
REVIEW OF PPC/WID DOCUMENTS:

LESSONS LEARNED IN PRIVATE ENTERPRISE

By:

Elizabeth Gold
Consultant to
Labat-Anderson Inc.

April 1991
Prepared for:
Office of Women in Development
Bureau for Program and Policy Coordination
Agency for International Development
Contract No. PDC-0100-Z-00-9044-00

GENESYS

REVIEW OF PPC/WID DOCUMENTS: LESSONS LEARNED IN PRIVATE ENTERPRISE

Table of Contents

| | | |
|-----|--|----|
| I. | LESSONS LEARNED IN PRIVATE ENTERPRISE | 1 |
| | Characteristics of Women in the Informal Sector | 1 |
| | Microenterprise Development Programs | 2 |
| | Credit for Women Entrepreneurs | 4 |
| | Training Women in PRE Programs | 6 |
| | Women and Export Manufacturing | 8 |
| | Areas for Further Research | 9 |
| | Endnotes | 10 |
| II. | SUMMARIES OF PPC/WID DOCUMENTS IN PRIVATE ENTERPRISE | |
| 1. | Berenbach, Shari, Syed M. Hashemi and Kathy Stearns. "Women's Enterprise Development Project in Bangladesh: Excerpts from the Project Identification Document and Background Papers," GEMINI Technical Report No. 2. Washington, DC: Development Alternatives, Inc., September 1990. | 17 |
| 2. | Berger, Marguerite and Mayra Buvinic, Editors. "Women's Ventures: Assistance to the Informal Sector in Latin America," West Hartford, CT: ICRW, Inc, 1989. | 21 |
| 3. | Boomgard, James J. "Taking Stock of A.I.D.'s Microenterprise Portfolio: Background and Conceptual Overview," A.I.D. Evaluation Special Study No. 66. Washington, DC: U.S. Agency for International Development, December 1989. | 39 |
| 4. | Boomgard, James J. "A.I.D. Microenterprise Stocktaking: Synthesis Report," A.I.D. Evaluation Special Study No. 65. Washington, DC: U.S. Agency for International Development, December 1989. | 42 |
| 5. | Clark, Mari H. "Involving Women in Microenterprise Development Projects: Lessons Learned From ARIES," Washington, DC: Robert R. Nathan Associates, September 1989. | 47 |
| 6. | Downing, Jeanne. "Gender and the Growth and Dynamics of Microenterprises," GEMINI Working Paper No. 5. Washington, DC: Development Alternatives, Inc., September 1990. | 51 |

7. Downing, Jeanne. "Women in Small and Microenterprises in the Eastern Caribbean," Washington, DC: RDO/C/WID, 1990. 57
8. Joekes, Susan. "Employment in Industrial Free Zones in The Dominican Republic: A Report with Recommendations For Improved Worker Services," Washington, DC: ICRW, July 1987. 61
9. Joekes, Susan and Roxana Moayed. "Women and Export Manufacturing: A Review of the Issues and AID Policy," Washington, DC: ICRW, July 1987. 66
10. Lewis, Sydney A. and Karen Russell. "Mali: Women in Private Enterprise," Washington, DC: Ernst & Young, August 1989. 70
11. Lust, Nancy, Sonia Patten, Larry Blake and John Vreyens. "The MUCIA/WID Cameroon Credit Union Development Project," East Lansing, MI: MUCIA, June 1990. 75
12. Lycette, Margaret A. "Improving Women's Access to Credit In the Third World: Policy and Project Recommendations," Washington, DC: International Center for Research on Women, June 1984. 80
13. Pulley, Tulin and Margaret Lycette. "CRS Income Generation Project for Rural Women: Project Evaluation," Washington, DC: WID and ICRW, March 1989. 84
14. Rein, Judy and Carmen Winkler. "A Survey of Women's Organizations and Projects and Activities in Women in Development in Guatemala," East Lansing, MI: MUCIA/WID, March 1990. 88
15. Rucker, Robert L. "The Employment Challenge: Preliminary Findings and Conclusions," Tunis: USAID/Tunisia, May 1990. 93
16. Arthur Young. "Private Enterprise Development: Gender Considerations," Washington, DC: Private Enterprise Development Support Project II, November 1988. 95

LESSONS LEARNED IN PRIVATE ENTERPRISE

In reviewing PPC/WID's 16 documents on Private Enterprise, some interesting findings, lessons, and statistics have emerged. Bear in mind that this is by no means a scientific survey nor an exhaustive search of all the literature that exists on the topic. There are, however, some conclusions and recommendations that can be drawn from this sample, as well as indicators of where further research is needed.

I. CHARACTERISTICS OF WOMEN IN THE INFORMAL SECTOR

The following general observations regarding women in the informal sector recur throughout the literature. These characteristics are worth noting in that they have implications for the design of development policy, programs, and projects.

KEY FINDINGS AND CONCLUSIONS:

- (1) The informal sector entrepreneur begins her business out of economic necessity. Faced with increasing economic need, and unable to find employment in modern sector firms, women are forced to create their own jobs.¹
- (2) The informal entrepreneur tends to employ little labor. Occasionally a family member assists, but rarely as a paid employee.²
- (3) The informal entrepreneur faces stiff competition. Ease of entry into the sector means that many people vie for the same market.³
- (4) Women's enterprises most often fall within the personal services and commerce sectors and food production, with low participation rates in the manufacturing sectors.⁴
- (5) A high proportion of women who are heads of household work in the informal sector.⁵
- (6) Women's microenterprise activities are often organized within their homes.⁶
- (7) Women's microbusinesses are concentrated among the smallest and least remunerative activities. Women tend to have smaller and less structured businesses than their male counterparts.⁷
- (8) Assistance to market vendors --- who represent the vast majority of economically active poor women in the urban world -- must become a priority if women are to be included in the emerging campaign to address the needs of the world's ever-growing informal sector.⁸
- (9) Most poor female entrepreneurs tend to be oriented toward stability and survival rather than expansion. The research of Sebstad and Grown suggest that men much more than women are freer to and willing to assume a growth orientation. Women's greater security orientation is attributed to the meager resources to which they have access, their primary responsibility for feeding the family, and the threat of abandonment and divorce. This threat, they argue, motivates women to invest profits in the security offered by kin networks.⁹

(10) Women entrepreneurs usually have less formal education than male counterparts.¹⁰

VALUABLE STATISTICS:

- In Bombay and Jakarta, as well as in many African cities, 50 to 60% of the labor force is employed in the informal sector. In Brazil, a full 69% of urban workers can be categorized as informal sector employees.¹¹
- In Botswana, Tanzania, and Nepal, more than 80% of the total female labor force is self-employed in the informal sector.¹²
- In 1950, the ILO reported 344 million women as "economically active"; in 1975, that number had risen to 576 million -- about 35% of the global labor force. ¹³
- Research on female microentrepreneurs in Lesotho revealed that 75% of respondents had problems acquiring inputs and selling their products because of lack of access to efficient transportation to market.¹⁴

II. MICROENTERPRISE DEVELOPMENT PROGRAMS

KEY FINDINGS AND CONCLUSIONS:

(1) Microenterprise programs are well suited to the goal of integrating women into the development process.¹⁵

(2) The proportion of women beneficiaries is highest in programs that are specifically targeted to women and programs that target assistance to urban, commercial microentrepreneurs--sectors having proportionally higher rates of female participation. Targeting of sectors in which women are involved is an effective way to integrate women into small and microenterprise (SME) projects. Conversely, targeting of sectors in which few if any women are involved is one of the major ways in which women have been excluded from SME projects.

This finding appears in at least three of the documents reviewed.¹⁶

(3) Research suggests that females entrepreneurs display a lateral growth pattern that involves increasing the number, rather than the size, of the enterprises in which they are engaged. Studies by Michigan State University, the World Bank, and the International Food Policy Research Institute show that, especially in rural areas, entrepreneurs attempt to diversify their economic activities rather than specialize, as a strategy for increasing as well as maintaining their incomes. With relatively less time, mobility, and capital resources, women may find lateral growth in the high risk environments in which they operate a more effective income strategy.

This finding appeared in three of the documents.¹⁷

(4) The arguments for incorporating the gender variable into analyses of and strategies for microenterprise development center not only on the existing and growing proportion of females in

the microenterprise sector, but also on the importance of the income earned and spent by women for human capital investment, household survival, and contributions to economic growth and development. Interviews with female vendors and marketers in the Eastern Caribbean showed that they make significant human capital investments. Educating the children, for this group, was a priority investment which often precluded business growth.

This finding appears in three of the documents.¹⁸

(5) In 1989, A.I.D. conducted a "stock-taking" of its microenterprise activities. The assessment showed that women's participation was significant in A.I.D. efforts in this area. However, participation was greatest in the assistance directed to new enterprise formation and least in that aimed at transforming microenterprises into larger businesses with growth potential. The stocktaking also revealed a need for impact data.¹⁹

(6) It is important to focus on the economic contributions and productive potential of women entrepreneurs rather than approaching them only as a "vulnerable," "excluded," or "disadvantaged" group.²⁰

(7) Integrating women in microenterprise projects is a long term process. One technical assistance visit is not enough. It requires: training for attitude change and skill building; updates of information on gender issues; and guidance in gender disaggregated data collection and analysis; as well as monitoring and follow up.²¹

(8) Surveys in many countries have revealed that "access to markets" is a critical and often-cited constraint faced by female entrepreneurs. Easing this constraint may require providing women with important market information, addressing problems related to transport, and training women in postharvesting handling and processing techniques.

This was noted in three of the documents.²²

(9) Problems have been encountered by projects that seek to create new enterprises from their very start, particularly with women who had not previously participated in income-earning work. This type of activity has proved to be very costly and the success rate has not been high.²³

(10) Legal reform is an important area in which the government can remove restrictions to the expansion of microenterprise. In the case of women, the government may also undertake reforms in the civil code, banking laws, and labor laws to ensure that women's economic participation is expanded. Reforms will be necessary to allow women to act as independent and growth-oriented entrepreneurs, sign contracts, withdraw money from bank accounts, hold a confidential account, and obtain a loan independently. (In Mali, for example, the Marriage Code and Commercial Code require married women to obtain their husband's authorization before participating in a commercial activity.)

This point was made over and over again throughout the documents, across regions.²⁴

(11) Assisting women to diversify their economic activities by entering nontraditional areas of production may be one way of enabling many of them to rise from the bottom of the informal-sector pyramid.

This appears in two of the documents.²⁵

(12) The goal of increased productivity and income is equally as important as the goal of employment creation. The success of microenterprise projects should not be measured solely by the generation of new jobs.²⁶

(13) Projects should address women's lack of access to business networks, scarce memberships in chambers of commerce, and general lack of involvement in formal private sector organizations.

This finding appears in two of the documents, in both the Caribbean and African context.²⁷

(14) Reliable and fairly detailed feasibility analyses are required prior to the implementation of income generation or enterprise development projects.²⁸

(15) Because of women's important participation in food distribution, processing, and preparation, policies which burden marketers with unfair taxes and market fees, limit the mobility of goods, control the prices and marketing of certain commodities, and restrict food vendors--should be targeted for policy dialogue.

This was noted in two of the documents reviewed.²⁹

(16) One important step that can be taken to promote women's participation in microenterprise programs is the creation of a subcomponent for women within the program as a whole, to serve an advocacy role as well as monitoring women's participation and progress. For example in Ecuador, the Microenterprise Promotion Program (PRODEM) was able to reach significant numbers of women microvendors and microproducers in its first two years of operation. The program -- established by the Ecuadoran Development Foundation with technical assistance from Accion International/AITEC and ICRW -- aimed to provide easy access to credit to both women and men microproducers and microvendors in Quito. To this end, a women's component was designed that included a line of credit for women, technical assistance from the ICRW, and the definition and supervision of specific goals to be achieved through the project.³⁰

VALUABLE STATISTICS:

- An average of 1/3 of the microentrepreneurs and their workers in Latin America are women, although in a number of countries this proportion is much higher.³¹

III. CREDIT FOR WOMEN ENTREPRENEURS

KEY FINDINGS AND CONCLUSIONS:

(1) Formal financial institutions have no incentive to issue small loans due to their high transaction costs. Thus, as small borrowers, microentrepreneurs, and women in particular, are excluded from credit channels.

This finding appears in two of the documents.³²

(2) A number of factors inhibit women's demand for credit from formal financial institutions. They include transaction costs, collateral requirements, cumbersome application procedures, and cultural constraints. Among women, literacy requirements for applications forms will be a constraint to applying for loans.

This was noted in at least three of the documents, across regions.³³

(3) Women entrepreneurs need small loans for working capital that are renewed frequently. Worldwide studies have shown that, for microentrepreneurs, access to quick loans is extremely important.

This finding appears in three of the documents.³⁴

(4) Financial and banking policies tend to restrict women's access to both credit and saving services. To facilitate the transition from low- to higher-return enterprises, women will need access to financial services, both credit and deposit. Increasing access will require the deregulation of interest rates, a decentralized networks of banks in rural and urban areas, and collateral substitutes.³⁵

(5) There is good evidence that women desire and are willing to pay for credit; moreover, there is mounting evidence that women's repayment records are as good as or better than those of men. Case studies of credit projects for microentrepreneurs in Bangladesh, India, Kenya, the Dominican Republic, and Peru, among others, observe that women borrowers are a good financial risk.

