

# Economic Empowerment Through The Lens of the 2011 Roma Household Survey

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# OUTLINE

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- Background
- Key findings from the 2011 Roma Household (RHH) Survey
  - ▣ Skills
  - ▣ Resources
  - ▣ Access to Finance
- Some conclusions from the regional financial inclusion study

# Background

# ECONOMIC EMPOWERMENT: ONE DEFINITION

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“A woman is economically empowered when she has both the ability to succeed and advance economically, and the power to make and act on economic decisions. To succeed and advance economically, women need the skills and resources to compete in markets, as well as fair and equal access to economic institutions.” (International Center for Research on Women, 2011)

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# THE WORLD BANK REGIONAL FINANCIAL INCLUSION REPORT (2012)

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A new World Bank report finds that financial inclusion can help improve the lives of marginalized Roma communities in Eastern Europe through a comprehensive and incremental approach.

- A comprehensive approach is needed focusing on access to bank accounts, (targeted) savings, financial literacy, and business skills training
- Considerable interest in self-employment, but microcredit will not substantially raise self-employment unless more basic financial inclusion gaps are addressed
- Roma lack access to a broad range of financial services

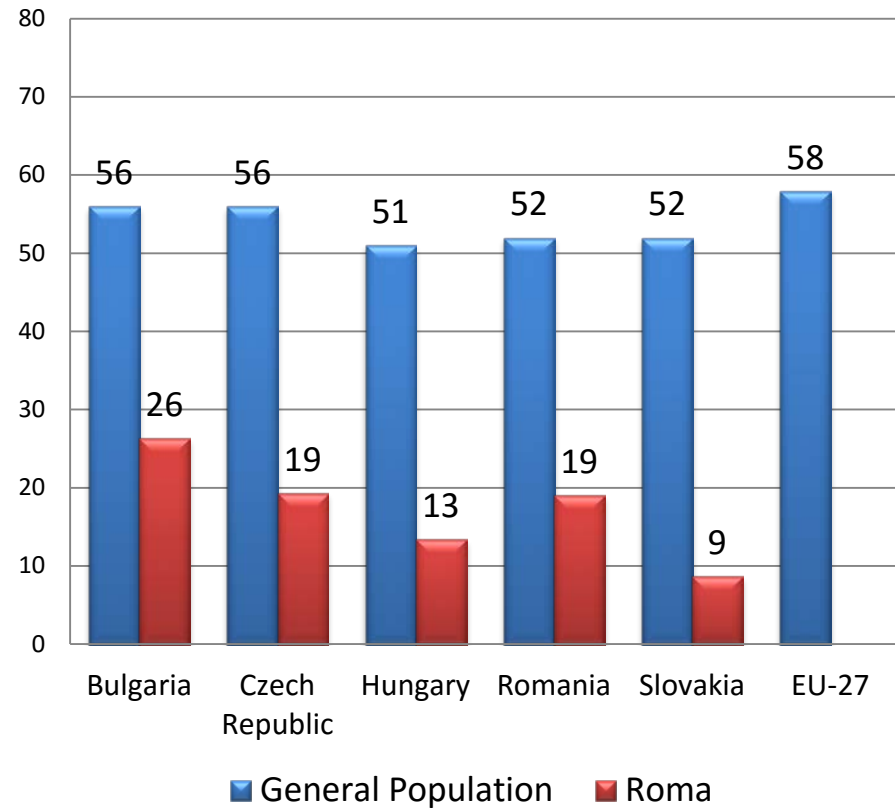
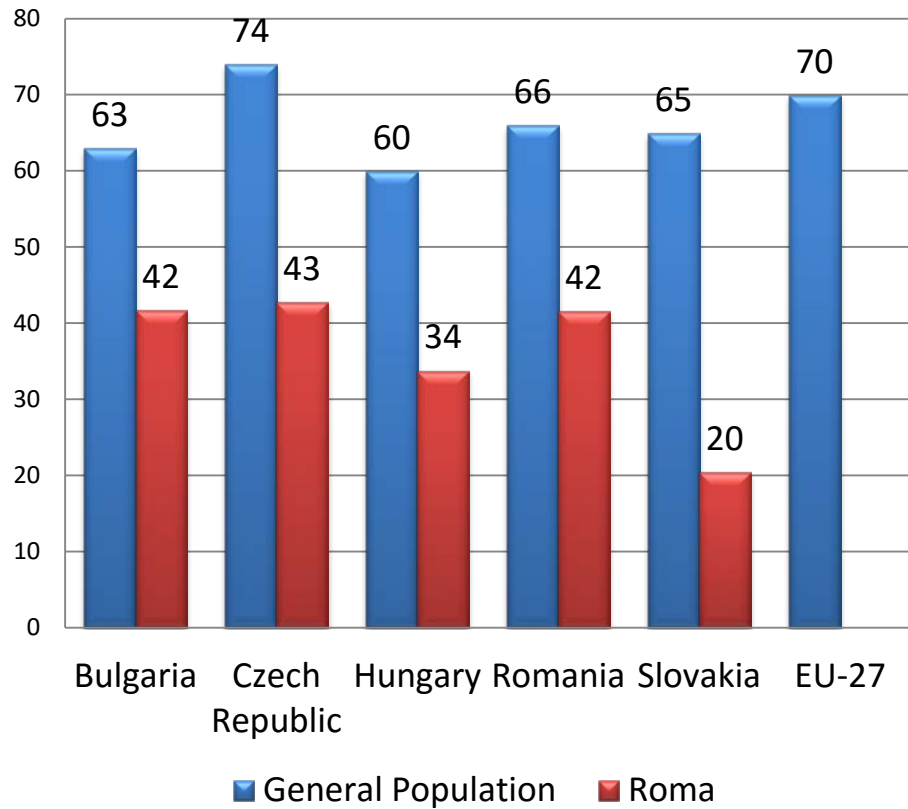
# ANALYTICS ARE BASED ON ROMA REGIONAL HOUSEHOLD SURVEY (2011)

