

**DRAFT**

**PROMOTING WOMEN'S ECONOMIC  
EMPOWERMENT IN AFRICA**

**By Yeshiareg Dejene (AfDB)**

## **Abstract**

The concept of promoting women's economic and political empowerment has gained greater attention over the last three decades. However, progress in promoting gender equality and empowerment of women at country and local levels has been hampered by various constraints. Although there has been recent focus on developing women's entrepreneurship in Africa, much of the focus has been on growth-oriented women's businesses. Women's entrepreneurship in micro and small business that are often considered informal, despite concerted efforts of poverty reduction initiatives through increased access to skills training and micro-credit, have not been able to reach the growth potential. This paper examines the gender differentiated growth patterns and constraints to growth of women's and men's small scale enterprises. It briefly presents the various gender-related obstacles to the growth of women's enterprises and proposes policy and legal reforms to bring about change in women's access to assets. It also emphasizes the need to look at promoting women's economic empowerment from a multi-sectoral perspective and the need to integrate various economic, social and cultural elements in developing projects that seek to develop MSEs. Moreover, it highlights the need for the poverty reduction initiatives to target beyond increasing household income and reducing poverty and seek the growth of MSEs. It is hoped that the paper contribute to discussions related to MSE development and women's economic empowerment.

## **Women's Economic Empowerment for Poverty Reduction and Economic Growth**

### Introduction

The increased focus on gender and development debate has been an important development of the last three decades. The global realization that failure to pay closer attention to the differentiated positions of women and men in society (resource allocation, rights, and opportunities) in formulating policies and designing projects can have adverse impact on development outcomes. With this understanding, the consensus around the Beijing Platform for Action and was endorsed by 189 governments and leaders of key international institutions at the IV UN International Conference on Women in 1995 held in Beijing. The centrality of gender equality as one of the prerequisites for poverty reduction was further recognized as the world leaders agreed to a set of time-bound and measurable goals and targets, now called Millennium Development Goals (MDGs), for halving poverty and hunger, ensuring universal primary schooling, reducing child and maternal mortality and infectious diseases, improving environmental sustainability and achieving gender equality and women's empowerment. At the World Summit in 2005, Governments of Africa and other regions and international development organizations, reaffirmed their commitment to gender equality and women's empowerment as essential to development, peace and security.

The Millennium Development Goal 3: Promote Gender Equality and Empowerment of Women (MDG.3) is recognized not only as a goal in itself but also as an essential step for achieving all other goals. Paragraph 58 of the World Summit Outcome Document of 2005 articulates the resolution of the world leaders to eliminate pervasive gender discriminations in primary and secondary education, property and housing rights, access to reproductive health, access to labor markets, sustainable employment, and labor protection, and representation in government decision-making bodies as well as elimination of all forms of violence against women and the girl child. There is compelling evidence that gender equality and empowerment of women are instrumental for achieving other MDGs – universal primary education (MDG.2). lower under-five mortality (MDG4) improved maternal health (MDG5) and lower likelihood of contracting HIV/AIDS (MDG.6) recognition that gender equality is key in achieving other MDGs (UN Millennium Project, 2005).

Over the last three decades gender issues and women's empowerment have received greater visibility and attention on global, regional, and country level development agendas resulting in modest and uneven attainments in most regions in general, and in Sub Sahara Africa (SSA) in particular. There are now more girls in primary and secondary schools compared to the situation of three decades ago. Countries like Botswana, Lesotho, Mauritius, Namibia, Rwanda, Swaziland and Zimbabwe have either reached or are likely to attain gender parity at primary level by 2015. At secondary level, Algeria, Botswana, Lesotho Lybia, Namibia, Rwanda and Tunisia have closed the gender gap at secondary education level or are likely to attain it by 2015. Currently, six African countries have attained 30% and above ( Beijing goal)representation of women in

national parliaments ( Rwanda 48.8%, Mozambique 34.8%, South Africa 32.8 %, Burundi, 30.5 %, United Republic of Tanzania, 30.4% and Uganda 29.8 %). Women's participation in politics has gained modestly in Namibia 26.9 percent, Tunisia (22.8 %), Eritrea 22%, Senegal 22.0 % and Ethiopia 21.9 %.

Progress has also been attained in policy and legal reforms and institutional arrangements at both regional and country levels. Some countries formulated gender policies, revising family laws or adopting new ones, revision of legal frameworks and setting up institutional structures to facilitate advancing their gender equality agendas. In some countries, new and revised constitutions make provisions for women's equal rights.

On July 11 2003, the African Union adopted the Protocol on the Rights of Women in Africa, a supplementary protocol to the African Charter on Human and Peoples' Rights, which was adopted in 1981. The Protocol, which fills a major gap in the regional human rights system (Amnesty International, 2005), calls for the protection of the rights of women in reproductive health, violence against women, elimination of all forms of harmful traditional practices (including early marriage and female genital mutilation, equal right to education and training). In protecting women's economic and social rights, it calls for women's equal access to employment and equal pay for jobs of equal value, the right to inherit property, the right to equal share of matrimonial property at the time of divorce, ensure women's equal access to and control over productive resources and guarantee their property rights, promote and support the occupations and economic activities of women, in particular, within informal sector, establish system of protection and social insurance for women working in the informal sector and take necessary measures to recognize the economic value of women's work. The Protocol was entered into force in 2005 and as of January 2006, was ratified by Benin, Cape Verde, The Comoros, Djibouti, The Gambia, Lesotho, Libya, Malawi, Mali, Mauritania, Mozambique, Namibia, Nigeria, Rwanda, Senegal, South Africa and Togo. It is hoped that more countries will follow soon.