This was noted in three of the documents.³⁶

(6) Women are more likely than men to borrow in the informal sector. The characteristics of informal sources of finance that make them so appealing and accessible to women appear to be:

- low transaction costs due to proximity of borrower and lender
- immediacy of loan disbursement
- willingness to extend small loans
- flexible repayment requirements due to the familiarity of the lender with the borrower's situation
- minimal and flexible collateral requirements³⁷

(7) There are an impressive and growing number of "success stories" associated with the introduction of several useful characteristics of informal borrowing systems into projects. In India, for example, the Self Employed Women's Association has established the Mahila Bank to serve the credit needs of women who are small-scale vendors, home-based producers, and laborers in agriculture, construction, and transport. Loan application procedures do not require literacy, and good repayment rates are ensured by involving borrowers in the Bank as shareholders and requiring two guarantees for each loan, rather than relying on collateral. The default rate on loans is negligible.³⁸

(8) Since the formal financial sector will most likely continue to be the major source of credit in

developing countries, policy-level changes will be vital for improving financial resources available to women. At the policy level, careful reform of interest rate policies, the development of intermediary credit institutions and programs, and legal reforms are likely to improve women's chances of obtaining financing.³⁹

(9) Projects intended to service the financial needs of women must be tailored to the characteristics of the majority of women borrowers. At the project level, it would seem that the integration of several useful characteristics of informal borrowing systems into project design is of paramount importance. That is, credit projects must be designed to deliver loans in small amounts, transaction costs of borrowing must be manageable, repayment schedules must be appropriate, and collateral requirements must be minimal.⁴⁰

(10) Women have limited access to information due to constraints on their mobility in many cultures, as well as lack of education. Written messages won't reach many women. Credit projects should make information and funds available at the marketplace, through religious groups, small savings associations, and grassroots organizations that tend to be more aware of and responsive to the economic roles of women.

This was noted in three of the documents.⁴¹

(11) Data indicate that solidarity groups are an effective mechanism for increasing women's access to and control of previously unavailable services and resources. Especially in the provision of credit, poor women now have a viable option. The credit programs that tend to have the highest proportion of women beneficiaries are those based on solidarity group lending, in which training and technical assistance are considered integral parts of the methodology. Solidarity group programs combine characteristics of informal lending practices with elements used by formal lending institutions.⁴²

(12) Repeat loans have proven to be an effective incentive for on-time repayment.

While this conclusion was reached in only one of the documents, in the context of Bangladesh, it is worth noting.⁴³

(13) The social aspect of existing informal financial groups in many cultures should be taken into account when designing programs that attract increasing numbers of women into formal sector participation.⁴⁴

(14) A group context has been shown to enhance the benefits of credit for poor women. Till and Chaudhuri (1986) found in Honduras that a woman's ability to manage credit was correlated with her participation in a group. A woman has a better idea of credit and its ramifications, they found, if she belongs to a supportive group.⁴⁵

IV. TRAINING WOMEN IN PRIVATE ENTERPRISE PROGRAMS

KEY FINDINGS AND CONCLUSIONS:

(1) Gender is another variable to consider in assessing training needs and designing training programs. As mentioned above, women entrepreneurs usually have less formal education and

smaller, less structured businesses than male counterparts, i.e. it is important to determine their specific training needs during project design.

This was noted in three of the documents.⁴⁶

(2) When considering who will conduct training, planners should recognize the importance of role models: male and female, and encourage the participation of female businesswomen as instructors in training programs.⁴⁷

(3) Integrating women in microenterprise projects requires training for attitude change and skill building.

- Training for entrepreneurial reorientation should be designed specifically for women, offering women the chance to redirect their businesses, that is, to have access to knowledge of what other types of firms they might establish, their real capabilities, costs, and alternative lines of work available to them even within the commercial sector.

- Female entrepreneurs are especially in need of literacy, numeracy, and management skill building.

This was mentioned in three of the documents reviewed.⁴⁸

(4) Education and skills training policies that favor men over women will hamper the movement of women into higher-return activities. Moreover, women's entry into more modern product markets will likely be facilitated by an understanding of technical information -- prices, weights, measures, and standards -- as well as management skills.⁴⁹

(5) Although training and technical assistance are often seen as necessary components of microenterprise projects, such activities can be more burdensome to women in terms of the time constraints of their responsibilities both at home and in market work. In several evaluations of microenterprise credit programs, time has been identified as a key limiting factor in women's ability to benefit from training and technical assistance services.⁵⁰

(6) Several factors influence the capacity of low-income women to benefit from training and technical assistance inputs. Illiteracy and lack of education are fundamental constraints. Second, the very tiny size and commerce base of the enterprises most commonly managed by women limit their motivation and capacity to absorb complex technical training or business extension. Third, time is a scarce resource.

This was noted in two of the documents.⁵¹

(7) Providing women with training and business extension is not always the solution. It is important to transcend the mindset that sees factors internal to the firm, such as lack of skills and managerial ability, as the primary constraints. Several studies have demonstrated that the skill level of small producers is often not as important as external factors that are beyond the control of the individuals in determining their ability to increase their incomes and expand production and employment. Subsector studies identifying critical external obstacles in the industries and trading

activities, in which women predominate, can lead to effective interventions for women in the informal sector.⁵²

(8) Factors such as location and scheduling of training programs will influence women's participation. In some cases, the use of local languages will be critical to ensuring women's participation.⁵³

(9) Training is not always based on a realistic assessment of women's needs, abilities, and available resources.

This finding appears in two of the documents.⁵⁴

V. WOMEN AND EXPORT MANUFACTURING

KEY FINDINGS AND CONCLUSIONS:

(1) The almost universal effect of expansion of export manufacturing in developing countries in recent decades is that women fill most of the jobs created.⁵⁵

(2) Export Processing Zones perpetuate occupational and wage discrimination by sex and may also subject women to particular health hazards in some industries.

This was noted in two of the documents.⁵⁶

(3) In Asian export manufacturing, the typical woman worker is young, unmarried and childless, whereas in Central America and the Caribbean she is not so young, is in a formal or informal marital union, and often has children to care for. Many employers have an explicit preference for these particular sub-groups of the female population as they are considered the most stable and committed to wage employment in their respective societies.

This was noted in two of the documents.⁵⁷

(4) The main disadvantages for women of this type of employment are the short-term nature of the employment opportunities, the fact that the skills used on the job are narrowly specific to work in assembly production operations and, where it exists, the abuse of humanitarian health and safety standards. Work in the Zones does little to equip women for an economically productive life after they leave Zone employment.

This was mentioned in two of the documents.⁵⁸

(5) A.L.D. program and policy efforts should be devoted to redressing the disadvantages of export manufacturing for women through: (1) measures to improve quality of work life and job satisfaction which reward workers during their period of employment; and by (2) promoting supplementary interventions directed at improving women's prospects for productive activity after they leave the export manufacturing sector. Recommended projects to improve quality of work life and job satisfaction include medical services, childcare facilities, industrial training and referral service, savings and loan schemes near place of employment. To prepare workers for productive

employment outside export manufacturing, training schemes that provide a wide variety of skills for women should also be considered for support, as well as savings schemes, as eventual sources of credit which can help workers and their families establish a small business.

This was noted in three of the documents reviewed.⁵⁹

(6) Training for women in export manufacturing should be aimed at broadening and deepening their skills for employment or self-employment after they leave the export manufacturing sector.

This finding appears in two of the documents.⁶⁰

VALUABLE STATISTICS:

- Of the approximately one million jobs that export processing zones generate in developing countries, about 80 percent are estimated to be held by women.⁶¹
- Worldwide, it has been estimated that 85% of women export processing workers are under 25 years of age (ILO/UNCTC, 1985)

VI. AREAS FOR FURTHER RESEARCH:

(1) Additional data gathering and research on the role and operations of the informal sector should be carried out to provide effective tools for policy dialogue to sensitize key policy-makers to the importance of the informal sector in the host country's economy.

(2) More research is needed in the area of women and export manufacturing. Existing wage data is inadequate. More research should be done on the working conditions in the export processing zones and on the long-term impact on women of employment in this sector. What is their future employability?

(3) More research is needed on the social and economic impact of microenterprise programs on women beneficiaries and their households.

(4) The state of the art in understanding the role and value of training and technical assistance in microenterprise development is far less advanced than the understanding of credit.

(5) Gender-disaggregated data is needed on the constraints and disincentives at the microlevel that impede the growth of microenterprises and entrepreneurs' transition to a growth orientation.

(6) Several of the documents note the lack of methodology for training women with low literacy skills.

(7) Rapid assessment studies are needed to explore the reasons women in many different settings leave their jobs in the Free Trade Zones after less than ten years of employment.

ENDNOTES

1. Berger, Marguerite and Mayra Buvinic, Editors. WOMEN'S VENTURES: ASSISTANCE TO THE INFORMAL SECTOR IN LATIN AMERICA. West Hartford, CT: ICRW, Inc, 1989.

Lewis, Sydney A. and Karen Russell. MALI: WOMEN IN PRIVATE ENTERPRISE. Washington, DC: Ernst & Young, August 1989.

2. Buvinic, Mayra, Berger, Marguerite and Cecilia Jaramillo. "Impact of a Credit Project for Women and Men Microentrepreneurs in Quito, Ecuador," WOMEN'S VENTURES: ASSISTANCE TO THE INFORMAL SECTOR IN LATIN AMERICA.

Lewis, Sydney A. and Karen Russell. MALI: WOMEN IN PRIVATE ENTERPRISE.

3. Lewis, Sydney A. and Karen Russell. MALI: WOMEN IN PRIVATE ENTERPRISE.

Mezzer, Jaime. "Excess Labor Supply and the Urban Informal Sector: An Analytical Framework," WOMEN'S VENTURES: ASSISTANCE TO THE INFORMAL SECTOR IN LATIN AMERICA.

Also in WOMEN'S VENTURES, see Chapter 4 on "Small-Scale Commerce in the City of La Paz, Bolivia," by Silvia Escobar.

4. Downing, Jeanne. WOMEN IN SMALL AND MICROENTERPRISES IN THE EASTERN CARIBBEAN. Washington, DC: RDO/C/WID, 1990.

Lewis, Sydney A. and Karen Russell. MALI: WOMEN IN PRIVATE ENTERPRISE.

5. Berger, Marguerite and Mayra Buvinic, Editors. WOMEN'S VENTURES: ASSISTANCE TO THE INFORMAL SECTOR IN LATIN AMERICA. (see Introduction)

6. Berger, Marguerite and Mayra Buvinic, Editors. WOMEN'S VENTURES (see Introduction)

7. Arthur Young. PRIVATE ENTERPRISE DEVELOPMENT: GENDER CONSIDERATIONS. Washington, DC: Private Enterprise Development Support Project II, November 1988.

Berger, Marguerite and Mayra Buvinic, Editors. WOMEN'S VENTURES (See Introduction)

8. Reichmann, Rebecca. "Women's Participation in Two PVO Credit Programs for Microenterprise: Cases from the Dominican Republic and Peru," WOMEN'S VENTURES.

9. Downing, Jeanne. GENDER AND THE GROWTH AND DYNAMICS OF MICROENTERPRISES. GEMINI Working Paper No. 5. Development Alternatives, Inc., September 1990.

Grown, Caren, and Jennefer Sebstad. "Introduction: Toward a Wider Perspective on Women's Employment." WORLD DEVELOPMENT, Vol.17, No. 7, July 1989.

10. Arthur Young. PRIVATE ENTERPRISE DEVELOPMENT: GENDER CONSIDERATIONS. Washington, DC: Private Enterprise Development Support Project II, November 1988.

11. Lycette, Margaret A. IMPROVING WOMEN'S ACCESS TO CREDIT IN THE THIRD WORLD: POLICY AND PROJECT RECOMMENDATIONS. Washington, DC: ICRW, June 1984.

12. Lycette, Margaret A.

13. Lycette, Margaret A.

14. Downing, Jeanne. GENDER AND THE GROWTH AND DYNAMICS OF MICROENTERPRISES.

15. Boomgard, James J. A.I.D. MICROENTERPRISE STOCKTAKING: SYNTHESIS REPORT. A.I.D. Evaluation Special Study No. 65. Washington, DC: U.S. Agency for International Development, December 1989.

16. Boomgard, James J. A.I.D. MICROENTERPRISE STOCKTAKING: SYNTHESIS REPORT.

Clark, Mari H. INVOLVING WOMEN IN MICROENTERPRISE DEVELOPMENT PROJECTS: LESSONS LEARNED FROM ARIES. Washington, DC: Robert R. Nathan Associates, September 1989.

Reichmann, Rebecca. "Women's Participation in Two PVO Credit Programs for Microenterprise: Cases from the Dominican Republic and Peru," WOMEN'S VENTURES.

17. Downing, Jeanne. GENDER AND THE GROWTH AND DYNAMICS OF MICROENTERPRISES.

Downing, Jeanne. WOMEN IN SMALL AND MICROENTERPRISES IN THE EASTERN CARIBBEAN. Washington, DC: RDO/C/WID, 1990.

Lewis, Sydney A. and Karen Russell. MALI: WOMEN IN PRIVATE ENTERPRISE.