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- Survey Partnership:
  - ▣ DG Regional Policy
  - ▣ United Nations Development Program
  - ▣ World Bank
- Sample: approx. 750 Roma and 350 non-Roma households in each country from random sample of communities where Roma are overrepresented
- Close coordination with separate survey by:
  - ▣ Fundament Rights Agency
- Regional reports on access to preschool and on microcredit/financial inclusion

# LOW EMPLOYMENT RATES...

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Note: includes all types of employment, including informal casual jobs



# ...COUPLED WITH WIDESPREAD POVERTY

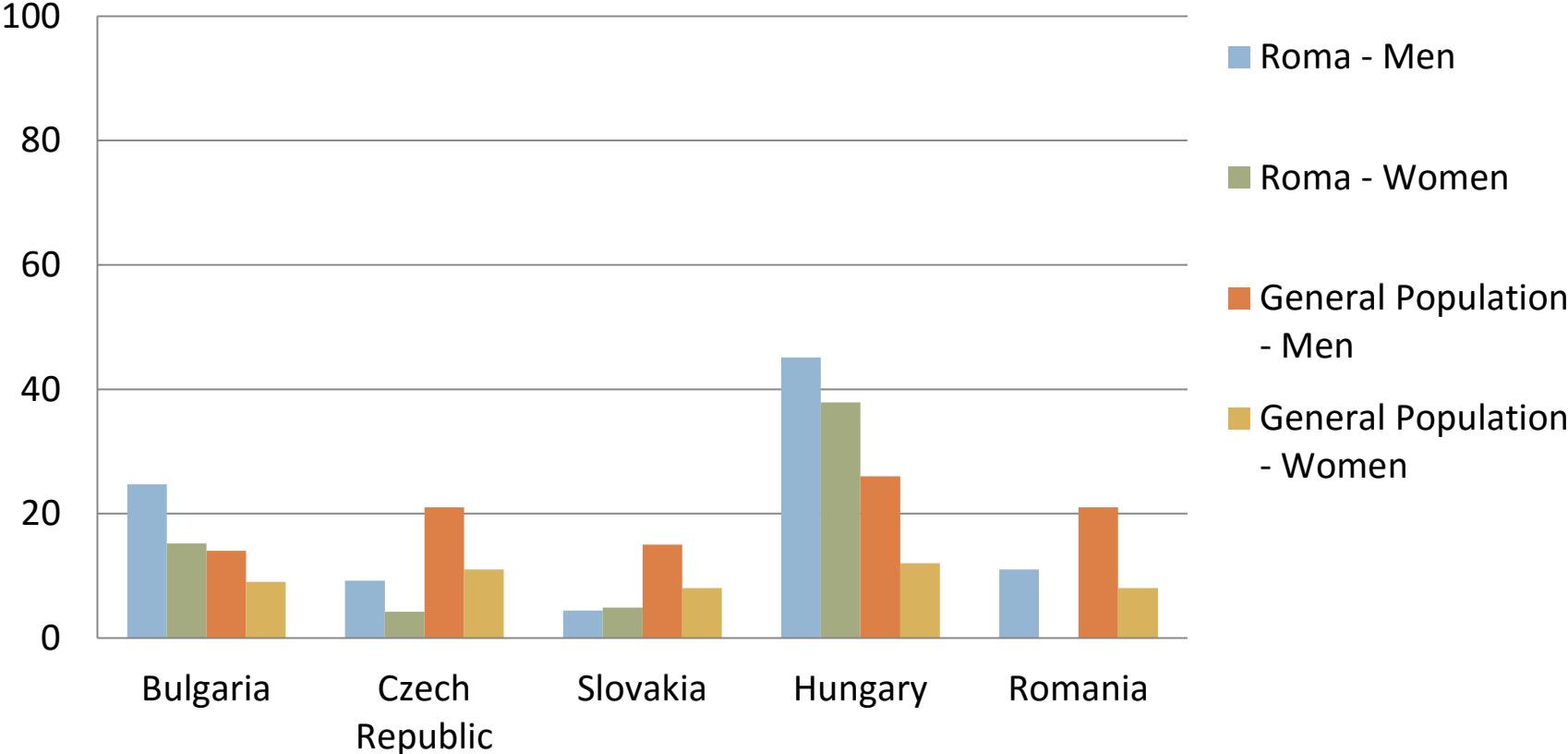
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	Bulgaria	Czech Republic	Hungary	Romania	Slovakia
Go to Bed Hungry (%)	44.4	23.5	35.4	56.2	39.9
Unsafe Economic Situation (%)	61.5	54.0	70.7	67.2	56.2
Social Assistance (%)	16.6	60.7	59.8	26.8	55.6
Monthly Disposable Income per Capita:					
Roma (€ <sup>a</sup> )	62	190	102	35	125
General Population (€ <sup>b</sup> )	148	398	285	134	291
Roma Income Relative to General Population (%)	41.9	47.7	35.8	26.1	43.0

