



## MICROCREDITS FOR FACILITATION OF RURAL WOMEN BUSINESS DEVELOPMENT AND SELF- EMPLOYMENT

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*Seminar "Facilitating access to finance for rural micro-enterprises" 28th of June, Riga*

## Microcrediting in Latvia

- Microcredit movement in Latvia started at the 1998;
- More than 70 microcredit groups in all regions of Latvia have formed;
- The most common fields of entrepreneurship is rural tourism, hairdresser and sewer services, growing of vegetables and herbal teas, etc;
- For taking a loan there is no pledge, but a guaranty from the group.

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## Funding sources for microcredit groups in Latvia

- 1998 – 2007. from the Nordic Council of Ministers and INTEREG III B Project „Female Entrepreneurial Meetings” (FEM);
- 2008 - 2012 from the Mortgage and land bank of Latvia (LHZB) and the Support Fund of the Entrepreneurship of Rural Women in Latvia (LLSUAF) formed by the Association of Rural Women in Latvia (LLSA).

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## Aims of the LLSUAF:

- To provide education for rural women;
- To encourage the development of entrepreneurship in rural areas;
- To provide funding for the women entrepreneurship start-ups and their further development



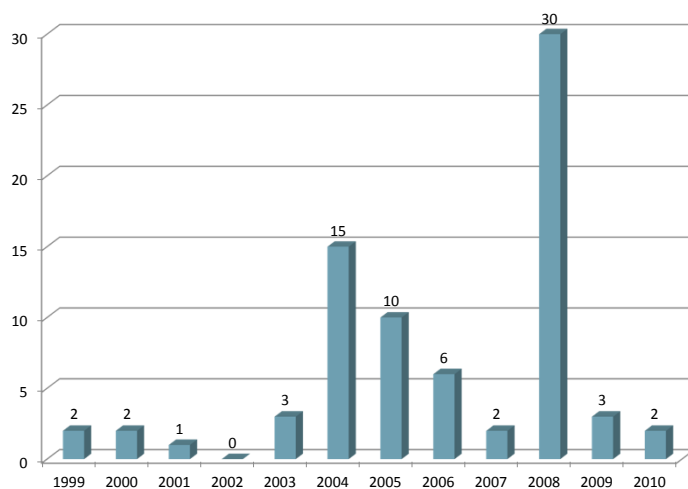
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## Actions of the LLSUAF

- In 5 years, since the has been founded LLSUAF, 70 microcredits have been given:
  - Form the LHZB – 51 microcredit from 500 till 1000 Ls, (50 000 Ls totally);
  - Form the LLSUAF – 19 microcredit from 120 till 1000 Ls, (12 190 Ls totally).
  
- In the 14 years of microcrediting in Latvia:
  - 73 microcredit groups are formed;
  - 133 women have received microcredits from 120 till 1000 Ls;
  - For the majority of women this was their first loan.

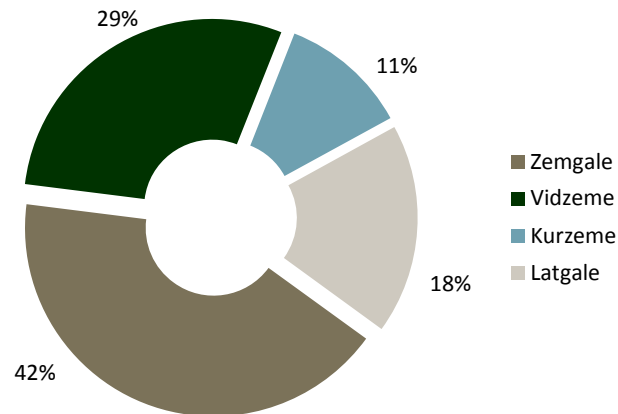
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## The dynamics of microcredit group development



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### The distribution of microcredit groups in the regions of Latvia, %

