



A New Financial Access Frontier: People with Disabilities

A concept paper from the Center for Financial Inclusion at ACCION International

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Vision

Making disability inclusion at microfinance institutions (MFIs) around the world a living, sustainable and permanent reality.

This note provides the background for a roundtable discussion to be held on June 18, 2010 in Washington, DC, convened by the Center for Financial Inclusion (CFI), in partnership with the Disability and Development Team of the World Bank, at which representatives from microfinance institutions and Disability Organizations will deliberate on how they can best contribute to increasing access to financial services for poor people with disabilities worldwide. After a brief discussion of the challenge and the opportunity, the note advances several working hypotheses about steps the microfinance industry could take. These will be the basis for discussion at the roundtable.

Rationale and Context for Action

When microfinance pioneers like ACCION International and the Grameen Bank first provided loans to poor people in the informal sector in the 1970s, lending to the poor was considered by the majority of international development professionals a losing proposition and certain business folly. How wrong that proved to be. Not only did the poor prove bankable but they were bankable in a sustainable and profitable way. Microfinance was instrumental in this dramatic shift away from seeing the poor as forever dependent on charity or family support, to fully enfranchised citizens able to control their own destinies and contribute to society. Women, in particular, were empowered in dramatic new way to work their way out of poverty.

Today, the case for providing financial services to poor people with disabilities faces similar skepticism, some of it based on real service delivery challenges and some rooted in misperception. A large number of people who are excluded from access to financial services because of disabilities constitute both one of the most important frontiers of financial

inclusion and a significant business opportunity for providers. (Indeed, the demo-graphic reality of an aging global population in the 21st century is likely to increase the prevalence of persons with disabilities in the workplace dramatically.) The goal of full financial inclusion (the key objective of the CFI's Financial Inclusion 2020 project)¹ will remain unrealizable if this segment of the market continues to be marginalized and underserved. Not surprisingly, women are the most economically destitute of persons with disabilities and thus have the most to gain if access is increased.²

The UN Convention on the Rights of Persons with Disabilities³

This landmark Convention, adopted in 2006 and the first international human rights treaty of the 21st century, marks a "paradigm shift" in attitudes and approaches to persons with disabilities, similar to the attitudinal change towards the self-employed poor that the microfinance revolution has engendered. To date it has been signed by 144 states and ratified (made law) by 85, that are accordingly under an obligation to promote, protect and ensure the rights of persons with disabilities. The Convention takes to a new height the shift from viewing persons with disabilities as "objects" of charity and medical treatment towards viewing them as "actors" with rights, who are capable of claiming those rights and making decisions for their lives based on their free and informed consent. Thus empowered,

¹ Please refer to a fuller description of FI 2020 program at the CFI website: www.centerforfinancialinclusion.org.

² See Article 6 (CRPD)—Women with disabilities: States Parties recognize that women and girls with disabilities are subject to multiple discrimination, and in this regard shall take measures to ensure the full and equal enjoyment by them of all human rights and fundamental freedoms <http://www.un.org/disabilities/default.asp?navid=14&pid=150>.

³ Convention on the rights of persons with disabilities; for more information go to: <http://www.un.org/disabilities/default.asp?navid=14&pid=150>.

they can enjoy the benefits of full citizenship and become active and contributing members of society.

The Convention not only emphasizes that States should not discriminate against persons with disabilities, it also lays out a roadmap for States to create an enabling environment so that persons with disabilities can enjoy real equality in society.⁴ Indeed, at the heart of the CRPD is the obligation of States to insure reasonable accommodation in all walks of life. This cannot be underscored enough.⁵ For example, the Convention requires states to take measures to ensure accessibility of the physical environment as well as user friendly information and communications technology. These specific obligations are examples of what is meant by “reasonable accommodation.”

Defining Disability

Article 1 of the UN Convention states that “persons with disabilities include those who have long-term physical, mental, intellectual or sensory impairments which in interaction with various barriers may hinder their full and effective participation in society on an equal basis with others.” Disability is therefore not defined as a standalone medical condition, but rather as the product of the interaction between the environment broadly defined and the health condition of particular persons.⁶

⁴ UNEnable Frequently Asked Questions on the CRPD website:

<http://www.un.org/disabilities/default.asp?navid=23&pid=151>.