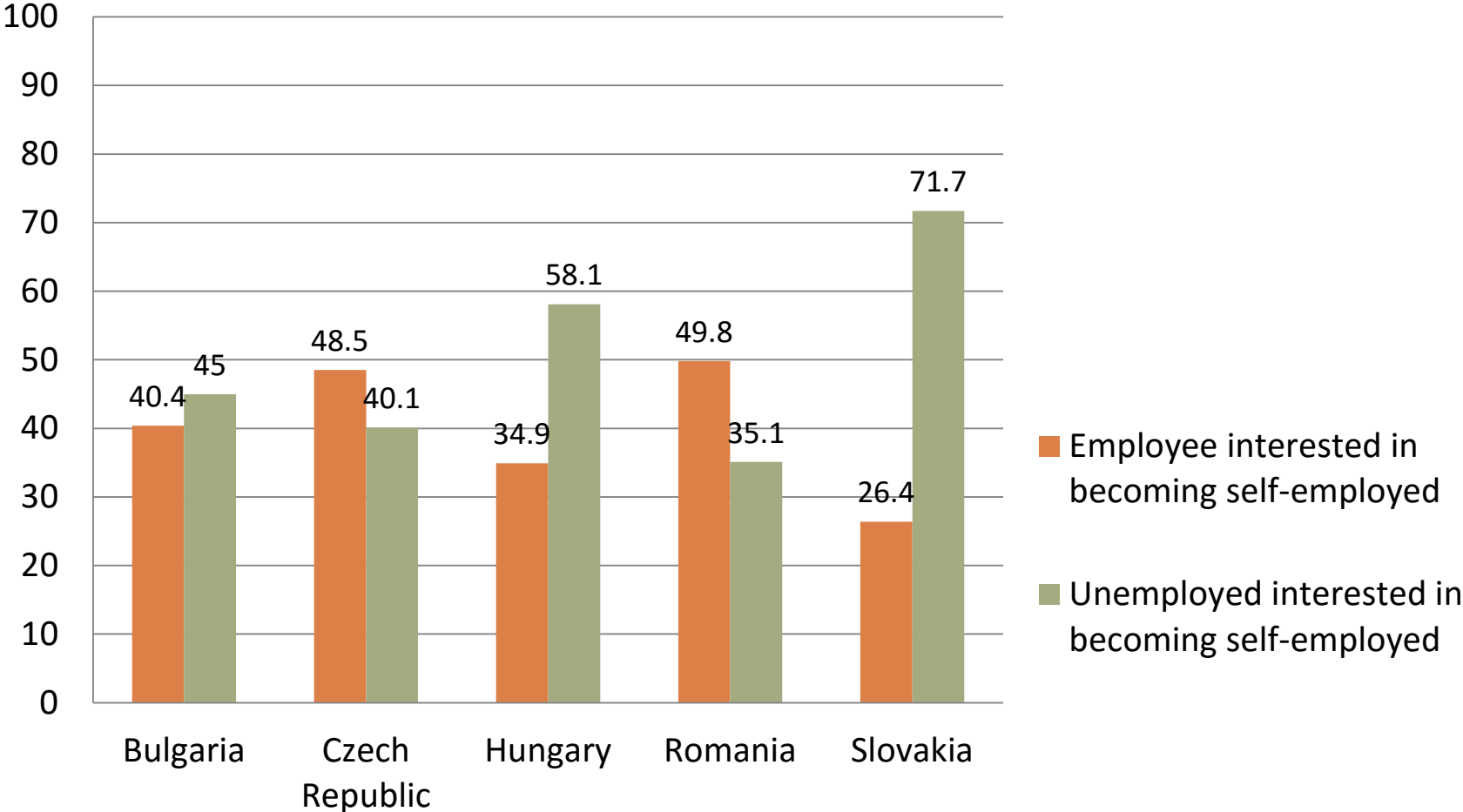
# AMONG THOSE EMPLOYED, FEW ARE SELF-EMPLOYED

% of those  
Employed

## Self-Employment Rates



# LARGE INTEREST IN STARTING A BUSINESS AMONG ROMA WORKING AS EMPLOYEES AND THOSE UNEMPLOYED



# Key Findings from