While these developments and attainments are important, there is a growing realization that gender equality and empowerment of women has not been fully integrated into policy formulation and project design. Considerable gaps between men and women in education attainment, economic opportunities, voices and decision-making and well-being are persistent in many parts of Africa. This paper, using available data in various disciplines, examines the efforts of women's economic empowerment in SSA. In particular, it examines the challenges of promoting women's economic empowerment through developing the micro and small scale enterprise in which women are highly represented. Divided into two parts, the paper begins by defining the relevant terms such as gender, inequality, poverty and empowerment and further assesses the link between gender inequality and poverty. In addition, it presents the condition of gender inequality in Africa in general and in Sub-Sahara Africa (SSA) in particular. In the second part, the paper assess women's employment and income level relative to men. It further examines the constraints women face in advancing the economic activities and income level in both the informal self-employment and small scale entrepreneurship. In this connection the report briefly presents some promising policy and operational measures that are likely

to make greater impacts. Finally, it provides key recommendations for action to governments and development partners.

### **Gender Equality and Economic Development: Progress and Challenges**

*Gender* is defined as socially constructed roles, relationships and learned behaviors of male or female. Men and women play different roles at home and in society. Based on the gendered social and cultural norms define the relationships between men and women; determine the rights, resources and decision-making power they have. Like race, ethnicity, and class, gender is a social category that determine one's life options, participation in the economy and the society. Gender norms, relations and behaviors vary from society to society and change over time. Studies have shown that in most societies, gender based norms and practices favor boys and men over women and girls in granting access to resources, opportunities, rights, voices, decision-making power at home and in the public spheres. Much of the gender and development literature suggests that gender norms and practices systematically put women in sub-coordinated position in society.

There have been various interpretation of the term *gender equality* in the past. The World Bank defines gender equality in terms of rights, resources and voices - equality under the law, equality of opportunities (including access to human capital and other productive resource) and equality of rewards for work and equality of voice (World Bank 2001). Similarly, based on previous analytical work of various experts, the UN Millennium Project Taskforce for Education and Gender (Grown et al, 2005) adopted an operational framework for understanding gender equality which has three main domains: (i) *The capabilities domain* – referring to basic human abilities as measured by education, health, and nutrition; (ii) *the access to resources and opportunities domain* – which refers primarily to equality in the opportunity to use or apply basic capabilities through access to economic assets (such as land, property, or infrastructure) and resources (such as income and employment) as well as political opportunities (such as representation in parliaments and other political bodies), and (iii) *The security domain* – which is defined as reduced vulnerability to violence and conflict, as violence, particularly targeted at women and girls limits them from reaching their potential.

The significance of this definition lies not only on its comprehensiveness (encompassing the multi-dimensions of inequalities), but also the emphasis it places on the fact that change in all three domains is critical to achieve the goal of gender equality and empowerment of women. It further notes that making progress in one domain to the exclusion of the others will be inadequate to meet MDG.3. A good example of which can be presented in the cases where progress has been achieved in closing gender parity in education, but gender gaps in the formal employment persists.

Women's empowerment is another term that needs clarification. Women's economic and political empowerment was adopted as one of the strategies for advancing the agenda of gender equality at the IV UN Conference on Women in 1995. The term empowerment has different meanings depending on the socio-economic, political and cultural context in which it is presented. Overall empowerment can be perceived as a process or as

outcome/goal and can take place at different levels (individual and community). In discussing the relation between empowerment and poverty reduction, World Bank defines empowerment as the expansion of freedom of choice and actions and increasing one's authority and control over the resources and decisions that affects one's life (World Bank, 2001). Similarly, Kabeer sees women's empowerment as a processes through which women gain the ability to take ownership and control of their lives. Key elements here are the expansion of choices and the ability to make strategic life choices (N.Kabeer, 2001 cited in DAW, 2001). Although the process of empowerment depends on women themselves involving consciousness raising, participation, and organizing themselves, it can also be facilitated through education, capacity building, training and other measures. Change has to happen in the structures and legal frameworks (family laws, property rights, etc) in order to make the self-transformation process of empowerment sustainable (Kabeer, 2001, and World Bank 2001).

### Gender and Poverty

Although there is an overall agreement on the notion that men and women experience poverty differently, linking gender and poverty is a complex matter that has increasingly become the focus of analysis. The growing literature on poverty has helped to broaden the definition of poverty and generated greater recognition on the multi-dimensionality of poverty. It called for better understanding of poverty not only in terms of income and expenditure, but in the broader sense of human poverty - a state of deprivation in capabilities (education, health, nutrition, etc) (Cagatay, 1998). Experts (Klassen, 2005, Cagatay 1998, Quisumbing et al, 1995 and others) argue that the household income/expenditure based measures, while they are important and provide comparative analysis of incidences of poverty between male headed and female headed households, they do not show the level of poverty experienced by women and men within the households. The gender dimension of poverty emerge more clearly through approaches of social indicators and those that capture the intra-household processes underlying resource allocation (DAI, 2005).