18. Downing, Jeanne. GENDER AND THE GROWTH AND DYNAMICS OF MICROENTERPRISES.

Downing, Jeanne. WOMEN IN SMALL AND MICROENTERPRISES IN THE EASTERN CARIBBEAN.

Lust, Nancy, Sonia Patten, Larry Blake and John Vreyens. THE MUCIA/WID CAMEROON CREDIT UNION DEVELOPMENT PROJECT. East Lansing, MI: MUCIA, June 1990.

19. Boomgard, James J. A.I.D. MICROENTERPRISE STOCKTAKING: SYNTHESIS REPORT. A.I.D. Evaluation Special Study No. 65. Washington, DC: U.S. Agency for International Development, December 1989.

20. Clark, Mari H. INVOLVING WOMEN IN MICROENTERPRISE DEVELOPMENT PROJECTS: LESSONS LEARNED FROM ARIES.

21. Clark, Mari H.

22. Berger, Marguerite and Mayra Buvinic, Editors. WOMEN'S VENTURES.

Downing, Jeanne. GENDER AND THE GROWTH AND DYNAMICS OF MICROENTERPRISES.

Downing, Jeanne. WOMEN IN SMALL AND MICROENTERPRISES IN THE EASTERN CARIBBEAN.

23. WOMEN'S VENTURES (Introduction)

24. Berger, Marguerite and Mayra Buvinic. WOMEN'S VENTURES. (see Introduction)

Downing, Jeanne. GENDER AND THE GROWTH AND DYNAMICS OF MICROENTERPRISES.

Lewis, Sydney A. and Karen Russell. MALI: WOMEN IN PRIVATE ENTERPRISE.

25. Downing, Jeanne. GENDER AND THE GROWTH AND DYNAMICS OF MICROENTERPRISES.

Otero, Maria. "Solidarity Group Programs: A Working Methodology for Enhancing the Economic Activities of Women in the Informal Sector," from WOMEN'S VENTURES: ASSISTANCE TO THE INFORMAL SECTOR IN LATIN AMERICA.

26. Buvinic, Mayra, Marguerite Berger, and Cecilia Jaramillo. "Impact of a Credit Project for Women and Men Microentrepreneurs in Quito, Ecuador," from WOMEN'S VENTURES.

27. Downing, Jeanne. WOMEN IN SMALL AND MICROENTERPRISES IN THE EASTERN CARIBBEAN.

Lewis, Sydney A. and Karen Russell. MALI: WOMEN IN PRIVATE ENTERPRISE. Washington, DC: Ernst & Young, August 1989.

28. Pulley, Tulin and Margaret Lycette. CRS INCOME GENERATION PROJECT FOR RURAL WOMEN: PROJECT EVALUATION. Washington, DC: WID and ICRW, March 1989.

29. Downing, Jeanne. GENDER AND THE GROWTH AND DYNAMICS OF MICROENTERPRISES.

Lewis, Sydney A. and Karen Russell. MALI: WOMEN IN PRIVATE ENTERPRISE.

30. Buvinic, Mayra, Marguerite Berger and Cecilia Jaramillo. "Impact of a Credit Project for Women and Men Microentrepreneurs in Quito, Ecuador," from WOMEN'S VENTURES.

Clark, Mari H. INVOLVING WOMEN IN MICROENTERPRISE DEVELOPMENT PROJECTS: LESSONS LEARNED FROM ARIES.

Placencia, Maria Mercedes. "Training and Credit Programs for Microentrepreneurs: Some Concerns about the Training of Women," from WOMEN'S VENTURES.

31. Berger, Marguerite and Mayra Buvinic, Editors. WOMEN'S VENTURES.

32. Arthur Young. PRIVATE ENTERPRISE DEVELOPMENT: GENDER CONSIDERATIONS. Washington, DC: Private Enterprise Development Support Project II, November 1988.

Lycette, Margaret A. IMPROVING WOMEN'S ACCESS TO CREDIT IN THE THIRD WORLD: POLICY AND PROJECT RECOMMENDATIONS. Washington, DC: ICRW, June 1984.

33. Berenbach, Shari, Syed M. Hashemi and Kathy Stearns. WOMEN'S ENTERPRISE DEVELOPMENT PROJECT IN BANGLADESH: EXCERPTS FROM THE PROJECT IDENTIFICATION DOCUMENT AND BACKGROUND PAPERS. GEMINI Technical Report No. 2, Washington, DC: Development Alternatives, Inc., September 1990.

Lycette, Margaret A. IMPROVING WOMEN'S ACCESS TO CREDIT IN THE THIRD WORLD: POLICY AND PROJECT RECOMMENDATIONS.

Reichmann, Rebecca. "Women's Participation in Two PVO Credit Programs for Microenterprise: Cases from the Dominican Republic and Peru," from WOMEN'S VENTURES.

34. Berenbach, Shari, et al. WOMEN'S ENTERPRISE DEVELOPMENT PROJECT IN BANGLADESH.

Lycette, Margaret A.

Arthur Young. PRIVATE ENTERPRISE DEVELOPMENT: GENDER CONSIDERATIONS.

35. Arias, Maria Eugenia. "The Rural Development Fund: An Integrated Credit Program for Small and Medium Entrepreneurs," from WOMEN'S VENTURES.

Downing, Jeanne. GENDER AND THE GROWTH AND DYNAMICS OF MICROENTERPRISES.

36. Berenbach, Shari, et al. WOMEN'S ENTERPRISE DEVELOPMENT PROJECT IN BANGLADESH.

Buvinic, Mayra, Marguerite Berger and Cecilia Jaramillo. "Impact of a Credit Project for Women and Men Microentrepreneurs in Quito, Ecuador," from WOMEN'S VENTURES.

Lycette, Margaret A. IMPROVING WOMEN'S ACCESS TO CREDIT IN THE THIRD WORLD.

37. Lycette, Margaret A. IMPROVING WOMEN'S ACCESS TO CREDIT IN THE THIRD WORLD.

38. Lycette, Margaret A.

39. Lycette, Margaret A.

40. Arthur Young. PRIVATE ENTERPRISE DEVELOPMENT: GENDER CONSIDERATIONS.

Lycette, Margaret A.

41. Arthur Young. PRIVATE ENTERPRISE DEVELOPMENT: GENDER CONSIDERATIONS.

Lust, Nancy, Sonia Patten, Larry Blake and John Vreyens. THE MUCIA/WID CAMEROON CREDIT UNION DEVELOPMENT PROJECT. East Lansing, MI: MUCIA, June 1990.

Lycette, Margaret A. IMPROVING WOMEN'S ACCESS TO CREDIT IN THE THIRD WORLD.

42. McKean, Cressida S. "Training and Technical Assistance for Small and Microbusiness: A Review of Their Effectiveness and Implications for Women," from WOMEN'S VENTURES.

+

43. Berenbach, Shari, et al. WOMEN'S ENTERPRISE DEVELOPMENT PROJECT IN BANGLADESH.

44. Lust, Nancy, Sonia Patten, Larry Blake and John Vreyens. THE MUCIA/WID CAMEROON CREDIT UNION DEVELOPMENT PROJECT.

45. Reichmann, Rebecca. "Women's Participation in Two PVO Credit Programs for Microenterprise: Cases from the Dominican Republic and Peru," from WOMEN'S VENTURES.

Till, Naomi, and Chaudhuri, Pinky. 1986. "Participation of Women in Cooperatives and Productive Groups in Honduras," Report of the McNamara Fellows to the Economic Development Institute, World Bank.

46. Arthur Young. PRIVATE ENTERPRISE DEVELOPMENT: GENDER CONSIDERATIONS.

Clark, Mari H. INVOLVING WOMEN IN MICROENTERPRISE DEVELOPMENT PROJECTS: LESSONS LEARNED FROM ARIES.

McKean, Cressida S. "Training and Technical Assistance for Small and Microbusiness: A Review of Their Effectiveness and Implications for Women," from WOMEN'S VENTURES.

47. Arthur Young. PRIVATE ENTERPRISE DEVELOPMENT: GENDER CONSIDERATIONS.

48. Clark, Mari H.

Downing, Jeanne. GENDER AND THE GROWTH AND DYNAMICS OF MICROENTERPRISES.

Placencia, Maria Mercedes. "Training and Credit Programs for Microentrepreneurs: Some Concerns about the Training of Women," from WOMEN'S VENTURES.

49. Downing, Jeanne. GENDER AND THE GROWTH AND DYNAMICS OF MICROENTERPRISES.

50. Berger, Marguerite and Mayra Buvinic, Editors. WOMEN'S VENTURES (see Introduction)

McKean, Cressida S. "Training and Technical Assistance for Small and Microbusinesses: A Review of Their Effectiveness and Implications for Women," from WOMEN'S VENTURES.

51. McKean, Cressida S.

Rein, Judy and Carmen Winkler. A SURVEY OF WOMEN'S ORGANIZATIONS AND PROJECTS AND ACTIVITIES IN WOMEN IN DEVELOPMENT IN GUATEMALA. East Lansing, MI: MUCIA/WID, March 1990.

52. McKean, Cressida S.

53. Lewis, Sydney A. and Karen Russell. MALI: WOMEN IN PRIVATE ENTERPRISE.

54. McKean, Cressida S.

Rein, Judy and Carmen Winkler.

55. Joekes, Susan and Roxana Moayedí. WOMEN AND EXPORT MANUFACTURING: A REVIEW OF THE ISSUES AND AID POLICY. Washington, DC: ICRW, July 1987.

56. Joekes, Susan. EMPLOYMENT IN INDUSTRIAL FREE ZONES IN THE DOMINICAN REPUBLIC: A REPORT WITH RECOMMENDATIONS FOR IMPROVED WORKER SERVICES. Washington, DC: ICRW, July 1987.

Joekes, Susan and Roxana Moayedí. WOMEN AND EXPORT MANUFACTURING: A REVIEW OF THE ISSUES AND AID POLICY.

57. Joekes, Susan and Roxana Moayedí.

Joekes, Susan.

58. Joekes, Susan and Roxana Moayedí.

Joekes, Susan.

59. Arthur Young. PRIVATE ENTERPRISE DEVELOPMENT: GENDER CONSIDERATIONS. (see section on Trade and Investment Programs)

Joekes, Susan and Roxana Moayedí

Joekes, Susan

60. Joekes, Susan and Roxana Moayedí.

Joekes, Susan

61. Joekes, Susan and Roxana Moayedí

DOCUMENT CHECKLIST

| | | | | | | | |
|----------|------|-------|--------|-----|-----|-------|-------|
| Sector | AGR | PRE ✓ | ED | ENR | HPN | Multi | Other |
| Region | AFR | LAC | APRE ✓ | ENE | | | |
| Audience | TR ✓ | POL ✓ | TECH | EXT | | | |

I. ACTIVITY

BIBLIOGRAPHIC INFORMATION: Berenbach, Shari, Syed M. Hashemi and Kathy Stearns. WOMEN'S ENTERPRISE DEVELOPMENT PROJECT IN BANGLADESH: EXCERPTS FROM THE PROJECT IDENTIFICATION DOCUMENT AND BACKGROUND PAPERS. GEMINI Technical Report No. 2. Washington, DC: Development Alternatives, Inc., September 1990.

COUNTRY: Bangladesh

ABSTRACT:

The GEMINI Project was called upon by USAID/Bangladesh to prepare a Project Identification Document (PID) and conduct initial project analysis for the Women's Enterprise Development Project. The Project builds upon the earlier Women's Entrepreneurship Development Project, a subcomponent of USAID's Rural Industries Promotion Project, which was implemented by the WEDP Unit of the Bangladesh Small and Cottage Industries (BSCIC) in cooperation with the Bangladesh Krishi Bank (BKB). GEMINI fielded a three-person team to perform the services requested by the Mission. [125 pp.]

II. FINDINGS

BACKGROUND:

With little disposable income and scarce assets, the majority of Bangladeshis are prohibited from participating as producers or consumers in the modern sectors of the economy. Among the rural poor, women are the most disadvantaged. On average, women's wage rates are less than half that of men, with the majority of women earning less than US 30 cents per day. Gender differentials in health and nutrition are the clearest indicators of the widespread discrimination women face with women demonstrating greater levels of malnutrition. Studies show that between 1975 and 1982, women's caloric intake actually declined while that of men's increased. The need for women to earn cash income has greatly increased in the last decade as women-headed households have reached 25 percent among the rural poor, reflecting the rising incidence of divorce and abandonment. Even when husbands are present, women's income has become vital for household survival. For rural landless households, informal enterprises have become the "employer of last resort."

The majority of women earn income through home-based economic activities which span a continuum from simple cottage enterprises to more sustainable microenterprises. For most women, cottage enterprises generate employment for household members which permit accumulation of basic productive assets and increased consumption. A few women are engaged in microenterprises which demonstrate the potential for significant expansion and wage employment generation.

The goal of the Women's Enterprise Development Project (the Project) is to promote sustainable economic growth and reduce poverty by increasing income, assets, and employment for poor women and their families. Its purpose is to expand the participation of poor women and their families in cottage enterprises and microenterprises. Following upon a successful Women's Entrepreneurship Development Project, the Project has been developed as a critical phase in an institution building process. The Project will improve upon the prior Women's Entrepreneurship Development Project by streamlining cumbersome credit delivery methods, surpassing geographical constraints, broadening the spectrum of client microenterprises assisted and by overcoming constraints to institutional sustainability. The project will enable the WEDP Unit to build the foundation for a sustainable cottage enterprise and microenterprise support system with the capacity to serve national requirements. Once completed, the WEDP Unit will be poised to provide national coverage and USAID will have fulfilled its institution building program.

