

WISALA

WIDOWS SAVINGS AND LOAN ASSOCIATION

White Paper for Financial Inclusion *Presented by the Global Fund for Widows*

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The Global Fund for Widows is a nonprofit organization dedicated to empowering widows and female heads of households to overcome poverty through skills-based training, job creation, and access to capital. Our goal is to help widows achieve financial stability, self-sufficiency, economic empowerment and importantly, become a role model to her children and to others. We abide by the Golden Rule: She Who Has the Gold, Makes the Rules. Through this principle and our dedication to sustainability, we have empowered over 10,000 widows in 6 countries

Over 1 billion women in the world remain unbanked, constituting the majority of the global unbanked population.¹ According to the IMF, only 37% of women in the world claim ownership to a bank account.² In the developing world, women's access to formal financial resources remains severely impaired, with women claiming various barriers to accessing credit and savings products.³ Following the Women's World Banking's Private Sector recommendation to "reach women where they are"⁴ in a simple and intuitive manner, we at Global Fund for Widows, in collaboration with our partners ICSEE (International Collaborative for Science, Education, and the Environment) in Tanzania, have developed a proprietary model of financial inclusion to reach widows, and thereby incorporating the world's most marginalized in the economic sector. Through the WISALA model, the Global Fund for Widows will bring financial inclusion, access to capital, savings mechanisms, profitability, and ownership to the world's neediest population

What is a WISALA?

WISALA – Widows' Savings and Loan Association – is an innovation in financial product offerings to the world's unbanked and underbanked population. The WISALA, created specifically to offer financial access to widows and female heads of households, allows previously unbanked widows to enter into group savings and loan associations. Widows participate in the associations by making an initial capital investment into their savings group, effectively capitalizing their small savings and loan institution. In return for the investment, the widows own shares in the bank, allowing them co-ownership status. Once established, the Global Fund for Widows co-capitalizes the WISALA with a levered

investment of 2:1 through a grant structure. This investment from Global Fund for Widows allows the WISALA and its owners to enjoy a large capital base from which the widows are able access for their micro-enterprise capital needs. The WISALA's structure also provides opportunities for bank and share growth, as well as increased opportunities for re-investment.

Why Widows?

After the death or disappearance of her husband, a widow finds herself in a life of struggle. Customary laws and cultural norms often encourage or endorse property grabbing by a widows' in-laws, despite protections she may have under statutory law. Additionally, social barriers prevent these widows from accessing justice and stifle their voices from being heard locally, leading to a lack of attention on the global scale. Without meaningful inheritance, skills, support, or opportunity, widows often succumb to the viscous cycle of poverty. And widows themselves are not the only ones forced into hardship: lack of resources can impact the lives of their children, leading mothers to surrender daughters to child marriage, or subject them to trafficking. Sons are not exempt from the gendered issue either; a UN report proved that 33% of extremist recruits in Africa come from widowed households. A conservative estimate based on available data shows at least 285+ million women are impacted by the event of widowhood around the globe, a number that increases to over 500 million when including the widows' children as well.

Widows are also subjected to harmful and violent traditional practices. Where a "bride price" is paid, the widow is considered property, and may be forced to marry her husband's next of kin. Where more violent practices are observed, she may be forced into sexual cleansing rites with multiple strangers or family members, propagating violence against women and girls and the transmission of diseases including HIV/AIDS. Having endured such atrocities, widows are silenced by shame, threats and taboo. It is for this reason that widowhood has evaded our social consciousness.

Economic Empowerment

In addition to the ostracization and physical violence a widow faces, she is also subjected to economic violence. The United Nation's Universal Declaration of Human Rights Article 17-2 declares, "No one shall be arbitrarily deprived of his property." Disinheritance directly violates this policy and serves as an instance of economic violence against the widow, who has extremely limited prospects of work and prosperity after the death of her husband. We at Global Fund for Widows see economic opportunity as the key enabling widows to reclaim their lives. However, with low education levels, poor access to improved education and/or training, and the need to care for young children, widows struggle immensely in accessing the few opportunities that may be available to them.

Over the past ten years, polling led by the Global Fund for Widows has indicated the great impact of our economic empowerment efforts. Most recently, we have seen success in Tanzania with our partner ICSEE, where our widows have launched several WISALAs. These associations have enabled some of the women to begin cooperative business ventures while others are finally launching their own micro-enterprises. The success of

these ventures is contingent on the widows' dedication and accountability, which they bring to each and every one of our projects. Though we are proud to have reached thousands of widows, there are still hundreds of millions of women who remain underbanked and un-resourced.