The challenge of measurements methodology aside, there is ample empirical evidence that establishes the linkage between gender inequality and poverty. Cagatay argues that from a human poverty or capabilities (education and health) perspective, women are poorer in most societies. There are fundamental gender inequalities in access to and control over productive assets such as land, labor and credits, earned income as well as gender biases in the labor market that form the ground for women's enhanced vulnerability to poverty. Women's high illiteracy rate, lack of decision making power over their fertility and early marriage of girls limit their chances of coming out of poverty. In addition, due to the disproportionate gender division of labor in the household and their increased responsibilities for domestic and productive work, women tend to be more time poor. Other argue that poverty is also related to the type of employment in which people are engaged, and the majority of the poor are in informal employment. In addition, Chen, et. Al (2002) argue that there is a closer correlation between gender, informal employment and poverty which has not been adequately explored.

Is gender equality good for economic growth? Although some argue that economic growth can lead to greater equality, there is sufficient analytical work that suggests that gender equality can contribute to poverty reduction and economic growth. Klasen (1999) pointed out that gender inequalities in education have direct impact on growth, and through distorting incentives and indirect impact on investment and population growth. Similarly, he stated that gender bias in employment is associated with low growth in Sub-Saharan Africa, reducing growth by 0.3 %. Furthermore, it is estimated that countries that are off track in meeting the gender parity in primary and secondary enrollments might lose 0.1-0.3 percentage point in annual economic growth between 1995 and 2005 and an average of 0.4 percentage point between 2005 and 2015 (Abu-Ghaida and Klasen, 2002, cited in Grown, C. et al 2005).

The World Bank study (Gleb, A. 2003) pointed out how Africa needs to capitalize on its unexplored growth potential, as they contribute half of the labor force, but whose productivity and growth has been affected by discriminatory practices in access to education and training and limited control over resources. Similarly, the Thirty-Eighth Session of the Conference of the African Ministers of Finance, Planning and Economic Development, held in May 2005 in Abuja, Nigeria, Governments stated that one of the ways for promoting growth and reducing poverty and achieving MDGs, among other measures is through strong investment in people, particularly Africa's women who have long been excluded from full economic participation in the societies.

#### Current Status of Gender Inequality in Sub-Saharan Africa

In general, despite significant progress made by some African countries (countries in North Africa and a few others), Africa lags behind in meeting the MDGs targets. Concerning gender, women are highly represented among the poor in Africa. The number of people living in extreme poverty (on US 1 a day or less in sub-Saharan Africa) increased from 217 million in 1990 to 290 million in 2000, the majority of whom are women. Many countries in the continent have not met the target of closing gender gaps in primary and secondary education by 2005. Only 7 countries are likely to achieve MDG.3 targets – eliminate gender disparity in primary and secondary education by no later than 2015. In fact, 12 of the 21 countries that are expected to have retained the gender ratio in primary education below 0.9 by 2015 are in Africa. In particular, closing the gender gap in secondary education has been a major challenge in SSA, which has the lowest female secondary enrollment of 29.7 percent. Projection for 2015 indicates that 12 of the 27 countries with below 0.9 gender parity ratios in secondary level will be in sub-Saharan Africa.

The armed conflict has on overall deteriorating effects on economic and social developments of SSA is well known. UNESCO (2004, cited in Grown, C. et al) reported six (Angola, Burundi, Democratic Republic of Congo, Liberia, Sierra Leone, and Somalia) of 17 SSA countries in which enrollment declined in the 1990s, were affected by armed conflict.

Progress in improving maternal health remains unchanged in sub-Saharan Africa, with the exception of a few countries. On average, 917 mothers died in Africa for every 100,000 live births, almost the same as in 1990. Among SSA countries, only Gambia and Cape Verde are expected to achieve MDGs target of reducing Maternal Mortality Ratio (MMR) by three-fourth by 2015. Sub-Saharan African women have 1 in 16 risk of dying of pregnancy related complications as compared to 1:32 in other developing countries. The issue of maternal mortality is increasingly linked to gender inequalities in a number of socio-economic and decision-making arenas, reflecting the low status of women and the girl-child in society. Similarly, gender inequalities increase women's vulnerability to HIV/AIDS. Gender inequality remains a big challenge in particular in sub-Saharan Africa, despite the recognition that educating and empowering women and girls are important to achieving all MDGs.

Various reasons have been cited as to why Africa is off track in terms of meeting the MDG targets. As reported by UNECA (2005), some of the reasons include, (i) the economic growth experienced in some SSA countries has not been rapid, sustainable and inclusive enough to lift the poor out of poverty, (ii) weak capacity and quality of governance, (iii) the impact of HIV/AIDS on economic growth and social development, (iv) persistent gender inequality and discrimination, (v) war and conflict which affected close to 20 percent of the population in SSA in 2000, women and children accounting for the majority of people affected by the situation. Persistent gender discriminations in Africa remain a major barrier to advancing development in the region.