⁵ CRPD, Article 9 – Accessibility, online at:

<http://www.un.org/disabilities/default.asp?id=269>.

⁶ The preamble recognizes that “disability is an evolving concept and that disability results from the interaction between persons with impairments and attitudinal and environmental barriers that hinders their full and effective participation in society on an equal basis with others.” Disability is not considered as a medical condition, but rather as a result of the interaction between negative attitudes or an unwelcoming environment with the condition of particular persons. By dismantling attitudinal and

Persons with Disabilities in the World Population

There are an estimated 650 million people with disabilities in the world (maybe 12 percent of the global population) and 80 percent of these (520 million) are concentrated in developing countries.⁷ Furthermore, in developing countries, 80 to 90 percent of persons with disabilities of working age are unemployed, compared to 50–70 percent in industrialized countries. “The World Bank considers that leaving people with disabilities outside the economy translates into a forgone GDP of about 5–7 per cent.”⁸ But reliable statistics are difficult to ascertain conclusively. According to the Washington Group on Disability Statistics (Third meeting: Brussels, 19-20 February 2004 summary), “Since disability is multidimensional, it is not possible to ascertain the single “true” disabled population. Different purposes are related to different dimensions of disability or different conceptual components of disability models.”

environmental barriers—as opposed to treating persons with disabilities as problems to be fixed—those persons can participate as active members of society and enjoy the full range of their rights.

⁷ InterAction Forum 2010 – Workshop Suggestion Form –drawn from UNEnable statistics.

⁸ Good Practices for the Economic Inclusion of People with Disabilities in Developing Countries: Funding Mechanisms for Self-Employment, Handicap, International, August 2006 (Anne Leymat et al. p. 17. Also, “The resulting range of annual global GDP lost due to disability per disabled person, presented in Table B2, is between \$2,814 and \$7,919. The estimated range of GDP lost due to disability per disabled person per year is between \$10,378 and \$13,519 for High Income Countries, between \$902 and \$3,145 for Medium Income Countries and between \$1,537 and \$19,818 for Low Income Countries.” Disability and Development background paper prepared for the disability and development research agenda meeting, November 16, 2004, World Bank Headquarters, Washington, D.C. by Robert Metts, p. 9.

As Anne Leymat and her colleagues at Handicap International write in *Good Practices for Economic Inclusion of People with Disabilities (2006)*⁹, the most definitive study of microfinance and disability to date, “Poverty is a cause of disability since the poor often lack resources to prevent malnutrition, and do not have access to adequate health services that may prevent some disabilities. Poverty is a consequence of disability since people with disabilities often lack access to education, health services and income-generating activities; they are often denied their human, social and economic rights.”¹⁰

Access to Finance by Persons with Disabilities

Few would argue with the premise that a significant percentage of the unbanked poor are persons with disabilities. Indeed, according to Leymat’s best estimate, clients with disabilities currently account for no more than one half of one percent of total MFI clients worldwide.¹¹ There are many reasons for this staggering market failure such as lack of reasonable accommodation; lack of awareness by staff of the potential of people with disabilities, stigma or prejudice, the misguided belief that charity, not financial services is the only or best way to help, and the denial of “legal capacity” which makes it impossible for persons with disabilities to make decisions for themselves and thus participate in civil society.

Because children with disabilities are often deprived of formal education, they may lack the business skills and confidence to succeed later in life as adults. Whether this is due the failure of the state or familial neglect, the result is the

same. With this harsh reality in mind, it seems imperative for MFIs to closely coordinate with local disability organizations when doing client outreach so that it is done in an effective and respectful way and so that the necessary social support will be in place. Many capacity building programs and efforts are happening globally and MFIs should actively identify and seek out their cooperation.¹²

