



## Microfinance non-bank loans for Arab women Summary of SAWA Evaluation 2019

### Evaluation Team:

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### Background

#### About the Program:

Sawa focuses on developing microenterprises among Arab, Bedouin and Druze women through non-bank micro loans and ongoing business support. KIEDF developed and manages Sawa since 2006. As of 2011 the program operates as a joint project with the government and provides services throughout Israel.

**Since 2011, the program has reached 5,221 women with 9,732 loans totaling ₪77.6 million of credit with 1.5% in defaults.**

#### About the Evaluation:

The evaluation had 3 parts:

Part I – Assessment of the MIS data – analysis of entry data of 6,239 program participants and surveys of 1,455 participants after they completed repaying their loans. The characteristics of women in both sub-groups were similar.

Part II – Assessment of the program's financial contribution – completed by KIEDF Senior Economic Consultant

Part III – Findings from interviews conducted with 30 clients

This document is a translation of the original Hebrew evaluation summary.

#### About the Participants:

- 74% are married, of them 40% have four or more children
- Approximately 25% of participants did not work prior to joining the program
- Approximately 30% of participants have only an elementary school education, 40% high school education, 25% completed a trade school, 8% have an academic degree and 10% had no formal education.

## **Main Findings:**

- The program provides solutions to women from the periphery (geographical and social), of which a majority were unemployed with a low educational level and with husbands who do not assist with the family income (57% of those who are married)
- Approximately 40% of the businesses supported are new, of which 66% of these new businesses are owned by women who were never previously employed, which attests to the program's contribution in integrating women into the workforce.
- 53% of participants' family income is dependent on the business. For many, their business is their only source of income specifically among single women.
- Business Longevity – 93% of the businesses are still operating after three years.
- Significant increase in business income – approximately 140% increase compared to program entry levels.
- There was a 13% increase in the number of employees.
- The majority of businesses operate within or near their homes. Only 16% operate outside the home.
- Business Registration – 92% of the business were not registered at program entry. 66% of respondents are in the process or plan to register the business soon. There is a significant increase in the number of women planning to register their business compared to the previous evaluation completed in 2017.
- Clients have good relationships with suppliers. The women attribute this to respecting on-time payments (a practice learned through Sawa), creating a relationship of trust with their suppliers and guidance how to avoid problematic suppliers
- The majority of participants are satisfied with the services received through Sawa – credit and ongoing consultation.

## **Financial Contribution**

- The approximate cost for creating one year of employment is ₪1,271.
- The cost for creating one new place of employment is ₪3,116.
- The program has created an additional ₪610 Million in revenue to the Israeli GDP over the past nine years.
- For each Shekel the government has invested, ₪37 of income was created.

## Interviews

The interviewees were a sample of program participants - 23 from the north and 12 from the south, from different localities (large and small, with geographical distribution), with different years of involvement in the program and diverse business types.

### What was your status before you joined the program?

Each of the women, prior to entering the program, suffered from a lack of sufficient income. This was due to the fact that they were stuck working in low wage jobs or because they were managing a business activity without financial services which limited their business growth.

In many cases, the women could not attain a loan from the banks because of past debts or unfair terms.

*"It was challenging for me just to get by, excuse me for what I am about to say but my husband was around in name only, he didn't help, didn't support and I was also studying."*

*"It was so difficult economically, people would pity us, non-profits would try to help out, my husband got sick and I needed so many materials and ingredients for the baked goods but I had no money. People would want to buy but I had to tell them there were no products left, and by the time I could get money and make the products it takes time, but when I have money and materials, I have products – now there are always products ready."*

### How did the Program Influence the Success of your Business?

The women **emphasized the change in their soft skills** – emotional support, patience, communication, assertiveness, working with customers, time management, organization, inner strength and self-confidence.

**Most discussed the assistance provided through the business support:** Calculating actual expenses and costs, dealing with suppliers, expanding and retaining customers, attention to detail, demanding a fair payment. They learned how to develop and expand their business, business management, financial management, registering their business, tax payments, how to promote on social media.

*"Thanks to this program I started to believe in myself, not to be scared, to value myself and my work, not to work at a loss and to place boundaries because before I was scared and too cautious."*

*"My knowledge was limited. I only finished 12<sup>th</sup> grade and I lacked knowledge, I was scared to start my business alone, I was scared of change. Mentoring from Sawa strengthened me and taught me how to connect with people and I adapted and thrived with my group..."*

*"I started calculating my transportation time and fuel and charging what I deserved so I could provide for my household."*

**What was the impact of the loan? Would you have reached the same growth without it?**

Most of those surveyed believed they would not have reached the same level of results without the loan with the main reasons cited being their inability to purchase needed equipment without the loan and the need to update and renew their products or items. They also pointed out how the loan gave them independence. They didn't have to rely on family support, or the stress associated with bank loans. They could expand their business.

***"The loan allowed me to develop without stress, the loan had an incredible impact on my life..."***

***"The loan supported me and gave me the opportunity to progress without help from my husband or others."***

***"It's possible that I would have reached the same success without the loan but it would have taken me years to build up my store's reputation and I would have needed to save before I could have even started."***

***"Before the loan, I wasn't making any profit, I couldn't grow. I wasn't able to use quality materials which limited the amount I could charge and I had to go to customers' homes because my business was out of the way. Today everything has changed. I'm more established because I sell quality items and now I have a boutique that is available and convenient for my customers."***

**Did working with Sawa staff benefit your business?**

A significant majority of respondents believe they benefited from the ongoing support and consultation. In addition, respondents noted the personal example the staff gave, their respect in convincing their husbands to support their wives' businesses, the assistance with paperwork, the development of a support network and quality trainings.

***"The banks give loans but there is no one by your side during the process. Sawa staff visit you, and you have someone with whom you can consult."***

***"The Sawa consultant is an example of a woman with values, love and credibility, loyal and with the power of persuasion. There are no words to describe the extent she contributes to me."***

***"I gained knowledge and skills including recording my sales and prices, what I owe the suppliers. Not to fall into debt from lack of organization and to have a financial system. I have learned how to manage my business, minimize potential risk and I even have an insurance agent."***

***"She KIEDF staff person) taught me how to balance income and expenses and the calculation a business needs to comfortably repay my debts."***

### **Have you observed a change in your status within your family, your education & knowledge due to the development of your business?**

Each of the respondents, except one, observed a change due to their business. The two main changes:

Economic flexibility that allows a sense of security and the ability to give more to their children.

In addition, respondents noted the support to their family they are able to provide and the personal example they are setting for their children.

***"I feel valuable and important at home. I have purpose in my life. My husband sees me differently. He sees how hard I work and has started helping me. My daughter also helps around the house after she saw how busy I am with my business. My life is different today."***

***"I am a completely different woman today. My work is bringing in money for the family and I am the reason we are able to pay our bills on time."***

***"My business turned me into a strong woman and a strong woman helps her family."***

***"When I visit the school, my children are proud of me because many of their teachers and school staff know me and are connected to me."***

### **Plans for Future Expansion**

A majority of the respondents reported plans to expand their businesses with the following goals:

- Diversification of products
- Expand the business area or the access area to their business
- Move business to a more central location or outside of their home
- Expand work hours with more effective equipment
- Diversify business focus

### **What do you need to make these goals a reality?**

Most of the respondents who want to expand need an additional loan. Three respondents expressed the need for additional trainings. Only one responded that she needs more time to make her dream a reality because, for now, she doesn't dare try.