The current challenge facing the continent is how to achieve a reversal of present trends in economic and human development and gender equality within a timeframe of less than a decade. Experts indicated that the gaps in incorporating the MDGs into policies and operational planning within governments or international organizations, and allocating corresponding investments are some of the key factors persistently hindering progress in implementation. They also note that in order to change the lives of women and men in Africa, a massive scaling up of efforts is needed in all developmental fronts.

Women's economic empowerment is recognized as one means for reducing poverty and economic growth. Women play a significant role in African economies, and are highly represented in the micro and small enterprises sub-sector. The majority of them are engaged in small income generating self employment in agriculture and non-agricultural activities with low prospect for growth. Since women's economic well being is linked to the development of the sectors and sub-sectors in which they operate, the following part of the paper is devoted to examining women's role in MSE and assessing the challenges and opportunities for promoting women's economic empowerment through developing the MSE.

## **Women, Self Employment and Entrepreneurship in the African Economy**

### Women in Informal Employment, Micro and Small Enterprise

The African economy is characterized by the presence of a large segment of people engaged in the informal economy. The term informal economy means different things in different context. The ILO, together with other stakeholders, used a more comprehensive and broader definition of the informal economy. Accordingly, the informal economy is comprised of (i) informal employment without secure contracts, benefits etc, (ii) informal employment in informal enterprises (small unregistered or unincorporated enterprises including: employers, employees, own account operators, and unpaid family workers in informal enterprises, and (iii) informal employment outside of informal enterprises including domestic workers, temporary, casual or part-time workers etc.

The informal economy employs a larger share of the economically active population in Africa. It employs 72 percent of the non-agricultural employment in sub-Sahara Africa and 48 percent in North Africa. One of the reasons for the large share of informal employment is the inability of the formal sector (public and private sectors) to absorb the growing labor force. For example, in Tanzania out of 700,000 people who enter into the labor market annually, only about 40,000 can expect to be employed in the formal economy (ILO & AfDB, 2004). According to some studies (Chen, M. et. Al 2002), over 80 percent of new jobs created in Africa is in the informal economy.

The informal economy is an important source of employment and income for women in Africa and elsewhere. In sub-Sahara Africa 84 percent of women are informally employed, as compared to 63 percent of men. In fact, sub-Sahara Africa has the highest share of women employed informally, compared to the rest of the developing countries and North Africa, each having 60 and 43 percent respectively. Working informally provides women and their families the much needed income to stay on the verge of poverty. In Ghana, for example three-fourth of the households depends on women's small and micro income generating activities for their survival for more than half of the time. Similarly, many households, in particular poor households depend on women's informal livelihoods for much of their income. Women's informal employment in both agricultural and non-agricultural sectors contribute to the national economy. For example, in Ghana, women contribute up to 46 percent of the agricultural GDP. Similarly in Benin, Chad, Mali and Kenya women's informal work makes strong contribution to GDP, reaching above 50 percent (Beneria, cited in DAI 2005).

Self-employment is an important part of the informal economy and comprises 70 percent of informal employment in non-agriculture employment in sub-Sahara Africa. Self-employment can be divided into three main categories, trade, production, and services. Women's self employment in SSA involves a whole range of economic activities in production/manufacturing (food processing, weaving, handicrafts etc), services (cooking, hair plaiting, laundry, informal lending etc), and trading (wholesale and retail trading) (Accounting for 60 percent of the non-agricultural self-employment, trade has a

prominent place in SSA). It is estimated that most micro and small enterprises are part of the informal economy.

The unavailability of statistical data makes it difficult for providing a comprehensive profile of MSEs in SSA. However, some case studies shade light on their common characteristics. In addition to the common profile of being unregistered and unregulated, MSEs are often characterized by very small scale operations, use of low technology, low start up and working capital, low business (managerial) skills, low level of productivity and income and weak linkages to the formal economy ( Capt. J. 1995). Although there is a general understanding that micro-enterprises are very small businesses employing less than 10 workers, on average they employ only one person, the owner and an occasional assistant.

Several studies have shown that women's prominence in the micro and small entrepreneurship are due to various factors including easy entry. A study conducted in Ethiopia, Kenya and Tanzania by the African Development Bank and ILO (2004) indicated that micro-enterprises with less than 10 employees constitute over 99 percent of their micro, small and medium sized enterprises. The study further estimates that the share of women is reported to be approximately 65 percent in Ethiopia, 45 percent in Kenya and 43 percent in Tanzania. Similarly, a survey carried out in Southern African in 1991 shows that women's have a bigger share in micro and small enterprises in the region, citing male migration in search of work in South Africa. According to this study female entrepreneurs account for 73 percent of small and micro-entrepreneurs in Lesotho, and 84 percent in Swaziland, 62 percent in South Africa and 67 percent in Zimbabwe.