Despite the many and formidable barriers, a few small pilots in recent years suggest that persons with disabilities can make excellent clients. A noteworthy example was the successful partnership in Uganda (2006-2007) between the Association of Microfinance Institutions in Uganda (AMFIU) with the National Union of Disabled Persons of Uganda (NUDIPU). They drew several clear conclusions from this pilot worth repeating because they are likely to have near universal application for MFIs entering this market: “Don’t develop special credit products. Don’t give special conditions. Don’t get disappointed too soon. And some major dos: Identify existing clients with disabilities. Learn from them and use them in promotional efforts and in reaching out to new clients. Join efforts with local disability organization. Improve the physical accessibility of the premises.”¹³

And in the “Case Study” section of “Good Practices,” (and elsewhere in that text) the authors conclude that 70 percent of those microfinance providers who made loans to people with disabilities stated that they had done so under the same conditions as the rest of their clients. Several highlighted the fact that people with disabilities were among their best clients.

⁹ Hervé Bernard , Anne Leymat, Thierry Kowalczyk, Ton de Klerk, Wanda Muñoz, Marie Cécile du Mesnil and Sylvain Bord, “Good practices for Economic Inclusion of People with Disabilities”, Handicap International, <http://www.handicap-international.org/uploads/media/goodpractice-s-GB-2coul.PDF>, 2006.

¹⁰ Ibid, p. 17.

¹¹ Ibid, p. 3.

¹² From a conversation with Rhonda Neuhaus, Director of Making it Work, Spring 2010.

¹³ Mersland, R., Bwire, N. F., and Mukasa, G. (2009), “Access to Mainstream Microfinance Services for Persons with Disabilities -Lessons Learned from Uganda”, *Disability Studies Quarterly*. Vol. 29 (1), p. 6-7.

Working Hypotheses about an Action Agenda for Microfinance

The Center for Financial Inclusion has been carrying out preliminary desk research and key informant conversations during the past few months to lay the groundwork for an initiative in this area. Given the relative paucity of research and experience, the conclusions that can be stated with any degree of certainty are rather broad. Nevertheless, they do give guidance.

- **Active Listening.** Disability Organization leaders are compelling in their insistence that the hallmark of successful outreach to persons with disabilities begins with active listening. Microfinance professionals should not assume that they know in advance how to proceed in any particular market without meaningful consultation with the local disability community and potential clients. By the same token, according to Bwire, Mukassa and Mersland, “DPOs....know little about the MFIs business model and the rationales behind them. In economic terms a severe situation of asymmetric information was blocking the necessary interaction between the “disability world and the microfinance world.”¹⁴
- **Small, Practical Steps.** Measured, programmatic steps by MFIs towards disability inclusion are more likely to lead to some degree of success than an ambitious implementation strategy to disburse loans to a wide range of persons with disabilities—an approach that will most likely fail, based on past pilots.
- **Mainstreaming.** Mainstreaming clients with disabilities is preferable to designing parallel financial products specifically tailored to persons with

¹⁴ Mersland, R., Bwire, N. F., and Mukasa, G. (2009), “Access to Mainstream Microfinance Services for Persons with Disabilities -Lessons Learned from Uganda,” *Disability Studies Quarterly*, Vol. 29 (1), p. 4.

disabilities, because the latter approach may not be sustainable. While some Disability Organizations remain committed to running microfinance programs themselves, a consensus is developing that this work is best left in the hands of the specialized financial service providers.¹⁵

- **Institutional Commitment.** Whatever steps towards disability inclusion are taken by MFI’s management must have real institutional buy in from the top to the bottom of the organization or they are likely to fail. (It is important to note that the CRPD clearly stipulates “that international development programs are inclusive of and accessible to persons with disabilities.”)

With these general premises in mind, five main areas of action and change can be identified through which financial institutions can advance inclusion. These are proposed as working hypotheses for discussion at the June roundtable.

1. **Partnership with Local Disability Organizations for Effective Outreach.** In order to effectively and efficiently reach out to people with disabilities, it makes sense for financial service providers to work directly with local disability organizations, because these organizations (where they exist) offer entrée into communities of people with disabilities and also provide support services. They may also provide training

¹⁵ The access of people with disabilities to mainstream microfinance institutions remains sporadic. Inclusion in mainstream microfinance institutions should remain the main strategy and a goal for organizations of/for people with disabilities, even if this is for the medium to long run. It has been seen that people with disabilities, particularly the less vulnerable, are as credit worthy as any other person. Good Practices. p. 91 and also see p. 3.

that strengthens the business capacity of potential clients.