the 2011 RHH Survey

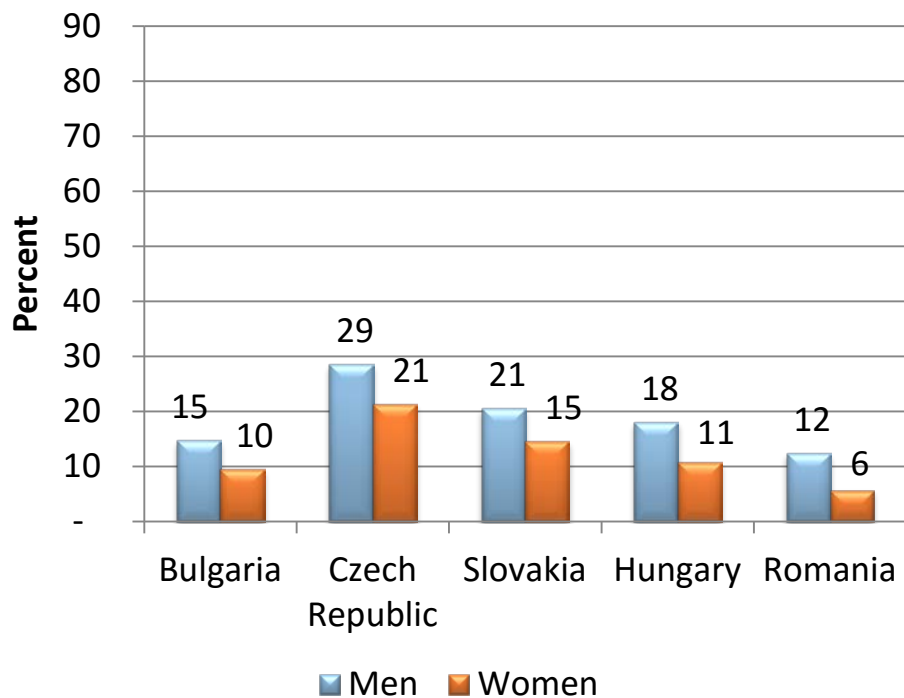
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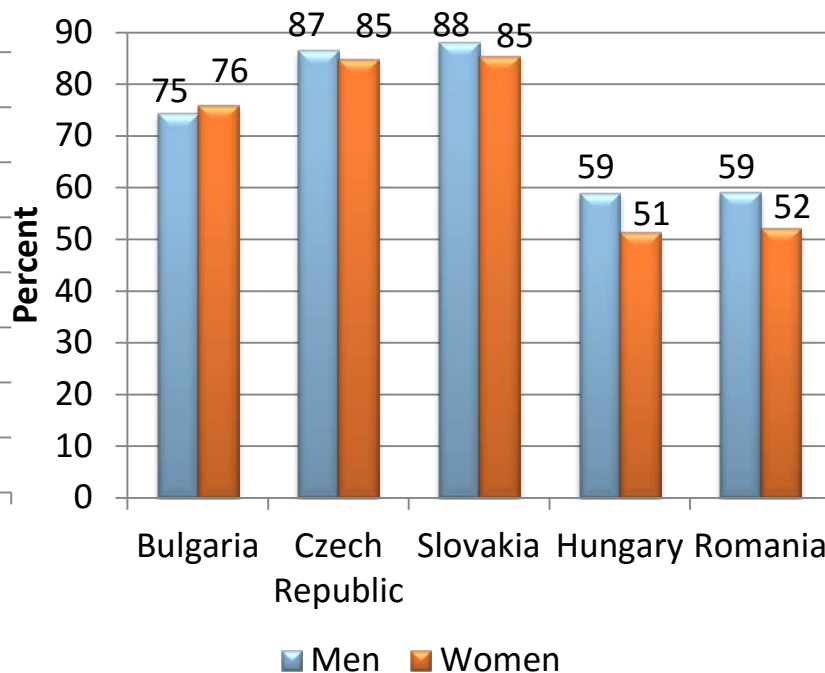
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# SKILLS I: UPPER SECONDARY EDUCATION COMPLETION

