

VOICES FROM THE FIELD – MOROCCO

ATTAWFIQ MICRO FINANCE IMPACT STORIES

Women in Morocco face numerous challenges that hinder their economic inclusion and access to formal financial services. Firstly, low income and heavy involvement in unpaid domestic work contribute to insufficient funds, a major barrier to financial inclusion. Despite legal reforms, there remains a perception among some women that they need male authorization to apply for loans, reflecting enduring cultural barriers. Moreover, inheritance laws often prevent women from owning the collateral necessary for bank loans, exacerbating their financial exclusion.

Additionally, women have limited knowledge about financial products and services, leading many to perceive that available offerings do not meet their needs. This misconception, coupled with inadequate documentation requirements and high costs associated with accessing financial services, further marginalizes women, particularly in rural areas where financial service access points are scarce. Cultural norms and social beliefs also play a significant role, restricting women's mobility and economic opportunities, which are crucial for their participation in formal economic activities and leadership roles. Many women have preferred to work in state or private sector employment which are less risky than entrepreneurship, this is embedded in a culture that teaches women to be risk averse.

Addressing these challenges requires comprehensive efforts including targeted financial literacy programs, reforms to enhance property rights and collateral options for women, and the development of gender-sensitive financial products and services. Increasing access to financial services and improving data collection on women-led businesses are also critical steps toward enhancing women's economic empowerment and fostering inclusive growth in Morocco.

In Morocco, BCP's Social Bond Framework aims to foster economic empowerment and professional integration of low-income women. Through its microfinance subsidiary, Attawfiq Micro-Finance, BCP focuses on providing micro-credits to support income-generating activities. More than 55% of the beneficiaries are women, helping them create or expand businesses. The initiative supports national efforts to combat poverty and unemployment by offering training, consulting, and technical assistance alongside financial services.

Attawfiq Micro-Finance focuses on building the capacity of its female clients by offering many non-financial services such as:

- Financial education training programs
- Leadership workshops
- Organization of women's fairs to commercialize their products
- Platform for women entrepreneurs to advertise their services
- Customer relationship management tools
- Women entrepreneurs network and meetings
- Raising awareness on women entrepreneurship in middle and high-schools

Attawfiq Micro-Finance provides micro-credit loans specifically to economically disadvantaged urban and rural women. These loans are aimed at supporting the creation or expansion of income-generating activities among women who are excluded from the traditional financial system. The objectives of these micro-credit loans include increasing job creation, promoting women's entrepreneurship, reducing inequalities, and facilitating access to banking services for women who have been financially marginalized. This initiative contributes to broader socioeconomic empowerment and inclusion efforts within Morocco.

With the Financial Sector Deepening Africa (FSD Africa) support in March 2021, the Moroccan Capital Market Authority (AMMC) introduced guidelines for gender bonds, aligning with international standards and building on their existing frameworks for green, social, and sustainability bonds. This initiative aimed to promote sustainable finance transactions that advance gender equality in Morocco. As a result, BCP became the first in Africa to issue a gender bond through a private placement, marking a significant milestone in promoting inclusive finance and gender empowerment within the region.

Gender bond in numbers:

- Approximately USD 25 million was raised by private placement
- A total of 17 080 loans were disbursed averaging USD 1 431 for a 24-month tenure.
- 6 889 loans for income generating activities
- 9 537 loans for micro-enterprises
- 654 for small businesses
- 14 945 loans were granted to women in urban areas and 2 135 to women in rural areas
- 31% of loan grantees were youth between the ages of 18 and 35

Khaddouj, a proud woman in her late fifties, is one of the beneficiaries of Attawfiq Micro-Finance programs. Khaddouj is a pioneer in the village. She has been benefiting from microloans for a few years now and has encouraged other women to start their own small businesses after seeing the impacts it had on her life. Slowly, Khaddouj increased the amounts taken for each loan. She was able to triple her capital with the gender-bond loans and diversify her activity. She now sells chickens and eggs as well as sheep. Over the years Khaddouj was able to send her children to school, support her family and provide for them. Targeted access to credit through the Gender Bond was instrumental. Women like Khaddouj are excluded from the conventional banking system as they lack the necessary requirements for getting a loan at a regular bank.

Many women in rural areas of Morocco benefited from targeted microcredit and were able to get out of poverty. Others in urban centres have been able to benefit from these opportunities as well. Malika, for example, has been taking microloans for the past 3 years. She uses the capital to buy seasonal goods and sell them. The gender bond allowed her to get a loan 7 times larger than usual thus multiplying her gains. She also benefited from capacity building sessions provided by Attawfiq as part of the services they provide to empower more women and accompany them throughout their entrepreneurial careers.

“People don’t trust women to make sound financial decisions so you have to be strong and prove them wrong. Micro-finance has enabled me to do so and show that we are very capable as well.”

Malika Laachoubi, micro-loan beneficiary

Targeted microcredit is shifting mentalities. Women are now encouraged to undertake entrepreneurial endeavours. Positive impacts and economic growth engendered by women's economic activities led to their empowerment and admiration. Microcredit institutions are keen on working with women and the introduction of Gender Bonds to the capital market insures greater rates of inclusion and equity.

"Women are excellent payers and hardly ever default on their loans. A woman might even borrow from her family during a bad month to make her payment. Men, on the other hand, are a different story."

Hassan Alami, Attawfiq Micro-finance Branch Manager

Despite the considerable impacts of the Gender Bond on empowering women and alleviating poverty, investors still look at yield rather than social impact when investing. Social bonds are encouraged but the lack incentives for investors and subsidies for issuers are a hinderance. The rigorous reporting, certification and standardising standards also deter issuers. Moreover, SMEs in Morocco do not reach the capital market because of their size despite the regulator and stock exchange market efforts to facilitate their entrance into the market. Investors trust larger financial institutions. By having more institutions like BCP issue social bonds and integrate ESG considerations, social bonds and responsible investment will continue to rise.