#### Characteristics of Women Owned MSEs

Many women enter into micro-entrepreneurship out of economic necessity and lack of other employment options. Because of their multiple responsibilities at home, women often choose the type of income generating activity that would allow them to manage from home. A review of African MSEs indicated that 45 percent of the female headed micro and small enterprise were home-based as compared to only 19 percent of the male-headed micro and small enterprises (USAID 1995, cited in DAI 2004).

Another common characteristic of women owned MSEs is the type of economic activity in which they are engaged. In Africa many women are engaged in food processing, basket making, cloth dying, soap making etc, while men are concentrated in wood work, transport, metal processing and similar occupations. Some of the reasons why women are concentrated in certain occupations has to do with their lack of marketable skills other than what they have learned at home and the easy entry into these occupations. This gender differentiated segregation of employment has ramification for growth and income (DAI, 2005). For example, brick making (male occupation) in Zimbabwe earned 7 times as much more as beer brewing (female occupation) regardless of comparable investment (Scotts, cited in USAID, 2005).

Women owned MSEs are known for their low start up and working capital. A large number of women start the small scale enterprises with personal savings or traditional collective savings. Because of lack of property rights, many women lack the necessary asset for starting businesses. Referring to the case in rural Ghana, IFAD reported that over 70 percent of them start up with capital less than US\$ 100, and 45 percent with less than US\$20. Similarly, a World Bank survey of female micro-entrepreneurs in Zimbabwe showed that only 5 percent of respondents had received formal credit while 75 percent of them got financed their capital needs from personal savings and family grants (Saito 1991 cited in Downing and Daniels 1992). Not only women micro-enterprise operators have small starting capital, they are more likely to redirect earnings from their businesses toward the consumption of the household rather than reinvest in their businesses.

Another distinct characteristic of female enterprises is the limited growth potential of the many women managed micro-enterprises. As indicated above women's enterprises have low growth rate, partially due to the type of business activities they run. However, studies have shown women's and men's enterprises have different growth rates even those which operate in the same sub-sector. A study (Downing and Daniels 1992) conducted in four southern African countries has shown that in Swaziland women's businesses in retail, textiles and wood-based production grew at annual rates of 7 percent, 3 percent and 4 percent respectively. In the same sub-sectors, men's enterprises grew at 11 percent, 4 percent and 26 percent annually. Similar patterns were documented in Zimbabwe for the retail trade where women's businesses grew by 11 percent, while men's demonstrated a 15 percent growth. In South Africa the study also shows a considerable gap between the growth of female (growing at 22 percent, 12 percent, and 22 percent and male (34 percent, 15 percent and 50 percent respectively) in the mentioned sub-sectors. As the study noted these gender differentiated growth trends could relate to gaps in profitability, potential for growth, or objectives related to growth.

#### Gender Differentiated Constraints to Women's MSE's Growth.

Determining the reasons why women owned and managed enterprises have low growth rate as compared to male headed enterprises is not as straightforward as some suggest the main reasons being lack of credit, skills and markets. Although these are important factors that can influence the growth of enterprises, the reasons for female led enterprises low growth are diverse and are intertwined in economic, cultural and social dynamics. In the study indicated earlier conducted in Southern Africa pointed out three main reasons cited as growth constraints by most male and female respondents were finance (working capital or cash flow), markets, and input supplies. Interestingly, the survey also notes that female entrepreneurs in the four countries studied did not appear to respond to the large markets, while men's enterprises increased relatively consistently with an increase in market size.

Home-based businesses have the advantage of allowing women to combine both their businesses and their care responsibilities (especially those with young children). However, such businesses have limited direct interaction with customers as opposed to

those income generating activities that are based in traditional markets or commercial districts.

Some literature suggest that female entrepreneurs are likely to diversify their businesses, switching from one to another depending on the level of profits and sometimes managing various small activities simultaneously to limit risk. Anthropological studies argue that women's diversification of their businesses is their strategy for survival not necessarily to avoid risk. Others noted that as women find meeting their growth potential difficult, they tend to grow horizontally by diversifying their businesses. However, some studies argue that women have a distinctive female entrepreneurship style that some women diversify production Mayoux argued that comparatively male entrepreneurs have the ability to manipulate social networks, rely on unpaid family labor, and draw on other sources of income to facilitate their upward mobility (Mayoux, 1993).

A number of common factors influence the growth of micro and small enterprises in Africa. But, specifically, several gender-based economic, social and cultural conditions affect differently the performances of female and male enterprises. Both female headed and male headed enterprises suffer from lack of product market, managerial skills, financial resources, location, adequate technology, infrastructure, and supportive policy environment. The following part examines the various gender based constraints that hamper the growth of women owned and operated micro and small enterprises.

#### *Labor Burden*

Studies have shown that women have higher labor burden (time poor) as opposed to men. Family and community responsibilities take a lot of women's time that could be applied for improving their income generating efforts. In many SSA countries, women work up to 16 hours a day, juggling both productive work and their responsibilities at home. Their responsibility for child care (often caring for three to six children at a time) limits their mobility and obliges them to generate income in less conducive environment for business. Although statistical data are not available on the share of children attending early childhood education, there is greater shortage of affordable child care and pre-school programs even in urban areas in many parts of Africa. Women responsibilities for child care are often cited as reasons for women's low participation in skills training and literacy programs, which are crucial for building business management skills of female enterprises.