WISALA Economic Structure

The Global Fund for Widows accomplish the positive outcomes described above using the new and innovative WISALA model. WISALAs should be started with groups of 25 widows. The WISALA is capitalized by the widows/borrowers themselves and by Global Fund for Widows in a 2:1 ratio. This setup enables the borrowers to receive loans triple the amount of their initial contribution. Once the WISALA is capitalized, the widows may apply for a loan to launch a micro-enterprise or to expand an existing venture. The leverage offered the WISALA from the co-investment from the Global Fund for Widows enables the widow to enjoy access to a larger pool of capital than in a more commonly used financial inclusion models such as VSLAs, ViCoBa's, or SACCOs. Widows use the income from their enterprises to repay the interest and principal on their loans, as well as purchase additional shares in the WISALA. The WISALA model requests widows repay their loans with a manageable and market appropriate interest rate agreed upon by the co-capitalizing parties.

Impact Investment

The Global Fund for Widows has incorporated into the WISALA model an impact investment component. Each WISALA established will pay an annual rate to be agreed with the shareholders to an impact investment savings vehicle managed by Global Fund for Widows. This savings vehicle will be held in trust for the beneficiaries of the WISALAs, and will be used to pre-finance WISALA growth initiatives such as geographic expansion, or other initiatives such as the development of cooperatives which will help address competitive market dynamics chosen by the widows.

WISALA Economics and Profitability

The WISALA is a highly favorable savings, borrowing, and investment vehicle.

Owners in the WISALA enjoy the following:

1. Access to capital
2. Savings mechanism
3. Ownership of a financial, liquid, and marketable asset
4. Financial inclusion
5. Return on Investment of 120% +

The Global Fund for Widows believes that the WISALA structure may offer its widows and female heads of household shareholders with an impressive 120% return on their initial investment each year, when conservatively modeled. These earnings are completely independent from their entrepreneurial ventures and provide an additional stream of income contributing to their overall economic stability and empowerment.

WISALA ECONOMICS

	Units	Amt/Rate	Year 1		Year 2		Year 3		Year 4	
			Shilling	USD	Shilling	USD	Shilling	USD	Shilling	USD
Initial Available Funds per bank			250,000	2,500	2,536,600	25,366	2,643,264	26,433	2,754,195	27,542
Incremental Share Purchase	2	100			5,000		5,000		5,000	
Small Scale Business Loans Total	25	100,000	2,500,000	25,000	2,541,600	25,416	2,648,264	26,483	2,759,195	27,592
Repayment Schedule										
Loans Repaid	25	112,000	2,800,000	28,000	2,846,592	28,466	2,966,056	29,661	3,090,298	30,903
Interest Rate		12%								
Impact Investment Fund		8%	13,400	134	203,328	2,033	211,861.12	2,119	220,735.56	2,207
Net Annual Bank Profit			2,536,600	25,366	2,643,264	26,432.64	2,754,195	27,541.95	2,869,562	28,695.62
Net Interest income to widows						1,066.64		1,109.31		1,153.68
Percent Return on Investment						121.90%		119.92%		118.33%

Success Factors

In addition to the model itself, it is vital to have a strong surrounding support structure. In order to ensure success of the WISALA, it is necessary to have highly effective and dedicated implementing partners in the field. Such implementing partners must have a strong understanding of the WISALA structure and functioning, as well as have an appreciation of the issues facing widows and female heads of household in their region, including cultural nuances. Strong management and training from implementing partners are an integral part of the success of the WISALA model, as they assist in the oversight of the progress of the savings and loan associations, facilitate legal registrations, and provide guidance as the women enter the venture. In our case, [ICSEE](#) has served as [Global Fund for Widows](#)' integral and outstanding field partner conducting training, implementation, management, oversight of the widows' progress, and ongoing evaluation of the process.

In addition to trustworthy and backable partners, it is critical to also have training on the WISALA structure for the widows, such should ensure the women understand how to use and interact with the banking structure, including lessons on financial literacy, ownership, business management skills, and borrowing and savings mechanisms. This will also ensure the widows are incentivized properly, with motivations and interests aligned with their personal success and the success of their WISALA. Success of the WISALA is contingent upon strong organizational leadership, which our partners at ICSEE provide so effectively.

Benefitting Widows

Despite the lack of education and prior opportunity, and the overwhelming responsibility of single parenthood most widows face, this WISALA model allows the women a flexible way to access capital, grow their understanding of entrepreneurship and small businesses, and improve their overall livelihood, all while remaining an integral member of their community. Our previous work has indicated strongly that increased economic opportunity and income enables widows to achieve empowerment in various facets of their lives, including decreasing their exposure to domestic violence and reclaiming agency over their lives.

The WISALA model offers an easily leveraged banking format offering ownership, savings, and credit options to the worlds' neediest group, thus putting the last woman first.
Citations:

1 World Bank, Global Findex Database,

https://globalfindex.worldbank.org/sites/globalfindex/files/chapters/2017%20Findex%20full%20report_chapter2.pdf

2 IMF Working Paper, "What is Driving Women's Financial Inclusion Across Countries?"

<https://www.imf.org/~media/Files/Publications/WP/2018/wp1838.ashx>

3 World Economic Forum, "The World's Unbanked in 6 Charts,"

<https://www.weforum.org/agenda/2017/09/the-worlds-unbanked-in-6-charts>

4 Wilson Center, "Women's Financial Inclusion: A Pathway to Sustainable Development,"

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