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Roma



Non-Roma living nearby

# SKILLS II: WORK EXPERIENCE

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- Those interested in self-employment but currently unemployed have minimal work experience
  - On average: employed for  $\sim 1/3$  of their working life

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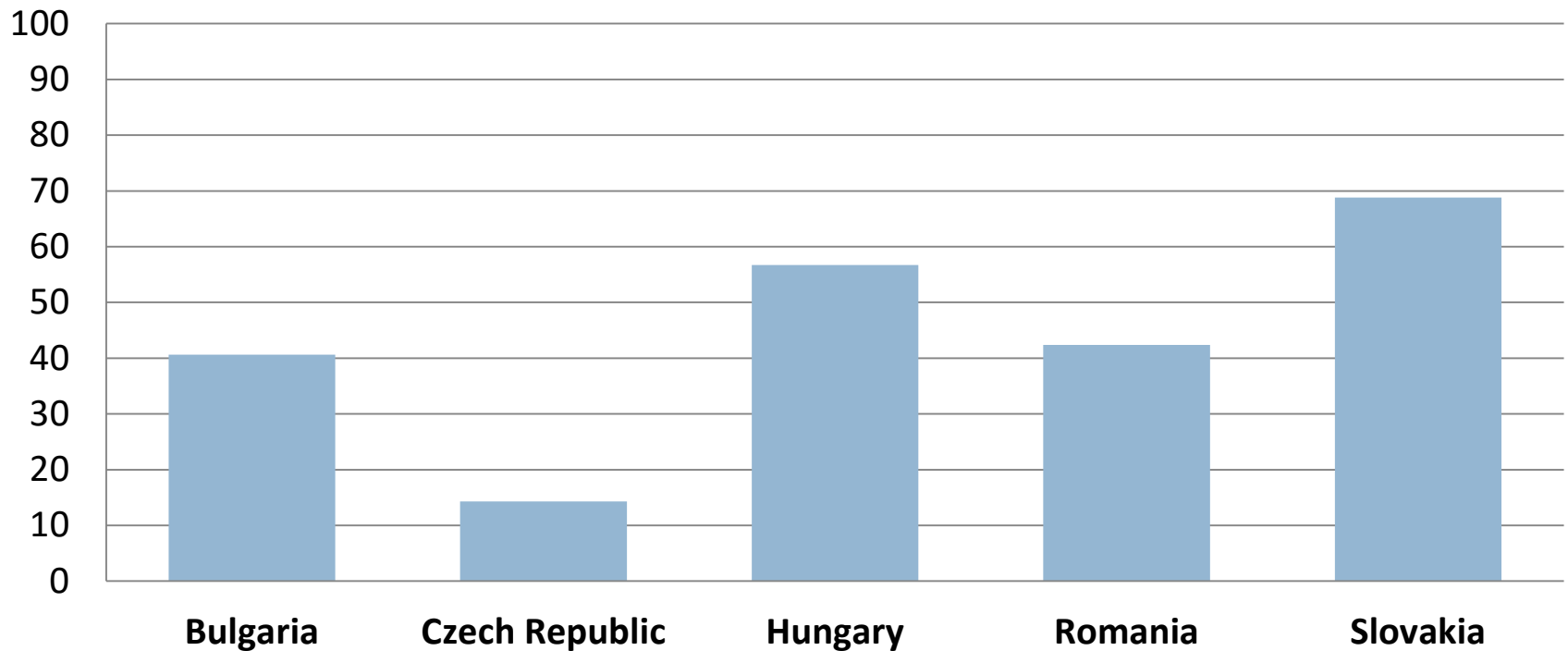
# RESOURCES I: LACK OF STABLE INCOME