#### *Skills*

Lack of adequate skills are other constraints faced by female entrepreneurs. The coverage and quality of agricultural extension services in processing, preserving and packaging food is limited in many SSA countries. Training for women often focuses on "traditional female skills" in tie and dye, basket making etc. for which the market is saturated. Women's high illiteracy rate also limits the types of vocational and skills training they can be offered.

### *Access to Financial Resources*

Women's lack of assets, due to the gender discriminatory property and inheritance practices in many of the African countries limit women's access and control over resources specifically land. For example, female headed households in Uganda claimed that their inability to finance their start up capital prevented them investing in businesses and trade activities (Dolan 2002, cited in USAID 2005). The lack of both start up and working capital limits the size, type and location of income generating activities. In recent decade micro-credit institutions have gained greater prominence in filling in the financial resource gaps to the poor in general and to poor women in particular. While some of the successes of micro-credit institutions has gained recognition over the years, the unmet credit needs of men and women in many parts of Africa remains big.

The growth of micro-finance institutions and their impact in helping reduce poverty has gained worldwide recognition. By the end of 2003, about 80 million people were accessing micro-credit by about 2,900 Micro Finance Institutions. Despite this continued growth, there is a considerable gap of unmet credit demand worldwide. The success of micro-finance in supporting micro and small business in general and those operated by own women in particular in India and Bangladesh is well known. Studies have shown that similar successes have been noted in South Africa and Mauritius. (Appanah, v. not dated). However, there are many challenges that need closer attention if micro-credits are to sustain supporting the reduction of poverty and contribute to growth.

Recent study, however, argue that the current lending mechanisms (loan ceiling and other limitations) used by micro-finance institutions are not geared towards the growth of the micro-enterprises. Because micro-entrepreneurs can not take loans beyond the limited size, they tend to take repeated loans and try to grow "horizontally" by diversifying their businesses and engaging them selves in multiple small-scale businesses (Stevenson, L. & A. St-Onge, 2005).

There is also another school of thought that recognizes the limitations of micro-finance institutions from the perspective of women's empowerment. Mayoux (2004) argues that cost effective ways of integrating micro-finance with other empowerment interventions, including group development and complementary services are still lacking. The term empowerment here means that as women control decisions on savings and credit, they can optimize their well-being and those of their households (Mayoux, 2004). This approach is believed to be considerably different from the poverty reduction project approach where the emphasis is more to use the loan for increasing income at the household level more for consumption.

The question, however, is do women really have full decision making power to determine how the loans or the profits should be spent? There is ample evidence that suggests that men may have more control on the incomes of women's micro-enterprises and often they may decide to finance their own personal interests instead of the households'. Moreover,

because of cultural constraints, women may be reluctant to make independent decisions on the household income.

### *Weak Infrastructure*

The low development of roads and lack of transport affects both male and female entrepreneurs. But, a closer examination at the gender differentiated impact of weak infrastructure on women and men and their respective income generating activities tells a different story. As indicated earlier, women's ability to be more actively engaged themselves in their economic activities is partly affected by the heavy labor burden and time poverty associated with their family responsibilities. Women who live in communities with low infrastructure, (transport, water and sanitation and energy) are worse affected. Studies have shown how women's time burden is affected by inadequate transport systems. A World Bank study (Malmberg Calvo, 1996, cited in Crown, C, et al 2005) reported that 87 percent of trips in rural Africa take place on foot. Of this, the time women spent accounts for more than 65 percent of the household's time and effort put on transport. The study also found that the average daily load of women carried was 20 kilograms for 1.4-5.3 kilometers). Some studies suggest that access to roads can improve women's income – in Cameroon women in a village on a main road earned more than those located 90 minutes away from the road (Lovell, 2000, cited in Grown, C. et al 2005).

Collecting fuel-wood is a predominately female responsibility in most of African countries. A study conducted in three countries reported that women spend up to 300 hours a year in Ghana and Tanzania and 800 hours a year in Zambia collecting fuel wood (Malmberg Calvo, 1994, cited in Grown, C. et al, 2005). In northern Ghana, it was reported that the productivity of shea butter production was affected due to shortage of fuel-wood and lack of alternative energy. A total of 20 hours of arduous work (women's labor) is needed to produce one kilo gram shea butter. Use of adequate energy and improved technology can dramatically reduce the amount of time and drudgery of labor need and increase productivity and income.

Women and girls spend more time fetching water compared to men and boys. The study in SSA cited above reported that women spent more than 700 hours a day fetching water in Ghana, 500 hours in Tanzania and 200 hours in Zambia. Water is a main ingredient in food processing and other major household and market economies in which women are engaged. The limited access to water by communities, not only exacerbates women's and girls' time and labor burden, it also affects their livelihoods disproportionately. Most of women's economic activities, food processing, vegetable and palm oil extraction, fish smoking, gari processing, textile (batik and tie and die) and other need considerable amount of water and energy sources. Therefore, improvement in the infrastructure needs to take account of both women's and men's needs and their equal participation is essential for the success of initiatives in the sector.