2. **Staff Training to Enable Mainstreaming.** One of the first steps toward mainstreaming is to train microfinance staff to increase their awareness of the potential of persons with disabilities to be good clients as well as sensitivity training to increase their ability to do effective outreach.
3. **Hiring of People with Disabilities.** MFIs should actively recruit persons with disabilities as staff members. Such a human resources policy will make outreach to potential clients with disabilities all the easier and will speed the way to making disability inclusion part of the MFIs permanent culture.
4. **Reasonable Accommodation and Universal Design.**¹⁶ Under the CRPD it is a legal requirement for Financial service providers (like every other business and public institution) to improve physical access to their banking facilities, in accord with a basic tenet of the UN Convention, particularly when planning new construction. Among the steps to remove access barriers include physical access like ramps and availability of information in Braille or through sign language interpreters. Low cost actions and solutions that affect large numbers of potential clients will be the first to be implemented.
5. **Technology Solutions.** Technology companies like IBM see the CRPD mandate for reasonable accommodation as an exciting business opportunity which opens up the possibility of many new innovations in the area of information

¹⁶ "Reasonable accommodation" means modification and adjustments that do not impose a disproportionate burden on providers and that ensure access to persons with disabilities. "Universal design" means the design of products, environments, programs and services to be usable by all people, to the greatest extent possible, without the need for adaptation or specialized design. CRPD

and communication technologies that could revolutionize the workplace for persons with disabilities.¹⁷

6. **Legal Frameworks that respect the right of people with disabilities to make financial decisions.** In some countries, for example, it is important to ensure that persons with disabilities are granted "legal capacity" to manage their own affairs, including the ability to enter into formal financial arrangements. Paragraph 5, article 12 of the UN Convention stipulates that "States must take action to ensure the equal right of persons with disabilities to own or inherit property, to control their own financial affairs and to have equal access to bank loans, mortgages and other forms of financial credit." The provision of financial services is impossible in countries without this right and it is in the obvious business interest of MFIs and other financial intermediaries to work with stakeholders like banking authorities and DPOs to advocate for changes to the civil code to achieve this equality before the law.

Each of these areas of action requires testing on the ground so that effective practices can be identified and disseminated.

Center for Financial Inclusion Agenda -Financial Inclusion 2020

CFI has been engaged in the Financial Inclusion 2020 project for the past year, pursuing a vision of global achievement of full financial inclusion by the year 2020. Many elements that will contribute to full financial inclusion have a great deal of momentum behind them, such as the rise of mobile and branchless banking, the industry wide consumer protection campaign

¹⁷ "The Accessibility Imperative: Implications of the Convention on the Rights of Persons with Disabilities for Information and Communication Technologies (World Times, Inc.) 2007.

(the Smart Campaign)¹⁸ and the rapid growth of microinsurance. In putting disability inclusion on the table now, the CFI is seeking to create momentum by bringing key stakeholders together to develop and implement an action agenda. Large scale change throughout the microfinance industry will require a variety of actions, including awareness raising, research and active experimentation, advocacy and partnerships. These actions should be aimed at building the commitment to change by service providers, the know-how to make effective changes and the support structures that will help providers to do so. As a caveat, it is important to emphasize that inclusion will not be achieved through microfinance institutions alone. The Financial Inclusion 2020 Project is committed to exploring creative partnerships and financial service delivery alternatives such as ROSCAs (Rotating Savings and Credit Associations), self help groups and micro-franchising.

June Roundtable

The June 18th meeting in DC will be an important opportunity for Disability Organizations and Microfinance providers to meet and share ideas that can lead to major progress. By the end of the meeting we hope to coalesce around short and long term objectives that can advance disability inclusion in microfinance in the coming years. Possible actions range from the simple and low-cost to the much more elaborate. Among the possible actions that have surfaced in key informant discussions are the following:

- Create a task force to develop blueprints for how disability organizations and MF providers can work effectively together.
- Encourage market research to understand more about the size,

scope and nature of the population with disabilities, and how best to tap its financial potential.

