

China Reflections

April, 2004

My first trip back to china was in 1982. I remember waking up in the Beijing Hotel to a steady soft noise of “xi, xi,.....” Wondering what was making that noise, I opened the curtain and the window to find a sea of bicycles in two broad lanes, going in opposite directions. It was the most eerie but peaceful noise in an overwhelmingly gray and misty world. That seemed so long ago when I looked out from the same Beijing Hotel window this month. The Beijing Hotel is now decorated with colorful motifs, floors made of glass and the lobby accented with beautiful antique Buddha statues and Qin dynasty porcelain. Outside, cars are creating traffic jams down six lanes of road and the din of vehicle horns punctuates the frustration and impatience of the drivers.

Shanghai is even more modern with boutiques, nightclubs and renovated mansions that attract tourists from all over Asia and other parts of the world. Shanghai is the center of this new economic China that will compete with Paris, Tokyo, and New York. People tell me that “it is really good now in China.” Behind the prosperity, however, if you allow yourself to look, you will see the poor, the aged, and the immigrants whose eyes do not sparkle and who show no smiles. This is the neglected population in the city, and the majority is women. The All-China Women’s Federation, an agency of the Chinese Central Government, is charged with representing the rights and interests of women throughout China. Women’s Federation committees have been established throughout China, from the cities to the rural villages. The Women’s Federation realizes that they need to help those individuals displaced from state-owned companies. They also realize that unlike the provinces and villages that are classified as in need of government aids, these are the poor in the cities who slip through the cracks. If a worker displaced from a state-owned company cannot find a similar job in private enterprise, there is no training program to help her develop new skills. There are just so many jobs for garbage collection and street cleaning. If an immigrant moves to Shanghai without skills, the government seems unable to provide proper training to support them.

Many organizations have been addressing large-scale poverty reduction in China. One example is the Social Development Programme for Poor Areas (SPPA) under the cooperation of the Chinese government and the United Nations Children’s Fund (UNICEF). This program, started in 1996, focuses its assistance on poor women and children in China’s western rural areas. The program uses micro-credit as an entry point to target poor women and empower them with knowledge and skills to build their self-confidence and respect. Women are organized into groups at the village level and encouraged to attend regular meetings to learn about making economic decisions, the importance of saving, and basic knowledge on health, nutrition, and hygiene. In the process they are able to increase household income, improve community health and hygiene, and ultimately their own self-confidence.

An impact assessment of the SPPA program was conducted in 2000. This study found that SPPA has demonstrated the feasibility of integrating credit with capacity building of the poor and improved access to basic social services at the community level. The assessment also recommends that SPPA be made operationally and institutionally sustainable. Otherwise, the program will be seen only as a five-year program and would affect the recovery rate of the loans. They recommend that other partners such as UNDP, World Bank, and Asian Development Bank be brought in to support and develop the credit component and work with UNICEF in strengthening capacity building and training at the county and township level. There is also a need to strengthen program management. For the program to succeed, it requires improved staff capacity for credit operations and financial management and reporting. UNICEF sees the importance of building an information system to monitor and support data gathering. This would include the accounting, auditing and reporting of key data of the credit operation on a regular basis.

The Women's Federation is familiar with the work UNICEF is undertaking in rural areas. They agree a similar program could be used to address the poor in inner cities. They are willing to work with a micro-credit provider under a similar UNICEF/SPPA model to address the social causes of poverty. It would make use of micro-credit as an entry point to target poor women and empower them with information and skills to become entrepreneurs. If such a program can demonstrate success, they are willing to help identify a financial institution that would set up a pilot to not only provide the on-going micro-credit funding, but create the opportunity for investors to support the source of the loans. This way, the program will become operationally and institutionally sustainable.

The skyline of Shanghai is changing dramatically. Along with drastic economic development, the gap between the haves and have-nots is widening. Micro-credit to women entrepreneurs has proven to be an effective means to alleviate poverty. The program could and should be sustainable and we want to use the opportunity given us by the Women's Federation in China to test this model. We welcome micro-finance institutions and consultants to participate in this venture with us. If you are interested, please contact us at wemf@aol.com.