In a country such as Bangladesh, the need is greater than that which can be met by any single institution. The Women's Enterprise Development Project will complement the services of the Grameen Bank by servicing regions not presently reached by the Grameen Bank and by providing individual enterprise credits not available through the Grameen Bank system which are intended to facilitate enterprise expansion and employment generation.

Support for the Women's Enterprise Development Project holds several attractive features. Women who fall outside of the Grameen Bank's targeted regions can be serviced. Methods can be tested to provide more flexible services with less rigid requirements. Borrowers can have access to progressively larger loans to encourage business expansion and employment generation. By supporting the Women's Enterprise Development Project, USAID/Bangladesh will be in a position to make an important contribution to increasing the basic income levels of poor rural women.

KEY FINDINGS AND CONCLUSIONS:

POSITIVE:

USAID evaluations in 1986 and 1989 concluded that the Women's Entrepreneurship Development Program -- launched in 1982 -- had attained a significant measure of success in the context of similar programs in Bangladesh. Its strengths lie in: having reached over 12,000 women/family operated enterprises from among the lowest 20 percent income group; achieving an excellent loan recovery rate of 86 percent; establishing a field delivery system operating in 20 Upazilas, staffed largely by women extension officers; institutionalizing a successful women-managed enterprise support unit within a BDG agency; and, fostering policy shifts among host country officials which has reduced interest rate subsidies and linked assistance to women with productive rather than welfare approaches. The 1989 evaluation of the prior WEDP Project demonstrated that through their participation in credit and training, women were increasing their influence in household decision-making and thereby improving their material well-being and social status. WEDP was an innovator in hiring women for field officer and middle management positions. Important factors contributing to the success of project management to date include the operational autonomy afforded the project by the parent agency the Bangladesh Small and Cottage Industries (BSCIC) and the strong involvement of project leadership in field activities. Given its strong repayment rate and extensive field presence, the Women's Entrepreneurship Development Program stands out as one of the government's strongest efforts to reach the cottage-level and microenterprise sector.

Women in Bangladesh (like elsewhere) are known as more reliable borrowers. The WEDP repayment rate of 86 percent outperforms the Bangladesh Krishi Bank (BKB) average rate of 60 percent. The Grameen Bank initially distributed its loans equally among men and women. However, experience demonstrated that

women proved to be more reliable borrowers and as of April, 1990, 86 percent of its loans were disbursed to women.

NEGATIVE:

Women clients of the prior WEDP project demonstrate features characteristic of landless women throughout Bangladesh. A 1989 evaluation found that nearly 80 percent of all women participants were illiterate and 22 percent were in women-headed households.

The WEDP screened clients to ensure women's participation in the enterprises to be financed. However, it is important to recognize that the cultural patterns in which women operate, in many instances, has constrained women's full management of their enterprises. Women are principally engaged in home-based production and will rely on male family members for their assistance with procurement of inputs and the marketing of products.

Brief field visits indicated that while staff were highly motivated and committed, they were short in a more comprehensive understanding of basic business principles, financial management and marketing. If given a broader business foundation, Extension Officers and Assistant Extension Officers could make a much greater contribution to their clients. Marketing is a key business constraint for many cottage and microenterprises -- yet it appears that Officers have received little preparation in this area. For many of the small producers, critical marketing constraints are tied to the distribution system. Relations with distributors and outlets should be fully understood so that entrepreneurs can be advised to take advantage of many opportunities. WEDP needs to strengthen the flow of improved management and marketing practices to the clients by strengthening the understanding of its own field officers.

An analysis of institutional interventions in the rural credit market demonstrates that despite considerable growth in the last decade, rural landless women continue to have limited access to credit. Two factors contribute to this pattern. First, women have not been able to satisfy standard collateral requirements as patriarchal dictates exclude women from de facto ownership of assets. Second, activities identified for purposes of loan giving are male dominated. For example, loans are earmarked for financing agricultural input purchases and noncrop sectors such as rural transport, fisheries, and small industry, while women are engaged in home-based activities that revolve around postharvest processing of agricultural produce and expenditure-saving activities (such as quilt making, house repairs, and gathering firewood). Studies demonstrate that even when incorporating governmental and nongovernmental credit channels, at best 1.12 million women have received credit, meeting the needs of 9.2 percent of women belonging to the functionally landless. This represents only 5.2 percent of all rural formal credit provided between 1980-1988.

The period from loan application to disbursement is lengthy. Worldwide studies have shown that, for microentrepreneurs, access to quick loans is extremely important. That is one of the main reasons that moneylenders, despite the high cost of their credit, are an important source of credit.

VALUABLE STATISTICS:

- Nearly 25% of all rural landless households are female-headed.
- In Bangladesh, maternal mortality accounts for 27% of all female deaths, a result in many cases of very low nutritional status.

POLICY FINDINGS AND RECOMMENDATIONS:

- WEDP should develop a more aggressive borrower identification and selection process that will increase

the number of new borrowers reached and increase the concentration of borrowers in each village and area in which WEDP is working. Repeat loans should be particularly quick as a reward for borrowers who maintain good payback records. Efforts should be made to streamline the applications procedure.

- WEDP field staff need additional training to better understand the use of credit and the importance of appropriate loan sizes and terms.
- A basic orientation or management course should be provided to all new borrowers while further analysis is required to assess the impact of skills training. WEDP should implement a formal, compulsory savings program for its borrowers. They should also investigate the possibility of establishing some type of group emergency or insurance fund for reliable borrowers who suffer a crisis.
- The importance of repeat loans as an incentive for on-time repayment should not be underestimated and should be used by WEDP to its advantage.

III. FOLLOW UP

LEADS FOR FURTHER INFORMATION AND RELATED MATERIALS:

Fuglesang, Andreas and Dale Chandler. "Participation as Process -- What We Can Learn From the Grameen Bank, Bangladesh" (1988, reprinted by Grameen Bank).

Hashemi, Syed. "Credit for Rural Women: An Evaluation of the Women's Entrepreneurship Development Program" (1989, USAID).

Hashem, Syed M. "Land Ownership and Tenure Reform in Bangladesh," UNDP-ASR, Dhaka, 1988 mimeo.

Hossain, Mahabub. "Credit for Alleviation of Rural Poverty: The Grameen Bank in Bangladesh" (1988, International Food Policy Research Institute).

Rasheda Akhtar Khanam, Director, the Women's Entrepreneurship Development Project

Mohamad Yunus and Muzamel Haq, the Grameen Bank

DOCUMENT CHECKLIST

| | | | | | | | |
|----------|------|-------|------|-----|-----|-------|-------|
| Sector | AGR | PRE ✓ | ED | ENR | HPN | Multi | Other |
| Region | AFR | LAC ✓ | APRE | ENE | | | |
| Audience | TR ✓ | POL ✓ | TECH | EXT | | | |

I. ACTIVITY

BIBLIOGRAPHIC INFORMATION: Berger, Marguerite and Mayra Buvinic, Editors. *WOMEN'S VENTURES: ASSISTANCE TO THE INFORMAL SECTOR IN LATIN AMERICA*. West Hartford, CT: ICRW, Inc, 1989.

COUNTRY:

ABSTRACT:

The idea for this book and much of its contents emerged from an international meeting on "Women's Access to Credit in Latin America: Suggestions for Development Programs," which was held in Quito, Ecuador in 1986. It is based largely on papers presented at the seminar. The collection of readings in this volume is organized around four broad subject areas: an overview of the informal sector, specifically the microenterprise segment of that sector, and policies and programs designed to provide assistance to it; training and technical assistance activities targeted to the sector; case studies of credit programs for small and microenterprise; and the gender-disaggregated evaluation of assistance programs. The introductory chapter provides a common ground to frame the discussion that follows in the individual contributions. This book seeks to enhance the visibility of women microentrepreneurs by bringing their concerns into the arena of empirical enquiry and policy and program review. [246 pp + bibliography]

II. FINDINGS

KEY FINDINGS AND CONCLUSIONS:

Chapter One: An Introduction

A major change has occurred in the labor force in Latin America over the past two decades: the increasing participation of women in the labor market. While the male labor force doubled between 1950 and 1980, the female labor force grew by more than three times, and is projected to nearly double again between 1980 and the year 2000 as an additional 22 million women enter the labor force in Latin America.

Urbanization and associated changes in production have transformed work that women used to do at home into work that is done for pay in the marketplace. Increasing educational opportunities for young women have led to expanded economic opportunities for them. Another factor that helps to explain the rise in women's economic participation is their increased need to bring a monetary income into the household. This need exists in traditional, nuclear families as well as among the rising number of female-headed households in Latin America. The deterioration in real levels of earnings during the 1980s has made it necessary for married women to enter the labor force as secondary earners. Another element in augmenting women's need to work for pay is the rising proportion of households where women are the primary income earners.

Faced with increasing economic need, and unable to find employment in modern-sector firms, women are forced to create their own jobs. They are joining the so-called informal economy, where wages and working conditions are generally worse than those in regularized wage employment. In general, the representation of women in the informal sector is higher than their rate of participation in the economy as a whole.

Women are an important proportion of microenterprise owners/operators in Latin America. An average of one-third of the microentrepreneurs and their workers in Latin America are women, although in a number of countries this proportion is much higher.

Women are concentrated in certain activities. Women microentrepreneurs are particularly visible in commerce, personal services, certain branches of manufacture-garment making, and food production.

Women's microbusinesses are concentrated among the smallest and least remunerative activities. Many of women's microenterprises are an extension of their domestic roles, and this is evident in the importance that garment making, food production, and the sale of processed foods and perishable items has for women. Women's microenterprise activities are often organized within their homes.

Several successful cases of women-specific microenterprise programs, run by new women's organizations that have broken out of the traditional mold, are still operating and expanding in Latin America. A prime example is MUDE Dominicana (discussed later). Others, such as Women's World Banking, have extended their services to both men and women in recognition of the link between households and microenterprise.

Organizations hoping to provide assistance to women microentrepreneurs should take into account a number of problems. First, although training and technical assistance are often seen as necessary components of these projects, such activities can be more burdensome to women in terms of the time constraints of their responsibilities both at home and in market work. Another problem has been encountered by projects that seek to create new enterprises from their very start, particularly with women who had not previously participated in income-earning work. This type of activity has proved to be very costly and the success rate has not been high.

One of the most serious drawbacks of private sector projects is their scale of operations. They tend to be very small scale, helping at most a few hundred or perhaps a thousand businesses.

A recent tendency to try to exclude commerce activities from the pool of eligibles for microenterprise projects, in the belief that these activities have less potential for creating new jobs, will have a negative effect on women's participation even in PVO projects. This restriction is misguided. Many commerce businesses are operated by individuals who are engaged in small-scale manufacturing or service activities simultaneously with their commerce activity. Commerce businesses do create new jobs, although on a lesser scale than manufacturing and service activities. The goal of increased productivity and income is equally as important as the goal of employment creation.

A final concern is too much emphasis on individualistic solutions and overlooking the obstacle to microenterprise expansion both by government economic and other policies and by structural barriers that hamper the sector as a whole. For example, the constraints placed on street vendors by police harassment. The solution to this constraint cannot be found in individual training or credit activities. [see Policy Findings and Recommendations section below]

Chapter 2 - Improving Women's Access to Credit in Latin America and the Caribbean: Policy and Project Recommendations

Studies show that small and microenterprises have little access to capital through formal channels. Existing evidence indicates that credit cooperatives also tend to be inaccessible to the small borrower. While commercial banks and financial institutions have developed more efficient disbursement techniques than other formal-sector channels for lending in developing countries, they tend to be inflexible with regard to repayment schedules and to concentrate on short-term lending and large loans that are not designed to reach the small borrower. In recent years, the development community has begun to experiment with innovative, small loan programs that do not rely upon large institutions for implementation. The extremely high demand by women for credit in these community-based programs provides at least indirect evidence that women's access to credit in the formal financial system is restricted.

In Latin American and the Caribbean, increasing numbers of women have turned to self-generated employment in the informal sector. In urban areas, women take up occupations such as street vending and personal and domestic service. In rural areas, women process and market produce or use local raw materials in handicraft production.

The major problem for the operators of informal-sector businesses is lack of capital. Access to credit is one of the keys to an improved standard of living for the large proportion of women in developing countries who operate in the informal sector.

As the incidence of woman-headed households in urban areas increases and the cost of urban land continues to rise, more and more women will need to finance housing costs.

Little direct evidence of women's limited access to credit exists, mostly because of the lack of sex-disaggregated data. The lack of data in and of itself, however, appears to reflect the relatively minor degree to which women participate in, or are afforded the services of, formal financial institutions.

Women small-business owners in urban areas face problems with regard to credit that men do not. Women often experience obstacles to obtaining credit such as the demand for collateral, excessive paperwork requirements and large average loan sizes.

Women in rural areas are particularly disadvantaged in their access to credit, in part because the majority of credit goes to urban areas. In rural Mexico, for example, women farmers often have much difficulty in getting the state to provide them with the credit and technical assistance to which they are legally entitled.

There is good evidence that women desire and are willing to pay for credit; moreover, there is mounting evidence that women's repayment records are as good as those of men.