### *Limited Access to Markets*

Studies reported women's micro and small entrepreneurs often complaining about the lack of demand for their products, although according to the earlier mentioned study in Southern Africa, they do not respond to increased markets (DAI, 2005). There are various factors that limit women's income generating activities access to markets. As noted earlier, women disproportionately experience limited mobility due to various factors linked to either their family responsibility or cultural practices. Those who can travel lack the market information on products and inputs, thus become dependent on the middle traders who buy their products at relatively lower than the market price. Because women often produce small amounts, they are limited to the local village markets, where the market for their products and services are already saturated. Some projects which organized women producers in handcrafts and other goods have shown some good practices where women producers were linked to international markets. Such projects invest extensively into training and coaching to ensure the products match the international quality standards and improve competitiveness.

Other factors such as improved technology for preserving and storage facilities close to market areas are some of the constraints related to marketing of goods. A study on women cross-border traders in West Africa reported that lack of technology and cool storage close to markets affect women who trade in processed food such as fish in the region. In addition limited access to input markets, due to shortage of raw materials and high price of imported inputs such as chemicals for batik work and tie and dye can constrain their productivity.

### *Weak Business Organizations*

African women have various types of informal and semi-formal economic and social associations where they pull labor and resources together to maximize labor productivity and social networks. Recently, through various interventions of donors, governments and NGOs, women have been organizing themselves into groups and associations. In Ghana, for example, women are organized by their products, for example association of shea butter producers etc. However, the capacity of these associations is weak and they more concerned with their social interest instead of looking at what they can do to support their businesses economically. One of the successful organizations of women in the informal sector is the Self-Employed Women's Associations (SEWA) of India which is an organizations and a movement for social change. SEWA has over 959,698 members through out India and provides various services in to poor self-employed women including savings and credit, child care, insurance and legal services. Lessons can be learned from the strength of SEWA.

### *Limited Enabling Environment*

Governments in many part of Africa recognize the role micro and small enterprises can play for employment generation and poverty reduction. However, creating a more enabling environment for promoting micro and small businesses and transforming the

informal economy into a dynamic economic sector has been a challenge. The absence of statistical data to determine the size characteristics of the informal sector operators and the capacity of the institutions with which they interact limits the ability of governments to make informed policy measures. Operating informally denies these income generating activities access to securing markets and other facilities necessary for their business operations. Reforms are also needed in business registration to allow for joint registration so that women are equal owners of household enterprises. Because joint registration is often not practiced in many parts of Africa, in time of divorce or death of spouses, women lose the businesses they help grow.

Some African countries have made concerted efforts to promote micro and small enterprises through policy measures, institutional development in micro- credit and training. Some of them have also integrated the promotion of MSE into their Poverty Reduction Strategy Papers. For example, the Kenya Development Plan (1997/2001) envisioned the development of MSE by developing and reviewing legal framework and regulatory environment, formulating programs to improve access to credit and finance, supporting women and youth involvement in the small/medium scale and informal sector through special programs, encourage strong background linkages with the manufacturing sector, and reviewing and harmonizing licensing procedures for informal sector enterprises (Chen, et al 2003). Implementation of the plan was, however, has been slow.

Although there are similar policy measures taken to promote micro- and small enterprises, the South African response for promoting the informal economy can serve as a good example for promoting urban informal sector in the continent (Chen, et al). In 2000 the Durban Metropolitan Council, set forth a process for a comprehensive policy development to promote the informal economy. A research on informal trade sectors with the participation of the operators and their organizations was carried out, followed by workshops and various consultation meetings to identify their priority needs.. Finally the policy with its implementation strategy was developed which included: (i) simplification of registration cost for vendors and home-based workers, with incentives for registration, (ii) representation of informal trader organizations on planning and policy committees, (iii) provision of support to trader organizations, and (iv) city officials and traders working together to improve the image of the informal sector.( Durban Metropolitan Council 2001, cited in Chen, et al 2003).

## **Conclusion**

Micro and small enterprises provide employment to the poor who have no other means of income. Women are highly represented in self-employment and operating small income generating activity. Although women's MSE's are significant in terms of reducing the household vulnerability to poverty, many of them are not reaching their growth potential due to various factors as summarized above. Many of the constraints women micro and small enterprises face can not be addressed with one single intervention or one single sector for that matter. The micro and small enterprises, although their importance for poverty reduction is recognized, there is little confidence among policy makers about their ability to contribute to the growth of the economy. Therefore, greater attention

needs to be paid to the development of the sector in general to promoting women owned micro and small enterprises in the continent and ensure women's economic empowerment as a way to reducing poverty and promoting growth.

## **Recommendations**

Women's lack of access to productive resources in Africa is a serious economic problem for the continent. Denying working women the opportunity to own and inherit property has serious implications on the productivity and income of households. There is a growing realization that countries are not honoring their international and regional commitments that call for gender equality in property and inheritance rights. Greater attention needs to be paid in galvanizing efforts to ensure women's ownership of land and other properties through policy formulation reform, revision of the legal systems and changing customary practices.