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- 25-67% of the employed among aspiring Roma entrepreneurs do not have a formal contract
  - ▣ *No proof of income due to informality*
- 61-73% of this group have a temporary job
  - ▣ *No proof of stable income stream*

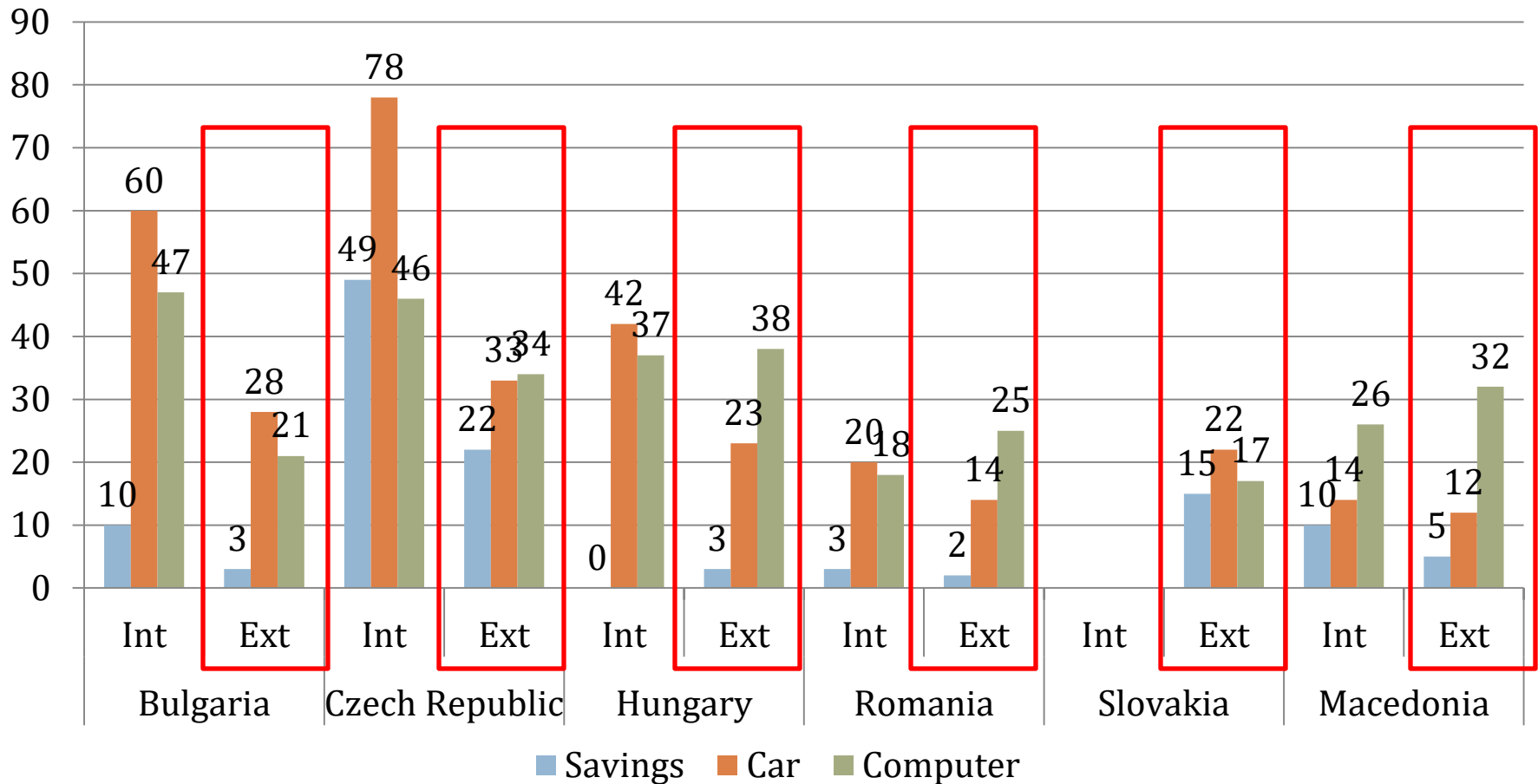
# RESOURCES II: LACK OF FINANCE

% Starting Roma Entrepreneurs Reporting Lack of Finance as a Key Problem