Because of their position in the economy, most women in developing countries require and can handle only small amounts of credit. Thus, as small borrowers, women are faced with the reluctance of financial institutions to lend in small amounts. Financial institutions equate small loans with risky, costly loans.

The government of most developing countries have kept interest rates fixed for long periods of time while in real terms these rates have often been negative, erratic, and unpredictable. These interest rate policies have actually contributed to, rather than reduced, the restrictions on access to credit that women and small borrowers in general face.

A number of factors inhibit women's demand for credit from formal financial institutions. They include transactions costs, collateral requirements, cumbersome application procedures, and cultural constraints. While the first three factors are self explanatory, the last bears some explanation. Women often face social and cultural constraints that further restrict their demand for credit. For example, women may be intimidated from entering formal credit institutions through lack of familiarity. It may be considered inappropriate for a woman to travel alone long distances between her home in a rural area and the banks in town. Also, women are often excluded from local male-oriented organizations, such as agricultural cooperatives or social clubs, through which information regarding sources of credit and application procedures can be obtained.

Particularly in low-income groups, women rely on relatives, moneylenders, pawnbrokers, and a variety of

indigenous savings associations to provide them with the credit they so urgently need. Women's informal savings and loan associations are common throughout Latin America and the Caribbean.

What makes these informal sources of finance so appealing and accessible to women are: low transaction costs due to proximity of borrower and lender; immediacy of loan disbursement; willingness to extend small loans; flexible repayment requirements; and, minimal and flexible collateral requirements.

While moneylenders ask for little or no collateral and are flexible with regard to payment, they often charge very high interest rates.

There are several drawbacks to informal borrowing systems. Perhaps most important is the limited amount of credit available through these systems. Additionally, borrowing through informal systems often means doing business with a lender who maintains a virtual monopoly on credit resources.

In recent years, PVOs have implemented a multitude of credit projects for microentrepreneurs. Some have specifically targeted women as beneficiaries. Others like the ADEMI project in Santo Domingo did not specifically target women as beneficiaries. However, many of the project's features, such as elimination of collateral requirements and small loan size, proved to be conducive to women's participation.

Many microenterprise credit projects have incorporated features that affect the project's ability to reach the poor, including women. One such feature, the solidarity group, relies on a group credit mechanism to take the place of collateral requirements. Solidarity groups consist of a small number of microentrepreneurs who take out a loan as a group. Group pressure usually assures repayment.

Another mechanism for eliminating traditional collateral requirements is the use of progressively increasing loans. Part of the incentive to repay the loan is the promise of a bigger loan next time.

Yet another mechanism is the provision of technical assistance. Provision of technical assistance is particularly valuable for women, who may have more trouble than men in filling out application forms and are less likely to have bookkeeping and management skills.

There are an impressive and growing number of success stories which should provide the incentive for project planners to more thoroughly explore innovations in the delivery of credit. Some of these, such as MUDE, Progreso, ADEMI, and PRODEM, are discussed in this book. [see Policy Findings and Recommendations section below]

Chapter 3 - Excess Labor Supply and the Urban Informal Sector: An Analytical Framework

The urban informal sector as discussed in this chapter consists of a heterogeneous set of productive activities. Yet these activities are related by their common situation of employing people who would otherwise be unable to find employment in the modern sector, including a large number of the self-employed, and by having a low capital/labor ratio. These informal activities can be classified in two groups: those that compete with firms in the modern sector or the urban economy; and those that insert themselves in "niches" of economic activity not occupied by the modern sector.

The informal sector is not merely the expression of excess labor supply, but also includes workers who choose not to work in the modern sector. Women make up a significant proportion of those working in the informal sector, in both of these groups.

Because most firms in the informal sector rely on capital and/or goods from the formal sector, there is an obvious economic relationship between the two sectors. In periods of recession, the contraction of the demand for labor by formal-sector firms decreases demand for informal-sector products that were formerly consumed by formal-sector workers. Contraction of demand for labor by modern firms also decreases the earnings of workers in the informal sector as the proportion of the labor force that must find employment in the sector, and therefore the number of people who will share in the limited income produced there, expands. Because of the current economic crisis in Latin America, between 1981 and 1985 employment in the informal sector increased by approximately one-third, while the average income of those employed in the sector fell by about one-fourth.

Chapter 4 - Small-Scale Commerce in the City of La Paz, Bolivia

In recent years microcommerce has become an important source of employment and income in Bolivia's main cities. The small capital base and limited training required for entering this activity, as well as the opportunities offered by the markets, have led many women to become involved in microcommerce. The ease of entry into this stratum of commerce is accompanied by a high degree of competition that tends to bring down the incomes of all employed in the sector. This is especially true for street vendors.

Of all the problems that microvendors face, their limited working capital and lack of access to credit are perhaps the most important. Moreover, they are located in highly competitive markets. Vendors face the growing problem of an increase in competition and thus a decrease in possible locales, and are subject to constant repression by the municipal government. [see Policy Findings and Recommendations section below]

Chapter 5 - Solidarity Group Programs: A Working Methodology for Enhancing the Economic Activities of Women in the Informal Sector

Solidarity groups generally consist of five to eight members--producers or vendors usually engaged in similar activities--who organize themselves into a group in order to participate in a program of credit and training. To form the group, microentrepreneurs turn to acquaintances they know well enough to guarantee collectively the loan made to the group through the program.

Because the group members serve as guarantors for each other's loans, no collateral or other guarantee is required from them. It is the insistence on collateral by traditional lending institutions that often excludes many microentrepreneurs, especially women, from credit programs.

The three main components of solidarity group programs are credit, training, and organization of beneficiaries in groups. Solidarity group programs combine characteristics of informal lending practices with elements used by formal lending institutions.

All solidarity group programs consider training an essential component of the solidarity group strategy and define its role as that of a catalyst for personal and group development. Training is not seen as an end in itself, but as a means of achieving overall program objectives. The training materials and curricula used in solidarity group programs vary considerably from program to program, but the content is very similar and can be divided into economic and social training modules. The former relate to enterprise production and focus on managing credit, buying and selling, and bookkeeping. The social units are designed to help the microentrepreneur better understand the context within which he or she operates, develop traits that will enhance his or her ability to act collectively, and increase the cohesion of the groups.

The approach used by solidarity group programs suggests that organization among program beneficiaries may be one way to address the myriad of problems they face, not only in their businesses, but in their families and communities. The experiences of programs in various countries show that formal organizations can emerge from solidarity group programs, and that participation in the programs can help microentrepreneurs make demands on their own behalf to local government and other institutions.

The programs' effectiveness can be attributed to five characteristics prevalent in all solidarity group programs:

- Loan application procedures for initial loans require collection of minimal information, and the loan passes through two to four quick steps for approval;
- The solidarity group mechanism also has the advantage of flexibility in the terms of the loan. Subsequent loans are made almost immediately upon timely payment of the previous loan;
- Interest rates are affordable, but high enough to cover program costs;
- The group itself, perceiving the availability of a line of credit that is affordable and quick, becomes the most important incentive for timely repayments; and,
- Solidarity group programs include a training curriculum of social and economic topics used with

beneficiaries who receive credit.

Overall, more than half of the beneficiaries of solidarity group programs are women; most of them are microvendors selling prepared foods, produce, or other agricultural products in streets or marketplaces. The emphasis of solidarity group programs on collective responsibility through participation in a group may contribute to the high percentage of women in these programs. One can argue that the group mechanism is particularly attractive to women because it builds on the informal associations and networks that women have formed throughout the developing world.

Groups seem to help women in their economic tasks. The findings of Till and Chaudhuri (1986) regarding women's cooperatives and group formation in Honduras argue for the importance of group formation as a starting point for enhancing women's economic activities.

In terms of employment generation, evaluations generally emphasize that solidarity group programs have more impact in helping retain existing jobs--enhancing job sustainability--and in engaging family members in more productive activities, than in actually creating additional full-time jobs.

Some preliminary data exist to demonstrate that women in solidarity group programs are good credit risks and spend additional income on meeting the family's basic needs (Blumberg 1985). As most programs do not disaggregate information such as arrearage rates, size of loans, or type of activity by sex, it is not possible to draw conclusions regarding women's performance as program participants.

The experience of the last five years and available data indicate that solidarity groups are an effective mechanism for increasing women's access to and control of previously unavailable services and resources. Especially in the provision of credit, poor women who are often at the mercy of a moneylender now have a viable option.

In addition, solidarity group programs have assumed the responsibility of integrating gender issues into their planning and implementation. From this perspective, credit through solidarity group programs represents one of the most successful efforts at integrating women into development programs. [see Policy Findings and Recommendations section below]

Chapter 6 - Training and Technical Assistance for Small and Microbusiness: A Review of Their Effectiveness and Implications for Women

This chapter contrasts three approaches to training and technical assistance for microenterprises and assesses the effectiveness of each approach and the degree to which women benefit.

Several factors influence the capacity of low-income women to benefit from training and technical assistance inputs. Illiteracy and lack of education are fundamental constraints. Second, the very tiny size and commerce base of the enterprises most commonly managed by women limit their motivation and capacity to absorb complex technical training or business extension. Third, time is a scarce resource particularly for the growing number of Latin American women responsible for both providing for their family and managing a household.

Solidarity group lending has give economically active women in the informal sector access to credit for working capital. Minimal training and technical assistance inputs have permitted the loan guarantee mechanism to work and have provided some skills upgrading in order to improve the businesses and to solve other problems. However, there is the risk of overloading the system. Using the solidarity group mechanism for providing supplementary training in organization, or even nutrition, may unintentionally add unsustainable costs to the credit program. The costs of providing these services have the potential to overwhelm a self-sustaining credit mechanism and to reduce the ability to lend, thus interfering with the primary focus of the program.

Market vendors, and home-based producers, many of whom are women, may have little capacity to absorb training and technical assistance aimed at separating household and business accounts. Illiteracy, minute scale, and lack of time can make such efforts a waste of resources. Credit- or trade-based organizing for

established producers or traders may be more immediately relevant to their experience.

The opportunity cost of participation is even higher in the case of projects that seek to develop new enterprises. The priority here for programs targeting women in the informal sector is not to attempt the impossible. Concentrating on economically active women, for whom a limited number of inputs are required, is a more realistic approach. Targeting illiterate women who are not economically active for the creation of new group enterprises may result in more failures than successes. As Kilby has argued, supplying the "missing ingredient" is the project activity with the greatest potential for generating income for beneficiaries in a relatively modest time frame.¹

Finally, it is important to transcend the mindset that sees factors internal to the firm, such as lack of skills, of management capacity, or of a social consciousness, as the primary constraints. Subsector studies identifying critical external obstacles in the industries and trading activities, in which women predominate, can lead to effective interventions for women in the informal sector.

Chapter 7 - Training and Credit Programs for Microentrepreneurs: Some Concerns about the Training of Women

This chapter describes the operation and some of the achievements of programs to support microentrepreneurs, based on the experiences of the Center for Informal Sector Promotion and Employment (Centro de Promocion y Empleo para el Sector Informal -- CEPESIU) and the Fundacion Guayaquil, in which ILO-PREALC is implementing an integrated informal sector development project that includes assessment and training activities, advisory services and credit.

Attempting to establish a specific methodology for training women microentrepreneurs necessitates recognizing and accepting that the state of subordination and discrimination against women is a class problem and a sex problem, manifested in social and economic life in general, albeit taking on different forms and varying in intensity. Enabling women to achieve social and economic self-realization will thus require more specific attention, as their problems are also specific.

The ILO's program concept and methodology design for microenterprise support (PAME) goes back some four years, and has grown out of research and studies carried out in poor urban areas of Guayaquil, Ecuador where the microenterprise situation was assessed for different activities. Implementation of the Microenterprise Support Program began in December 1985, with selection, assessment, training, advising, and extension of credit. The Fundacion Guayaquil is in charge of the program. This chapter describes the key aspects of the program as well as trends emerging after a few months work.

The Microenterprise Support Program has two subprograms. One is aimed at generating new employment by creating small cooperatives. The second subprogram is geared to supporting already existing productive units, as it is obviously much easier and less costly to support activities that have already been initiated.

The program described in this chapter is geared to both men and women. At this time no preferential treatment is accorded to women. We must recognize that the problems of male and female microentrepreneurs--that is, lack of training in management and lack of credit--are identical. In this respect there is no major difference between men and women. Nonetheless, the fact that women are concentrated in certain branches of production implies that the training they receive in production techniques might be different. But, even taking these technical differences into account, if we only consider women as microentrepreneurs there would be no justification for promoting programs specifically for women.

However, the experience of PAME has given rise to the question of whether it is important to add something more to technical, entrepreneurial, and management training. Perhaps there is a need for training

¹ Kilby, Peter. "Evaluating Technical Assistance," WORLD DEVELOPMENT, vol. 7, no.6, 1979.

related to the fact that the entrepreneur is a woman, and all its implications--the discrimination, exclusion, and historic subordination to which women have been subjected.

The aim of PAME, and of most other programs, in trying to help firms become dynamic, is the conversion of both women and men into true entrepreneurs. This goal requires a qualitative leap on the part of the individual, which involves creating or strengthening his or her entrepreneurial outlook. If such an approach is to be successful, it may at times require special consciousness-raising in the case of women who have not been socialized to have such attitudes.