Promoting the growth of micro and small enterprises is a responsibility of various institutions. Coordination among these institutions is often weak or non-existent. In some countries as many as four or five institutions such as ministry of trade and industry, local government, rural development institutions, women's affairs ministries and others; each doing the same thing without adequate consultations and harmonization. Sometimes lack of coordination leads to duplicative of efforts and wasting of resources. Therefore, recognizing division of labor among institutions and coordination of efforts should be promoted on a regular basis.

Ensuring access to micro-credits and training to women alone is not a panacea to women's business growth. Projects that support women's micro and small entrepreneurship need to take into account the various gender related challenges as summarized above, including time burden, lack of intra-household decision making power, low technology, limited access to markets and resources and limited supportive environment. Efforts should be made to empower women through various leadership programs that build women's ability to progress in the businesses.

Lack of statistical data on the informal economy is a major problem for policy formulation and program development. Gender statistics on the characteristics of women and men entrepreneurs and their business practices, as well as their institutions are necessary for informed decision making. Government statistical offices and their partners are key players in collecting, analyzing and disseminating key information. It is recommended that attention be paid to collect sufficient and detailed gender statistics on the micro and small enterprises.

Weak infrastructure has a limiting effect on both women and men small activities. Women MSE are disproportionately affected by the lack of or high cost of energy, water and transport. Interventions in conventional and alternative energy development need to take account of household and MSE energy needs. Infrastructure projects need to be development with equal participation of women and men. It is important that poverty

reduction and income generating project take into account the infrastructure needs of women's micro and small enterprises in designing their projects.

Improving vocational and technical education and training is an effective way of generating dynamic entrepreneurs. Girls' and women's participation in technical vocational education is low in many African countries. There is the need to transform the gender segregated approach to vocational and technical training in which girls and women are trained in traditional occupations such as knitting, cooking and others. Skills training programs need to be developed in conjunction with the labor market.

Promoting the gender equality and empowerment of women benefits the economy and the society at large. In many countries of Africa gender inequalities and gender based discriminations are perpetuated by customary practices. There is the need to enhance awareness about the disadvantages of these discriminations not only to women and girls but to the community at large.

There are a number of associations of women MSE organizations in many of the African countries. With the exception of those formal organizations of formal small and medium size enterprises, the capacity of many of the informal associations is weak. Supporting women micro and small entrepreneurs to organize themselves and strengthen the existing associations can help enhancing their capacity to express their common interests and advocate for improved policy environment and increased investment in the various sub-sectors in which they operate.

## References

- Abu-Ghaida, D. and S. Klassen      The Cost of Missing the Millennium Development Goal on Gender Equity. 2002.
- Beneria, L.      “Shifting the Risk: New Employment Patterns, Informalization, and Women’s Work”, Ithaca NY Cornell University.  
<http://www.arts.cornell.edu/poverty/papers/Beneria-informalizationUrban.pdf>
- Cagatay, N.      Gender and Poverty, 1998 (UNDP Working Paper Series).
- Chen, M. J. Vanek & M.Carr      Mainstreaming Informal Employment and Gender in Poverty Reduction. 2004. Commonwealth & IDRC working paper.
- Development Alternatives, Inc      Gender and Pro-Poor Growth, 2005 (USAID publication).
- Development Training Services      Enhancing Women’s Market Access and Promoting Pro-Poor Growth, 2005 (USAID publication).
- Downing, J. & L. Daniels      The Growth and Dynamics of Women Entrepreneurs in Southern Africa (1992). Growth & Equity through Micro Enterprise Investments And Institutions (GEMINI) publication.
- Grown, C, G. Gupta, A.Kes      Taking Action: Achieving Gender Equality and Empowering Women. 2005
- Kabeer, N.      The Power to Choose, London, 2001.
- Klassen, S.      Pro Poor Growth and Gender. 2005.
- Malmberg, C.      “Case study on the role of Women in Rural Transport: Access of Women to Domestic Facilities”. In Sub-Sahara Africa Transport Policy Program – WB and ECA Working Paper 11. 1994.
- Malmberg, C.      “Promoting Intermediate Means of Transport”. Sub-Sahara Africa Transportation Policy Program Working Paper 20, World Bank, 1996.

- Mayoux, L Jobs, Gender and Small Enterprises: Getting Policy Environment Right. 2001 ILO Paper.
- Mayoux, L Women's Empowerment through Sustainable Micro-finance: Rethinking Best Practices, 2006.
- Scott, E. P. "Home Based Industries: An Alternative Strategy for Household Security in Rural Zimbabwe", The Journal of Developing Areas, 1995 Vol. 29.
- Stevenson, L, A. St-Onge Support for Growth-Oriented Women Entrepreneurs in Ethiopia, 2005 (ILO & AfDB publication).
- Quisumbing, A. , L. Haddad, and C. Pena "Are Women Over-represented Among the Poor? An Analysis of poverty in Ten Developing Countries" FCND Discussion Paper No. 115, Washington D.C, IFPRI. 2001.
- Gelb, A. Can Africa Claim the 21<sup>st</sup> Century? World Bank Publication. 2003 Washington, D.C.
- World Bank Engendering Development Through Gender Equality in Rights, Resources, and voice. 2001.