# RESOURCES III: LACK OF COLLATERAL

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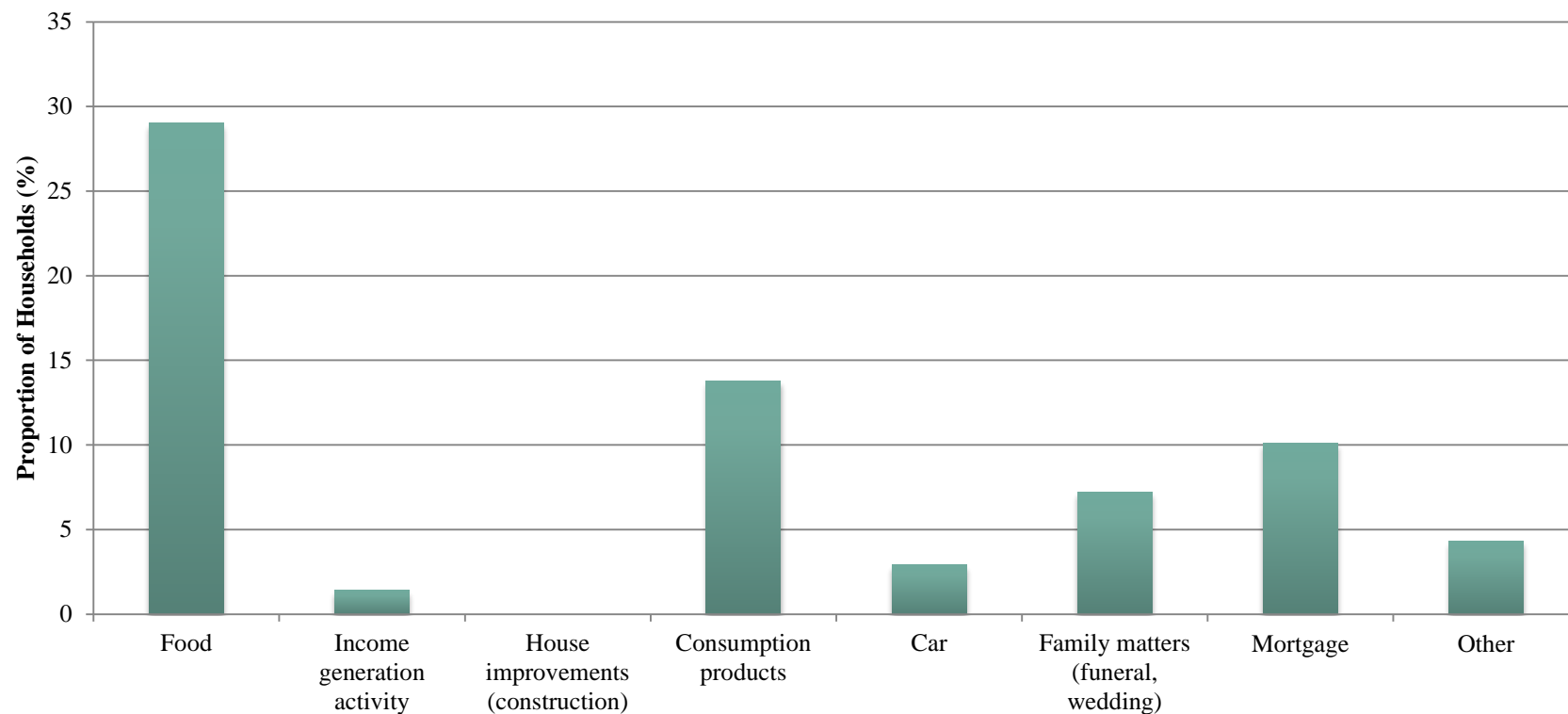


**EXT: “extensive margin”, ie. start-ups, aged 20-54, and: (1) current business owners working informally, as unskilled worker, in periodic jobs without a contract, or (2) interested in becoming self-employed, currently an employee or unemployed**