Training for entrepreneurial reorientation should also be designed specifically for women. Without this, microenterprise programs will indeed continue supporting for many years women's activities marked by very low productivity, which yield very low incomes. Entrepreneurial reorientation should offer women the chance to redirect their businesses, that is, to have access to knowledge of what other types of firms they might establish, their real capabilities, costs, and alternative lines of work available to them even within the commercial sector.

As regards credit, it is important to recall that women often use microenterprise loans to address needs that are not exclusively entrepreneurial, and that nonentrepreneurial use is practically inevitable given their responsibilities of caring for children and maintaining the home.

Finally, one important step that can be taken to promote women's participation in microenterprise programs is the creation of a subcomponent for women within the program as a whole, to serve an advocacy role as well as monitoring women's participation and progress.

Chapter 8 - Women's Participation in Two PVO Credit Programs for Microenterprise: Cases from the Dominican Republic and Peru

This chapter examines the level and quality of women's participation in two programs supported by ACCION/AITEC, a U.S.-based PVO that provides technical assistance to microenterprise programs in Latin America. The chapter presents two parallel cases: The Association for the Development of Microenterprises, Inc. (ADEMI), in the Dominican Republic, and Progreso, a project of Accion Comunitaria del Peru in Lima, Peru. These cases illustrate the degree to which integrated microenterprise assistance schemes can be effective in reaching women, and highlight the benefits women derive from participating in such schemes.

Given their specific goals of job and income generation, the initial successes of Progreso and ADEMI have been significant. In addition, many constraints to women's access to credit were successfully overcome, mostly because of the following program characteristics:

- Women's businesses are recognized as credit-worthy.
- No collateral is required.
- Interest rates and frequent payments (for vendors) are believed by clients to be appropriate.
- The program offices are located in the community.
- Transaction time is minimal.
- There is social support for women's participation, particularly through the solidarity group mechanism.
- Program promotion and technical assistance are located in the markets or place of business.
- Program methodology is fairly simple, although literacy is virtually required for microenterprise clients.

Flexible repayment schedules and small loans on an escalating scale have allowed clients to introduce new capital into their businesses gradually while learning how to manage increased scale and administrative problems. This is a very effective way for women inexperienced with large-scale commerce or production to grasp concepts of efficiency or economies of scale.

From an institutional point of view, the major achievements of Progreso and ADEMI are: first, the ability to lend to larger numbers of small borrowers than is possible under less agile programs; and, second, the ability to cover operating costs out of revenues from the project, adding a dimension of self-sustainability previously absent from many PVO programs.

Both programs have been able to achieve these results, in part, by streamlining staff functions for greater efficiency. With Progreso, staff time per client is greatly reduced by the practice of filling out loan applications in group meetings.

Transaction costs, including time lost from other activities, have been identified as major constraints to women's access to credit. ADEMI is one of the most successful programs in Latin America in minimizing these costs with rapid application and disbursal systems. Because the fourteen bank branches are located in all zones of the city, decentralization eliminates long lines and waiting time.

Given the large population of women in the vendor components and the commitment to bring women into the microproducer component, a serious weakness in both Progreso and ADEMI is the absence of female field staff. The great majority of the women market vendors who borrow from Progreso commented in interviews that they would prefer to work with a female staff person, although 61 percent of female producers interviewed said that the staff's sex did not really matter.

Through participating in formal institutions such as Progreso and ADEMI, women who have never used a bank account or been familiar with an office setting are learning a number of new skills. All of the tasks required of new clients are simple to learn. ADEMI advisors introduce their clients personally to the bank, taking them step by step through the check cashing and depositing procedures. ADEMI helps integrate the many women who are nonliterate or unfamiliar with procedures of this kind into a different sociocultural world and a new level of economic participation.

There are several differences between ADEMI and Progreso which have implications for women. Accion Comunitaria's long history of involvement in community organization and education influences its work with microentrepreneurs: a strong value is placed on training and education of beneficiary groups. ADEMI, on the other hand, was created specifically to administer credit using a "minimalist" model, and it has never pretended to offer any other services. ADEMI's values and management style are modeled after the private sector: fees for services, efficiency, measurable results, an incentive structure to motivate employees to produce more, and a "trickle down" concept of social effects. While Progreso emphasizes training, ADEMI does not offer client training courses; instead, its staff provides one-on-one technical assistance on a fee-for-service basis.

Despite their differences in style, the two promote similar values: accessible credit for the poor, minimal time and transaction costs, agility, and personal relationships as a principle basis for credit guarantee. In ADEMI, the personal relationship is between staff and client, whereas at Progreso, the relations between members of the solidarity group serve as the loan guarantee. In both cases, character judgements must replace business analysis as the criteria for credit approval, as most businesses at the informal level keep poor written records, if any, and have little access to property to post as collateral.

Both started out in 1982-83 working with solidarity groups comprised mainly of market vendors and operators of other commerce activities, who were among the poorest of the economically active, and both also loaned to individuals whose businesses were somewhat larger and usually involved manufacture or service. In both cases, the group programs reached mainly women, and the individual loan programs primarily assisted men. Progreso found the groups to be low-cost, effective vehicles for training, technical assistance, program promotion, and most important, payback. Solidarity group repayments were far better than individual rates. At the same time, ADEMI had trouble with solidarity groups. Today, ADEMI makes new loans only to individual businesses,

the great majority of which are productive enterprises.

Because the IDB supports both projects, both have developed policies that severely limit loans to commerce. This policy effectively excludes women, who are predominantly represented in the commerce sector. With its shift away from lending to commerce, ADEMI has stopped loaning to the poorest of the poor--the majority of whom are women.

In conclusion, although the Progreso and ADEMI programs were both originally designed to help women overcome barriers in obtaining access to credit, much of their early achievement in this respect has been undercut by their shift in lending priority to service and productive sectors and, in ADEMI's case, by the termination of the solidarity group program. [see Policy Findings and Recommendations section below]

Chapter 9- The Experience of MUDE Dominicana in Operating a Women-Specific Credit Program

Mujeres en Desarrollo Dominicana (MUDE) is a nonprofit, nongovernmental organization that promotes the social and economic development of low-income women in order to improve their standard of living and that of their communities. In order to achieve its basic objectives, MUDE promotes, supports, and advises organizations of rural women; sponsors equal, informed, and organized participation among women and men in the solution of community problems; facilitates access of women's groups to specialized technical assistance; sponsors the use of appropriate technologies; and funds the implementation of small productive projects through a credit program.

The unemployment rate among rural women is 53 percent, and only 14 percent for rural men. Forty percent of adult rural women are illiterate. In urban areas, around 63 percent of women over fifteen years of age have never attended school, in contrast with only 37 percent of the men in that same age group. This difference suggests that Dominican families still favor sending their sons to school, but not their daughters.

MUDE's credit program is exclusively oriented toward women's associations that are devoted to agricultural, handicrafts, and/or industrial tasks but have no access to credit from formal banking sources.

Some of the main obstacles MUDE has confronted in its credit program are the cultural constraints discussed by Lycette and White in their study for this volume (see chapter 2). One of them is the negative attitude of husbands, particularly at the beginning of their wives' experience as producers; with time, however, they often stop criticizing and start working at their side. Another obstacle is the low esteem men have for women--the belief that women lack ability, either based on their biological nature or linked to their roles as mothers and wives.

The low levels of formal and functional literacy among campesinas represents another serious obstacle, further exacerbated by the relative lack of information they have about the world surrounding them, as a result of their confinement in a restricted spatial and social circle.

Other difficulties of the credit program lie in the lack of qualified staff to work with the campesinas; lack of ownership of land; and, unreliable marketing of products and strong dependence on intermediaries.

In terms of achievements, the credit program has helped generate more income for the very poor rural women who participated in it and this increase in their income has improved their standard of living. Credit obtained by women for income-generating purposes has raised their status within their families and their communities. The social dimension given to credit by MUDE leads to the development of solidarity among women, and to a reevaluation of their self-esteem.

The experiences of MUDE have led it to conclude that by combining the credit program with other complementary programs, and by redefining its philosophy and regulations, which were adapted to the specific conditions of a target population, it can revive and expand the demand for credit services and increase the participation and raise the social consciousness of women. [see Policy Findings and Recommendations section below]

Chapter 10 - The Credit Guarantee Mechanisms for Improving Women's Access to Bank Loans

This chapter introduces the reader to Women's World Banking -- its history, highlights of its success in Latin America, and guidelines for establishing and operating a WWB affiliate.

Women's World Banking (WWB) was founded in 1979 by a small group of women from diverse cultures to provide a global support network for women entrepreneurs. WWB encourages entrepreneurial women in any country to join together as WWB affiliates and thereby assume responsibility and authority for their local programs. The men and women who establish an affiliate are self-starters who care about their society and their countrywomen. The international office in New York is the service and communication hub of the WWB global network. WWB/New York facilitates the exchange of ideas among affiliates and the WWB network, thus enabling affiliates to benefit from each others' insights and experience.

At present, WWB-affiliated organizations are operating in a variety of Latin American countries, including Brazil, Colombia, Costa Rica, the Dominican Republic, Haiti, Honduras, Jamaica, and Uruguay. Affiliates are also being formed in the Barbados, Bolivia, Ecuador, Mexico, Paraguay, Peru, and Venezuela.

In Colombia, a client of a Women's World Banking affiliate in Cali has received a loan making it possible for her to double the size of her bicycle manufacturing and repair business. In the Dominican Republic, WWB-backed loans are assisting women who operate small clothes manufacturing concerns to improve their buying and marketing skills and organization.

Banco da Mulher started its first loan program in Rio de Janeiro in 1986 with 38 loans totaling US \$15,267. The affiliate is opening eight new offices to reach women entrepreneurs in other regions of Brazil.

The last few pages of the chapter present guidelines for establishing and operating a WWB affiliate which have evolved out of the practical experience of regional operations. They are not official strategies for establishing affiliates, but they will be helpful for giving organizations an idea of the elements of preparation that are involved and the steps that should be taken if a group is serious about establishing an affiliate. (see pp.180-184)

Chapter 11 - From a Women's Guarantee Fund to a Bank from Microenterprise: Process and Results

The Banco Mundial de la Mujer (Women's World Banking--BMM) opened its doors in Cali in 1982 as a source of guarantees for bank loans to individual microenterprises. It now has a variety of programs for men and women microproducers and microvendors. The basic purpose of the Banco Mundial de la Mujer is "the creation of financial mechanisms for enabling women and their families to participate in economic activity." Its specific function is to establish a bank for the family-based informal sector. Because the informal sector embraces 60 percent of the economically active population of Cali, of which 54 percent are women and 46 percent men, the BMM cannot exclude male heads of household from its programs.

The Bank has accomplished its objective through three programs: Guarantee Fund, Credimicros, and Solidarity Groups. The BMM's first operation was the establishment of a fund to guarantee loans made to microentrepreneurs by regular lending institutions. The BMM has established Credimicros -- a credit card for microentrepreneurs, which gives the microenterprise access to working capital up to an approved limit for a period of one year. The facility may be drawn on as often as desired, each amount drawn to be repayed in four months. This arrangement has given microenterprises standing access to working capital, allowing them to avoid stoppages in their operations, which have been one of their main problems.

However, Credimicros and the Guarantee Fund were failing to meet the full credit needs of low-income women running their own small businesses. As a result, the BMM entered the third stage in the development of its projects -- Solidarity Groups. A Solidarity Group Program for self-employed workers in public markets was begun in September 1983 with 14 groups and in May 1984 was extended to include groups of microproducers. The purpose of the groups, which have a minimum of three to five members, is to guarantee loans made to their members, who have no access to conventional guarantees.

The results of an evaluation of the program show that the time of participation in the program played an

important part in its economic and social impact on the beneficiaries. Thus, at the beginning they worked with loans in small amounts because their businesses had not yet developed to any significant extent. After the first 12 months, however, they obtained loans of more than US\$150 per month. The situation is the same for the other economic variables: sales, expenditures, net income. The impact was similar for both women and men, but men tended to increase sales and employment more than did women, while women increased their net income more than did men.

During this time, participants started to carry accounts, make improvements in their business premises, and purchase machinery and equipment. Before the end of the first year, however, some had to turn to financial sources other than the Bank to cover these purchases and improve their operations. Additional costs after the first year were covered out of business profits. The increase in net income allowed the borrowers to raise their standard of living by having more money to spend on food, health, housing, recreation, and other expenses. [see Policy Findings and Recommendations section below]

Chapter 12-The Rural Development Fund: An Integrated Credit Program for Small and Medium Entrepreneurs

This chapter is based on a case study conducted in 1983 by the Rural Development Fund (Fondo de Desarrollo, Rural or FDR), a line of credit created by the Banco Industrial del Peru (BIP) and aimed at small entrepreneurs. (The study was prepared for PPC/WID through the Harvard Institute for International Development). The objective of the study was to analyze how women borrowers benefit from this credit program.

The fund was financed through the Banco Industrial del Peru with a loan from A.I.D. to the Government of Peru. The purpose of the fund was to benefit small entrepreneurs who did not have access to credit, and consequently to contribute to the generation of employment and improvement in the distribution of income, and to strengthen a comprehensive plan of national development. The beneficiaries were not defined in terms of gender.

Women were considered an integral part of the FDR project, not targets of a special project. In short, FDR was an integrated credit program for small and medium entrepreneurs conducted by a national industrial development-oriented public institution.