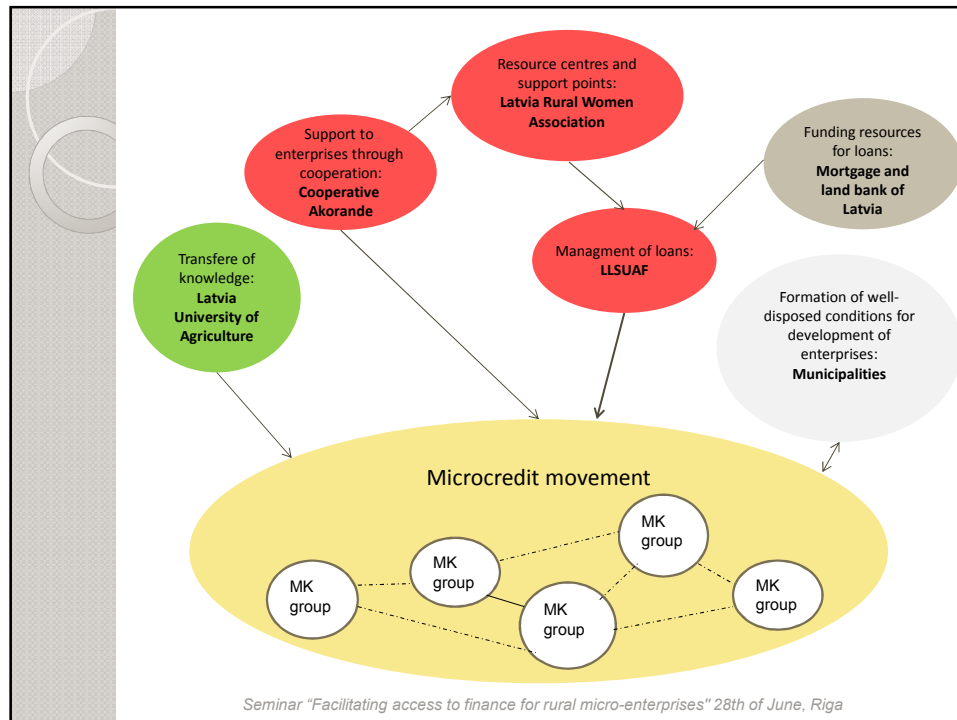


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### Individuals and institutions as the stakeholders in the microcredit movement

- Individual participant of the microcredit group;
- Microcredit group – 3 – 5 participants in one group;
- The whole of the microcredit groups in Latvia;
- Latvia University of Agriculture (LLU);
- Association of Rural Women in Latvia (LLSA);
- Support Fund of the Entrepreneurship of Rural Women in Latvia (LLSUAF);
- Cooperative „Akorande”;
- Mortgage and land bank of Latvia (LHZB);
- Municipalities.

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## Division of interests in the microcredit movement

- Economical and Financial interests (borrowers and LHZB);
- Social and intangible interests (participants of the microcredit groups, LLU lecturers involved in the microcredit movement, LLSA, LLSUAF and cooperative „Akorande”);
- Territory development interests (local municipalities).

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## The importance of network system for women involvement in business

- **Networks play a multifaceted role for women entrepreneurs** and business owners, helping them to gain advice, form partnerships, secure financing, access qualified management and employees, and build value chain relationships.
- The analysis showed that, **in many economies, women entrepreneurs and business owners tended to have smaller networks** than their male counterparts.
- Compared to men, **women may be at a disadvantage because their networks were overall smaller and less diverse**, and they emphasized private sources of advice—conditions that were associated with lower innovation, internationalization and growth expectations.
- **Women often operates through a network of more nonprofit institutions.**

Global Entrepreneurship Monitor.  
2010 Report: Women Entrepreneurs Worldwide.  
GEM, 2011.

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### *Positive examples*

#### **Gunta Čepuka** from Bauskas district

- In 2005 she forms a microcredit group, receives 500 Ls (FEM project)
- In 2006 she receives a loan (10 000 Ls) from the LHZB for acquiring land and a farm;
- In 2006 submits a project for manure storage and also takes a loan from the LHZB;
- In 2006 she establishes a small store „Omes bodīte” for realization of agriculture production from local farmers (1000 Ls, microcredit from LHZB);
- In 2009 uses LHZB microcredit funding (2000 Ls) to build a facility for production of smoked meat.

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## Positive examples

### Iveta Purmale from Smiltene

- In 2000 she establishes a sewing-shop "Iveta" where she works alone;
- In 2005 she forms a microcredit group, receives 500 Ls (FEM project) for sewing equipment;
- In 2008 she receives a microcredit from the LHZB (1000 Ls) for modernisation of her shop;
- Receives two loans from LLSUAF (700 Ls in 2009 and 260 Ls in 2011);
- At the moment she works herself and employs 2 sewers, mainly works with sewing of clothes from linen.
- [Homepage: www.ivetapurmale.lv](http://www.ivetapurmale.lv)



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## Positive examples

### Biruta Mežale from Cēsis

- In 2000 she establishes „B. Mežales Accounting Consultation office”;
- In 2005 she forms a microcredit group, receives 500 Ls (FEM project) for sewing equipment;
- Starts to provide individual accounting services to local enterprises, in two years she takes a loan of 1000 Ls from the local municipality;
- At the moment she employs 8 people and provide services to 102 clients.

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## Conclusion

- Microcrediting allows the women and, especially rural women, to start their business activities and gives an opportunity to get their first experience and self-confidence with a support from other group members;
- The microcredit group system provides both economical and social benefits and helps to engage rural women in formal and un-formal networks;
- The women entrepreneurship would be encouraged by the further possibilities for this kind of crediting, that would also allow to expand the actions of LLSUAF;

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## THANK YOU FOR YOUR KIND ATTENTION!



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