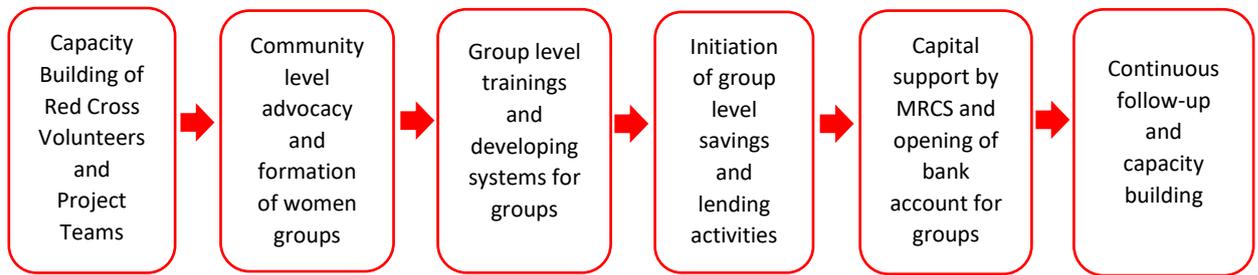
Cash based interventions are an important implementation modality to build community assets in the Rakhine context where a lack of economic development, the impact of a protracted conflict context and exposure to recurrent natural disasters all undermine opportunities for sustainable livelihoods.

CRP encompasses a range of livelihoods interventions including conditional cash grants, technical trainings and cash for work. In addition, MRCS has been promoting women's group revolving funds to improve access to credit among women and to further strengthen livelihoods in communities. Targeted communities have limited access to formal credit through micro finance institutions and banks. People are heavily dependent on individual money lenders, demanding a high rate of interest ranging from 10 to 15 percent per month. 38% of beneficiary households reported having current debt averaging MMK 166,154 per household.

Basic concepts related to Group Revolving Fund

- ❖ Women groups are voluntary entities formed to attain collective economic and social goals
- ❖ The basic principle is to promote self-help within group members (they are also known as Self-Help Groups).
- ❖ Each group consists of 10 to 15 members.
- ❖ The main activity is to conduct micro savings and lending to group members.
- ❖ Group members agree a fixed monthly savings rate per member, this may range from MMK 100 to MMK 1,000. A small one-time membership fee is required at the time of joining the group.
- ❖ The group aggregates small individual savings from members and provides loans to its members at a minimal interest rate of 1-2%.
- ❖ Funds are held partially among the group and the balance is held in a bank account under the name of the group. Key signatories are decided by the group.
- ❖ An established governance structure includes a Chairperson, Secretary, Treasurer and Members and the group maintains all essential records to ensure transparency and accountability.
- ❖ The group meets on a weekly, fortnightly or monthly basis, as determined by the members.
- ❖ They discuss and agree on socio-economic issues to address according to collective priorities.

Steps and processes involved in promoting group revolving funds



Rakhita Women Group – Kyauk Tan Gyi village - Sittwe Township

Rakhita Group was formed in October 2018 and has 11 members. The members save monthly MMK 1,000 each and as of now, the group has a total capital of MMK 673,660 (\$ 440).

MRCS has contributed MMK 500,000 (\$ 325) as capital funds and, to date, the fund has issued small loans to all 11 members.

Hla Than Aye, group chairperson, said that members regularly discuss economic needs and other problems faced by them. Depending on the capacity of the group, small loans are provided to members at a minimal interest rate.

Daw Ma Hla Than Aye, a member of the group said that she received a loan of MMK 50,000 (\$ 32) at 1% interest rate per month to upgrade her family's small shop. Previously, her family would borrow from local money lenders at a very high interest rate of 15 % per month.

"With the formation of our group, we can easily meet the needs of small loans, the system of revolving fund is very useful to us, we can reduce the dependence on money lenders", said Daw Ma Hla Than Aye.

Achievements as of August 2019

- ❖ No. of Townships covered: 2
- ❖ No. of women groups: 62
- ❖ Total members: 715
- ❖ Total savings: MMK 7,688,300 (\$ 5,015)
- ❖ No. of groups provided with capital funds by MRCS: 26
- ❖ Total amount provided by MRCS: MMK 13,000,000 (\$ 8,480)
- ❖ Total financial capital with groups: MMK 22,001,300 (\$ 14,351)
- ❖ Total amount of loans issued: MMK 17,968,000 (\$ 11,720)
- ❖ Total members who received small loans: 215 (30%)

The initiative of women's group revolving funds contributes to the empowerment of women. Direct outcomes for group members include improved access to credits to expand their household livelihoods and address emergency needs. The formal linkages with banks also engages women with the formal banking system. The overall impact is a contribution toward increased freedom of choice and economic decision-making among women. Promoting women groups is a foundational component for building community resilience and achieving self-reliance.

Next Steps

- Up-scale women group revolving funds by initiating more women groups in targeted villages.
- Liaison with banks to establishing linkages and opening of bank accounts for the groups.
- Conduct regular follow ups and capacity building trainings with groups.
- Undertake impact monitoring to determine the changes in the lives of beneficiaries.

For further details, please contact

Daw Aye Aye Nyein
Director,
Rakhine Operations Management Unit
Myanmar Red Cross Society
Nay Pyi Taw, Myanmar
E-mail: ayeayenyein@redcross.org.mm

Gurudatta Shirodkar
Livelihoods Delegate
IFRC Sub-Office Rakhine
Sittwe, Rakhine, Myanmar
E-mail: gurudatta.shirodkar@ifrc.org