The case of the FDR program in the Banco Industrial del Peru allows us to see a successful example of an institution that changed its portfolio from loans for large-scale industries to the inclusion of loans for small-scale rural industries. The Bank achieved its objective of giving access to credit to borrowers who usually did not have access, and through this contributed to the generation of employment, industrial development, and enterprise development of low-income groups, and thus to the national development plan. The Bank attained these goals through a series of changes at the organizational level implemented in response to conditions established by the donor agency.

To change its portfolio, the Bank decentralized the approval of loans and revised the amounts that could be approved at each level, delegating more authority to the branch offices. BIP found different ways of streamlining the application process, providing more assistance to the borrowers in the initial phase, and adding flexibility to the documentation requirements. There was also an effort to train credit officials in helping new borrowers. Another important factor was the new methods of promoting the program. Lastly, the pressure, follow-up, and support of the donor agency were critical factors that were present throughout the implementation of the project.

To what extent did the BIP's new orientation result in an increase in credit for women? The FDR credit line granted 4,698 loans between 1975 and 1982; women received 662 loans, or 14 percent of the total. The average amount received by women is lower than the average amount received by men.

From these data, we could infer that few women obtained loans because the type of credit offered by the bank does not meet the needs of these potential borrowers. Specifically, more women would apply for loans if smaller sized loans were available. One of the reasons for the low number of women may be the lack of

correspondence between the economic activities that receive credit from the bank and the activities that are undertaken by women. Most women in Peru are engaged in community service and personal service activities, and agricultural activities, while the bank extended most of its loans to small industries.

Among the population aged 15 or more, the number of illiterate women is more than two times the number of illiterate men. This limitation may explain in part why the number of women applying for loans is lower than that of men, and why women are engaged in activities requiring smaller loans.

As researchers have noted, mechanisms for the integration of women should include: providing several reimbursement options, reducing the collateral requirements, reducing the loan size, and establishing appropriate interest rates.

Many credit programs channeled through public institutions have not succeeded in providing access to credit to small entrepreneurs. This lack of success has been attributed to: lack of precision in the definition of the target group; interest rate policies; lending costs; transaction costs; paperwork; and collateral requirements. To these obstacles we should add the sociocultural barriers against women engaged in small enterprises, which for women in developing countries is an important means of earning income. Furthermore, women are engaged in economic activities like trade and services that require smaller loans. [see Policy Findings and Recommendations section below]

Chapter 13 - Credit and Development for Women: An Introduction to the Ecuadorian Development Foundation

The Microenterprise Promotion Program (PRODEM) of the Fundacion Ecuatoriana de Desarrollo (FED) is an outcome of 18 years of experience in credit and promotional work with the marginal population of Ecuador. PRODEM is the FED's program for urban areas. Since April 1984, it has provided loans, advisory services, and training to Quito's informal sector, which was divided into two target groups--microproducers and microvendors. The microproducers who benefitted from the program in its first two years of operation were engaged in various occupations such as garments, shoemaking, carpentry, tailoring, etc. The products dealt in by the microvendors who received loans from the Foundation were such things as apparel, prepared foods, fruit, etc.

A majority of the program beneficiaries are women; they accounted for 59 percent of all microentrepreneurs granted FED loans in the first two years of operation. Of 652 microproducers who received individual loans, 239 or 36 percent were women, and of the 2,277 microvendors who received loans through solidarity groups, 1,483 or 65 percent were women.

Although the Fundacion works mostly with female microentrepreneurs, it does not give them preference to compensate for the unfair treatment to which they have been too long subjected. But it does recognize two objective situations that, despite efforts to change them, remain virtually intact in the social structure. The first situation is that the rearing of children is left primarily to women. They have to play two roles: they must generate income for the family and take care of the home and the children. The second, and even more difficult, situation is that in a very large number of families, the head of the family and sole source of its support is the mother.

Loans to working mothers and female microentrepreneurs must have one particular aim: to increase their income and reduce the time they must devote to complementary production tasks. In other words, production loans must be designed to make the production of women much more efficient so that the increased earning capacity will give a woman the option either of working fewer hours so as to have more time for household duties, or of earning enough additional income to be able to pay for any care of her children she is unable to provide herself.

The Foundation gives a high priority to evaluation, for without it projects cannot be assessed, no clear objectives can be charted, and it cannot be known whether a real advance toward development has been made. Only a detailed evaluation directed at determining the situation of beneficiaries can tell us whether the development goals are being met.

Microenterprises are being promoted chiefly as a strategy for employment generation, yet studies indicate

that the promotion of microenterprises should be approached with less optimistic expectations for the generation of employment. Several possible reasons might account for the disappointing results in this area, such as the fact that many new jobs may be seasonal or may come and go with rising and falling sales; many of the new jobs are taken by members of the beneficiary's immediate family, who were already collaborating without pay in the production work or provision of services; and changes in the use of labor cannot be assessed in the short term or solely on the basis of individual microenterprises.

Despite these points, one premise holds firm: it costs far less to create a job in the informal than in the formal sector of the economy.

Chapter 14 - Impact of a Credit Project for Women and Men Microentrepreneurs in Quito, Ecuador

In 1984, the Ecuadoran Development Foundation (FED: Fundacion Ecuatoriana de Desarrollo) established a microenterprise development program called PRODEM, with technical assistance from Accion International/AITEC and ICRW. The program was created with the purpose of providing easy access to credit to both women and men microproducers and microvendors in the city of Quito. To this end a women's component was designed that includes a line of credit for women, technical assistance from the ICRW, and the definition and supervision of specific goals to be achieved through the project. Partly as a result of these actions, and also because of the projected increase in women's participation in the urban informal sector in Quito, PRODEM was able to reach significant numbers of women microvendors and microproducers in its first two years of operation. Some 65 percent of the microvendors who borrowed through PRODEM's solidarity group component were women; more significantly, 35 percent of the microproducers who obtained individual loans from PRODEM were women.

In view of the anticipated high level of women's participation in PRODEM, the ICRW and the FED undertook a study with an experimental design to look into the economic impact of the credit project on men and women microentrepreneurs, in order to answer a series of questions that are raised in the literature on the effectiveness of such interventions on behalf of women.

The results of the study confirm, first, the not surprising pattern that, on the whole, male entrepreneurs manage larger firms than women, and men's businesses yield higher net incomes. The preliminary tabulations on employment creation support those studies that find that projects extending credit to microenterprises, contrary to what is expected, do not tend to generate additional employment, but rather preserve jobs, and that their success should not be measured by the generation of new jobs.

For all borrowers, irrespective of borrower's sex, the significant increase in hourly income from 1984 to 1985 confirms the observation that access to credit increases the efficiency or productivity of microentrepreneurs, as hourly net income can serve as a proxy for labor productivity in microenterprises that have a working owner and few employees. In addition, this finding indicates the importance of including measurements of productivity in impact studies of microenterprise credit projects.

Women microproducer and microvendor borrowers increased their hourly net incomes (reducing total hours worked per month) from 1984 to 1985 to a significantly greater extent than did their male counterparts. This strategy or preference among women for using the credit to increase efficiency can be explained by women's twofold responsibility of producing at the workplace and producing in the home.

This increased efficiency probably has a very positive impact on the welfare of both the household and the female entrepreneur, as it shortens a very heavy workday and frees time for the entrepreneur to spend at home. It does not seem risky to conclude that access to credit was a key factor in the increased productivity observed among women borrowers.

The cost of obtaining credit from informal sources, women's lack of access to credit sources in the modern financial sector, and the impact of credit in terms of increasing the female entrepreneur's productivity justify PRODEM-style credit projects for women microentrepreneurs. The study also demonstrates the importance of the gender variable in measuring the impact of projects to assist microentrepreneurs, because this

variable explains significant variations in short-term results.

The fact that a productive-sector credit project was able to reach a large number of low-income women microproducers and microvendors and to keep a considerable number of women active in the project (that is, without defaulting) is in and of itself a success, particularly when these actions are compared with the usual experience of income-generating projects for women in the region, which all too often meet with little or no success.

VALUABLE STATISTICS:

- An average of 1/3 of the microentrepreneurs and their workers in Latin America are women.
- In Guatemala and Honduras, literacy rates for women 35 years and older are 30 and 37 percent, respectively.
- From 1976 to 1983 the number of self-employed microvendors in La Paz increased by 70%, and the number of female microvendors increased by 83%. In 1983, 71% of microvendors in the city of La Paz were women.
- In the Dominican Republic, women comprise only 47.2% of the population in rural areas. In these areas, 18% of the households are headed by women, and 21.9% of the agricultural workers are women, but only 3.8% of the rural workers who own land are women. The unemployment rate among rural women is 53%, and only 14% for rural men. 40% of adult rural women are illiterate.
- In Quito, women account for 35% of all workers, 55% of informal-sector workers, and 65% of street vendors.
- Household surveys conducted in five Latin American cities in 1982 revealed that women headed between 18 and 38% of all households, with the highest rates apparent among the lowest income groups.

POLICY FINDINGS AND RECOMMENDATIONS:

[Chapter 1]

In order to be able to improve the situation of women and their families, policies designed to assist the microenterprise sector should be oriented around a dual strategy:

- to strengthen and assist those microenterprises that have the possibility to expand, and thereby create new jobs that can be filled by both women and men; and,
- to ensure the provision of assistance to those activities that require help in order to improve the income levels and the standard of living of their operators, even when such activities seem to provide little possibility for expansion.

If there is focus only on the first strategy, women will tend to be excluded in greater numbers than men.

[Chapter 2]

Because the formal financial sector will most likely continue to be the major source of credit in developing countries, policy-level changes will be vital for improving financial resources available to women. At

the policy level, careful reform of interest rate policies, the development of intermediary credit institutions and programs, and legal reforms are likely to improve women's chances of obtaining financing.

Changes at the level of credit projects, or components of projects, will also be important. At the project level, the integration of several useful characteristics of informal borrowing systems into project design is of paramount importance. Projects intended to service the financial needs of women must be tailored to the characteristics of the majority of women borrowers. That is, credit projects must be designed to deliver loans in small amounts, transaction costs of borrowing must be manageable, repayment schedules must be appropriate, and collateral requirements must be minimal.

[Chapter 4]

Actions to promote small-scale commercial activity should be oriented to improving the incomes of those already employed rather than expanding capacity to generate additional employment, because of the saturation of the sector in terms of the number of persons employed.

Support programs should place a priority on those categories in which the main basic consumer goods are sold, and of these, those that promote circulation of domestically produced goods (household staples, agricultural products, clothes, artisan production of household durables). If these sales lines are chosen, the participants in interventions would be mainly women, and generally those vendors with less capital and those who do not have an established locale, as they usually distribute such items.

A second line of action, oriented to improving the incomes of people working in the sector, is clearly to create opportunities for access to development loans, which would enable microvendors who have consolidated their operations to have a larger sum of working capital.

Programs of this nature, which can be undertaken by social promotion institutions, whether public or private, should be accompanied by programs offering training in areas related to achieving greater efficiency in all phases of the work process: supply, marketing, and organization in all forms (associations, trade unions, and federations).

Given the importance of women in small-scale commerce, there is also a need for specific actions to improve their precarious working conditions. These include construction of new markets in those areas where the largest number of sidewalk stalls are located; establishment of day-care centers near areas of work; and improvement of sanitary services in the markets.

[Chapter 5]

The assessment of project impact recorded in evaluations should disaggregate microenterprises by type of activity and should collect data on economic and social benefits.

Assisting women to diversify their economic activities by entering nontraditional areas of production may be one way of enabling many of them to rise from the bottom of the informal-sector pyramid.

[Chapter 8]

Assistance to market vendors--who represent the vast majority of economically active poor women in the urban world--must become a priority if women are to be included in the emerging campaign to address the needs of the world's ever-growing informal sector.

[Chapter 9]

This experience with the implementation of a credit program for very poor campesinas in a Caribbean island permits us to draw some lessons that might be useful to other institutions attempting to develop credit projects oriented to poor women. The MUDE experience has shown that individual loans lead in the long run to the isolation of the beneficiary, and potential incorporation into an exploitative system that once victimized him or her. On the other hand, associative credit is a positive force because it helps people to organize.

The organizations responsible for the management of credit funds must resist the temptation to design

projects before women can have a say in them. The beneficiaries cannot skip any stage of project development if it is going to be successful.

Credit programs should be accompanied by appropriate technical assistance, organizational support, and previous training on the type of activity to be carried out. A method should be developed to allow participants to communicate their own experiences to other groups. MUDE's experience was that the campesinas who participated were the best trainers of the other campesinas. Furthermore, they were often excellent public relations agents.

Finally, we have to be cautious about the risk of concentrating credit in "elite" groups, or in groups capable of monopolizing leadership and power. We should seek to overcome a bias within many development organizations: the tendency to reach only those among the poor who already have had some opportunity of organizing themselves and do not fare as badly in their communities as others with no such experience.