# RESOURCES IV: LOANS ARE USED FOR NON-PRODUCTIVE PURPOSES

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Use of main loan by Roma households in Slovakia



Source: Roma Regional Survey (2011)

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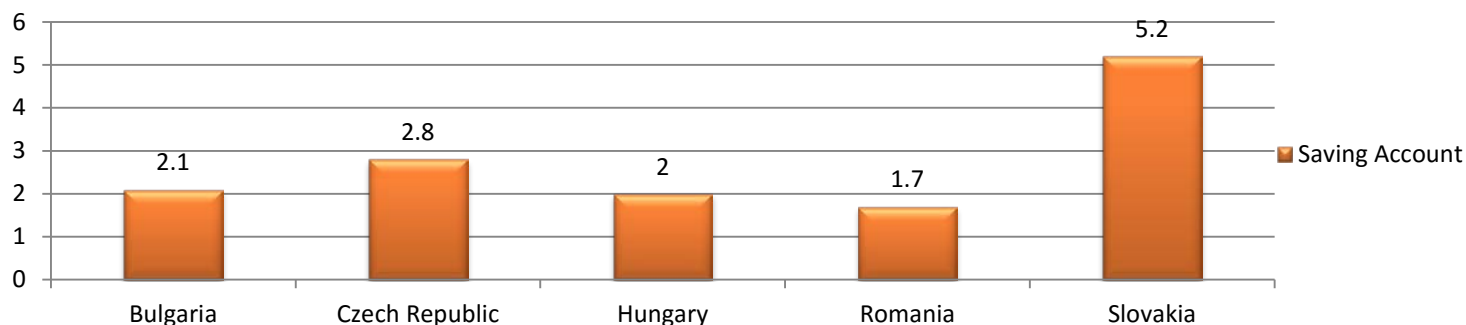
# ACCESS I: LOWER USE OF FINANCIAL SERVICES

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## Use of banking services: current account and credit card

	Bulgaria		Czech Republic		Hungary		Romania		Slovakia	
	Roma	All	Roma	All	Roma	All	Roma	All	Roma	All
Current Account	3.5	15.7	34.9	79.4	46.8	72.9	5.6	22.7	29.0	76.8
Credit or Store Card	2.4	12.2	10.4	17.6	2.8	7.9	2.9	10.5	7.6	19.7

## Use of banking services: savings accounts



Source: Roma Regional Survey (2011) and EU SILC (Eurostat, 2008).  
Authors' own calculations.

# ACCESS II: LOW PHYSICAL AND ELECTRONIC OUTREACH

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Proportion of households living less than 3 km away from nearest bank branch

	Bulgaria	Czech Republic	Hungary	Romania	Slovakia
General population	90.6	78.5	92.4	84.5	63.7
Roma households - All	46.9	69.4	59.8	44.0	35.5
Roma households - Urban neighborhoods	72.5	69.8	78.8	73.0	81.0
Roma households - Rural communities	18.7	50.0	49.8	25.7	18.0

Limited opportunities in e-banking:

- 65.3% of Slovak Roma households possess a mobile phone, a landline or both,
- only 17.9% possesses a computer and
- even less, 12.9% has internet connection

*Source: Roma Regional Survey (2011) for Roma household data, and EU SILC (Eurostat, 2008) for general population data. Authors' own calculations.*

## ACCESS III: SUPPLY-SIDE BARRIERS



- Microcredit largely provided to existing businesses, by commercial banks, beyond reach of Roma entrepreneurs
- Greater depth of outreach in Bulgaria, Hungary, Romania
- Microcredit programs which do reach Roma are often small in size



# CONCLUSIONS I: MICROCREDIT – AND...

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- Assistance to starting entrepreneurs must also focus on **training**
- The **broader financial exclusion** of Roma must be addressed simultaneously

# CONCLUSIONS II: MAINSTREAMING THROUGH PARTNERSHIPS

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- Microcredit
  - ▣ Scale up microcredit provision generally
- Financial Inclusion
  - ▣ Make the mainstream financial services more inclusive (e.g. physical access)
- Both
  - ▣ Focus on Savings & Financial Literacy
  - ▣ Help Roma meet the mainstream conditions through outreach (awareness-raising, financial literacy training, business support)
  - ▣ Tailored programs where mainstreaming is not feasible

# THANK YOU FOR YOUR ATTENTION



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