- Develop action research pilots to field test methodologies and products (like savings or insurance) that will lead to disability inclusion. Document good practices in disability inclusion in MFIs which can then be used for training.
- Develop social performance and disability inclusion indicators.
- Design internal assessment toolkits for MFIs to measure compliance with disability inclusion principles around staff hiring, outreach, universal design, and reasonable accommodation. This could be a precursor to a formal certification process. DPOs would play a critical role in the design of such toolkits.
- Launch prizes for the most disability inclusive MFIs
- Advocate for disability inclusion principles throughout the different MFI networks, at microfinance conferences, and other such venues.
- Build commitment and education within International Disability Organizations to enable their networks and chapters to coordinate effectively with MFIs in their localities.

This list suggests an aggressive agenda and certainly one that will take years to complete. The CFI will use this roundtable to prioritize initial next steps and recommend pragmatic timelines to accomplish them. Working groups, drawing on the talent around the table, will be created to pursue the opportunities identified at the meeting. Once we reach agreement on an action agenda, the CFI and our partners will disseminate the conclusions to our colleagues and respective networks. This could begin with a side session at the next Conference of States Parties for the Convention of the Rights of Persons with Disabilities September 1-3, 2010 in New York. This has the potential to be the formal launch of advocacy efforts that could evolve into a full-fledged advocacy campaign.

¹⁸ The Smart Campaign is an industry wide effort to implement the client protection principles into the daily operations of microfinance institutions. www.smartcampaign.org.

Conclusion

As microfinance providers and disability organizations, we must strike a balance between our long term missions and what is doable in the near term—thereby creating a joint working agenda with specific goals and objectives. If we work closely together we can make significant progress toward advancing the human and economic rights of persons with disabilities. The moral imperative couldn't be more clearly stated than by James Wolfensohn: "If development is about bringing excluded people into society, then disabled people belong in schools, legislatures, at work, on buses, at the theatre and everywhere else that those who aren't disabled take for granted.

Unless disabled people are brought into the development mainstream, it will be impossible to cut poverty in half by 2015 or to give every girl and boy the chance to achieve a primary education by the same date, goals agreed to by more than 180 world leaders at the United Nations Millennium Summit in September, 2000."¹⁹ With the passage of the CRPD, this moral imperative has also become a binding legal obligation.

¹⁹ Wolfensohn, J. D., 'Poor, Disabled and Shut Out', *Washington Post*, 3 December 2002, p. A25

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About the Author

Josh Goldstein, Principal Director for Economic Citizenship & Disability Inclusion, Center for Financial Inclusion at ACCION International

Josh Goldstein is the Principal Director for Economic Citizenship & Disability Inclusion at the Center for Financial Inclusion at ACCION International. He leads the disability inclusion initiative at the Center. Before joining ACCION, he ran a small non-profit, Timoun Haiti, to help the restaveks (poor servant children) of Haiti and provide ad hoc relief. Mr. Goldstein is an accomplished playwright. His plays have been produced in London and the U.S., and several have been collected in a book *Four Plays*. His poetry and prose have been published in the *New Republic*. He is a graduate of Yale University. Josh can be reached at jgoldstein@accion.org.

About the Program

Financial Inclusion for Persons with Disabilities is a program at the Center for Financial Inclusion at ACCION International. Launched in 2010, this program promotes equal and fair access to quality financial products and services for persons with disabilities. To support the development of disability inclusion, the Center will undertake a series of projects, including an industry stock-taking to better understand where and how persons with disabilities are accessing non-subsidized financial services and an in-depth country analysis in Ecuador. The Center will continue its advocacy via its communication outlets and through engagement with key decision-makers. All of this will support an exploration of the business case for sustainable inclusion of persons with disabilities in mainstream financial services. For more information, contact Josh Goldstein (Principal Director for Economic Citizenship & Disability Inclusion) at jgoldstein@accion.org or Rosita Najmi (Program Manager) at rnajmi@accion.org.

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