[Chapter 11]

The study of the Banco Mundial de la Mujer yields recommendations that can serve as guidelines to other agencies interested in carrying out a similar program. The most important of these lessons follow:

- Any organization that wants to implement a program of this kind must envisage a system of ongoing evaluation that will apprise it immediately of any changes in the beneficiaries so that the requisite modifications can be made promptly.
- The program must be designed so that every day participants take over functions initially performed by the institution, such as promotion and loan processing, so that participants become responsible for the amounts of the approved loan and the final use made of it.
- The program must also aim at making the informal sector a customer of the formal banking sector, as efforts to assist the informal sector will otherwise remain small and experimental.
- These institutions must be run as businesses so that they can achieve self-sufficiency and adapt conventional banking services to the informal sector, in order to simplify the precredit processing formalities, and the approval and disbursement of loans.
- Institutions interested in a program of this kind must have available government or private banks they can rely on to serve as windows and assume the loan-handling costs, such as check cashing, loan amortization, and collection of savings.
- It is essential to have a staff that is convinced of the importance of working in the informal sector and of supporting private sector development at all levels.

[Chapter 12]

The Banco Industrial del Peru reoriented its portfolio in response to conditions imposed by the donor agency. Donor agencies could include as a condition the promotion of smaller loans and the targeting of those sectors where women are involved. The target project population might be identified in such a way that women are included.

The authors of the chapter recommend the integration of women into large projects because it appears that it is possible to integrate women, by specifying the rules of the game, instead of promoting women-specific programs that run the risk of ending up as welfare programs.

The donor agencies should include specific conditions such as those that proved successful in the BIP program. That is, apart from identifying the target population in a way that women are included (smaller borrowers and economic activities involving women) and requiring changes in the traditional credit mechanisms

(with respect to documentation, application, collateral, and references), the institution channeling funds should try to change its own organizational structure to accommodate women and smaller borrowers and accompany this change with training of and incentives to its credit officers.

III. FOLLOW UP

LEADS FOR FURTHER INFORMATION AND RELATED MATERIALS:

Women's World Banking, 104 East 40th Street, Suite 607-A, New York, NY 10016

Buvinic, Mayra. "Projects for Women in the Third World: Explaining their Misbehavior," *WORLD DEVELOPMENT* 14, May 1986.

Lycette, Margaret. "Improving Women's Access to Credit in the Third World: Policy and Project Recommendations," ICRW Occasional Papers, no.1, Washington, DC: ICRW, 1984.

Otero, Maria. "The Solidarity Group Concept: Its Characteristics and Significance for Urban Informal Sector Activities," New York: Private Agencies Collaborating Together, 1986.

Otero, Maria and Robert Blayney. "An Evaluation of the Dominican Development Foundation's Program for the Development of Microenterprises (PRODEME)." Report prepared for USAID/Dominican Republic; 1984.

Yudelman, Sally. Hopeful Openings: A Study of Five Women's Development Organizations in Latin America and the Caribbean. West Hartford, Conn: Kumarian Press, 1987.

DOCUMENT CHECKLIST

| | | | | | | | |
|----------|-------|-------|--------|-------|-----|-------|-------|
| Sector | AGR | PRE ✓ | ED | ENR | HPN | Multi | Other |
| Region | AFR ✓ | LAC ✓ | APRE ✓ | ENE ✓ | | | |
| Audience | TR | POL | TECH ✓ | EXT | | | |

I. ACTIVITY

BIBLIOGRAPHIC INFORMATION: Boomgard, James J. TAKING STOCK OF A.I.D.'S MICROENTERPRISE PORTFOLIO: BACKGROUND AND CONCEPTUAL OVERVIEW. A.I.D. Evaluation Special Study No. 66. Washington, DC: U.S. Agency for International Development, December 1989.

COUNTRY: NA

ABSTRACT:

During 1988 and 1989, A.I.D. undertook a major stocktaking of its experience in microenterprise development. The stocktaking includes this conceptual overview of published evaluations, which identifies many factors that are important to project success. The paper's primary purpose is to examine a variety of ideas, enterprises, programs, and projects to find concepts that aid in understanding the complexities of microenterprise development. The appendix includes profiles of each of the 32 programs reviewed for the stocktaking evaluation. [38 pp + appendix]

II. FINDINGS

KEY FINDINGS AND CONCLUSIONS:

The term "microenterprise" refers to a diverse set of economic activities, distinguished primarily by the size of the undertaking. A microenterprise can be distinguished from the survival activities of the poorest of the poor and from small-scale enterprise on the basis of the barriers to entry between types of economic activities.

There is tremendous diversity of activity within the microenterprise sector. Different types of enterprises face different short- and long-run opportunities for and constraints to growth.

The Challenges of Microenterprise Development

The transformation of a microenterprise into a small enterprise is not easy. It is likely that only a select few microentrepreneurs have the capability or interest to make the change. The risks associated with the

transformation are probably larger than most poor people or financial institutions are willing to absorb in the absence of risk-reducing assistance.

The relative ease of entry into the microenterprise sector creates the possibility that clients of assistance programs may achieve improvements at the expense of others in the sector. If one enterprise increases its production or sales and if demand is not growing, then another firm's output or price must fall.

The heterogeneity of microenterprises implies that the opportunities for growth or increased earnings for microenterprises, the constraints operating on the firms, and the type of assistance required vary considerably from one situation to another. While there is little concrete evidence on the subject, it is probably true that many attempts to promote enterprises have failed because of the inability of projects to cope adequately with the diverse needs of the clientele.

Approaches to Microenterprise Development:

(1) **The enterprise formation approach** aims to integrate highly disadvantaged groups or individuals from the survival economy into the microeconomy. Programs using this approach are sometimes referred to as community development programs because their enterprise development work is frequently embodied in a broader social development program.

(2) **The enterprise expansion approach** aims to improve the performance of microenterprises. This approach is essentially marginalist, in an economic sense, because of its implicit emphasis on small, achievable improvements across a relatively large number of firms. These programs commonly focus on providing credit with or without general business training, and many of these programs have evolved toward a minimalist credit-only orientation in an effort to reduce operational costs.

(3) **The enterprise transformation approach** strives to graduate its clients from the microenterprise sector. Programs following this approach most often provide an integrated mix of credit, training, and technical assistance to a select group of clients. Since firms assisted through this approach are typically somewhat larger than those assisted through the other approaches, employment generation plays a relatively larger role in the composition of project benefits.

Assessing the Performance of Microenterprise Assistance Programs:

The performance of microenterprise assistance programs can be measured against the criteria of beneficiary impact, cost-effectiveness, and institutional sustainability. While beneficiary impact and cost-effectiveness are valid across all types of programs, institutional self-sustainability is not a necessary condition for successful programs and projects.

A variety of factors are thought to influence program performance. These include targeting, credit tactics, training and technical assistance tactics, and institutional factors. Many of the differences of opinion concerning these issues stem from differences in the developmental approach of the programs. The synthesis report identifies which of these (or other) factors have proven most influential in explaining the relative success of the programs in the sample.

VALUABLE STATISTICS:

- Firms employing 10 or fewer full-time workers account for between 40 and 90 percent of manufacturing employment in developing countries.

POLICY FINDINGS AND RECOMMENDATIONS:

III. FOLLOW UP

LEADS FOR FURTHER INFORMATION AND RELATED MATERIALS:

MICROENTERPRISE STOCKTAKING: A STATISTICAL LOOK AT A.I.D.'S MICROENTERPRISE PORTFOLIO. September 1989, A.I.D. Evaluation Special Study No. 63.

A.I.D. MICROENTERPRISE STOCKTAKING: SYNTHESIS REPORT. December 1989, A.I.D. Evaluation Special Study No. 65.

- also see 10 country field assessments, A.I.D. Occasional Papers No. 20 - 29, July 1989. (Malawi, Senegal, Guatemala, Cameroon, DR, Paraguay, Ecuador, Bangladesh, Indonesia and Egypt)

DOCUMENT CHECKLIST

| | | | | | | | |
|----------|-------|-------|--------|-------|-----|-------|-------|
| Sector | AGR | PRE ✓ | ED | ENR | HPN | Multi | Other |
| Region | AFR ✓ | LAC ✓ | APRE ✓ | ENE ✓ | | | |
| Audience | TR | POL ✓ | TECH ✓ | EXT | | | |

I. ACTIVITY

BIBLIOGRAPHIC INFORMATION: Boomgard, James J. A.I.D. MICROENTERPRISE STOCKTAKING: SYNTHESIS REPORT. A.I.D. Evaluation Special Study No. 65. Washington, DC: U.S. Agency for International Development, December 1989.

COUNTRY: NA

ABSTRACT:

During 1988 and 1989, A.I.D. undertook a major stocktaking of its experience in microenterprise development. The purpose of the stocktaking is to identify important lessons that can be drawn from A.I.D.'s experience in supporting microenterprise development to improve the quantity and quality of information available to the Agency's policy-, program-, and project-level decision-makers. The final part of the stocktaking is this synthesis report, which pulls together the findings of the conceptual overview paper and the field assessments to develop lessons learned and recommendations for microenterprise assistance programs. [84 pp + bibliography]

II. FINDINGS

KEY FINDINGS AND CONCLUSIONS:

Approaches to Microenterprise Development:

There are significant differences in the developmental goals and approaches of microenterprise development programs. These differences are a reflection of the breadth and heterogeneity of the microenterprise sector and the divergent interests of the institutions promoting microenterprise development.

Three approaches to microenterprise development have been identified in this study: the enterprise formation approach, the enterprise expansion approach, and the enterprise transformation approach. Each approach takes on a different developmental challenge, assists a different target group within the microenterprise sector, and operates with different developmental goals.

Programs following the enterprise formation approach aim to integrate highly disadvantaged groups or

individuals into the microenterprise sector. Programs following the enterprise expansion approach offer services--primarily short-term credit--that enable microentrepreneurs to increase their sales and income and, in some cases, to generate jobs through incremental improvements in performance. Programs following the enterprise transformation approach seek to accelerate the development of microenterprises into more productive, better managed, dynamic businesses--to graduate clients from the microenterprise sector.

Project and Program Performance:

(1) Microenterprise development programs -- irrespective of approach -- can result in significant benefits for assisted firms. There is, however, considerable room to improve our understanding of the magnitude and sustainability of direct beneficiary impact. We do not know how significant the benefits are, to what extent these benefits are sustained, whether they represent net gains to the economy, or how impact varies among different approaches and assistance strategies.

a.) Enterprise formation programs must demonstrate that the enterprises they promote can endure the test of the market without the competitive advantages offered by cheap loans and technical assistance.

b.) Enterprise expansion programs must be able to show that the benefits accruing to assisted firms are net gains to the economy and do not arise from the decreased sales of competitors.

c.) Enterprise transformation programs need to establish that the long-term benefits resulting from their efforts are sufficient to justify the relatively high cost of the programs.

(2) The number of beneficiaries reached varies considerably across programs, but most of the programs targeting assistance to microenterprises are very small.

(3) **Microenterprise programs are well suited to the goal of integrating women into the development process. In many programs reviewed, the proportion of women beneficiaries is high.**

The proportion of women beneficiaries was highest in programs that: specifically targeted women; and, targeted assistance to urban, commercial microentrepreneurs -- sectors having proportionally higher rates of female participation. A gender-specific focus caused no obvious performance trade-off. The majority of the enterprise formation programs reached a large proportion of women, both through explicit targeting and through focusing on the neediest groups in the program communities. Programs following the enterprise expansion approach, by virtue of their orientation toward commercial activities, tended to have a high proportion of women beneficiaries. Transformation programs, except when specifically targeted, did not reach a high proportion of women.

To the extent that some of the women's programs exhibited problems, the problems were due to factors apart from gender. However, none of the studies reviewed probed to the household level, the locus of a number of important gender issues. This level is particularly relevant for the formation programs, which work with new or newly commercialized women's enterprises. This type of assistance can have a significant impact on the economics of the household, which can influence the welfare gains associated with changes in the composition of household earnings.

One study (Reichmann 1984) of the ADEMI Program in the Dominican Republic suggested that despite a female participation rate of 36 percent, it would be possible to expand the program's impact on women. A barrier to expansion, the study noted, was that the largely male staff of the program tends to orient promotion efforts toward male entrepreneurs. This presumption also lies behind the all-female staffing of the WEDP in Bangladesh. However, there is no evidence that the gender composition of the staff is associated with measurable program biases. For example, the ADEMI program is gradually shifting its focus away from commerce toward relatively larger firms in the manufacturing sector. Although this shift in focus should lead to

lower female participation rates, the proportion of women beneficiaries has risen. The WEDP, even with a female staff, continues to lend to a large number of women who play a minor role in the male-dominated enterprises that ultimately benefit from the funds.

- (4) Microenterprise programs reach members of the poor majority in poor societies, who benefit both as entrepreneurs and as employees. However, the entrepreneurs assisted by these programs--regardless of approach--are not among the poorest of the poor.
- (5) Microenterprise programs decrease underemployment by the self-employed and create productive new employment opportunities. Programs that assist manufacturing firms generate the greatest number of new employment opportunities. There is no evidence in the reviewed programs that the jobs created are inferior in income, risk, or working conditions to self-employment. Microenterprise development has its greatest impact on the poorest of the poor by creating jobs.
- (6) Successful microenterprise interventions can give A.I.D. a seat at the policy table, strengthen the political clout of businesses, attract the attention of policymakers, and result in important policy changes.
- (7) Successful microenterprise development projects can exert a significant influence on the development of financial markets.
- (8) Cost per beneficiary is an indicator for comparing efficiency across programs and efficiency over time for an individual program. Cost per beneficiary varied widely across the programs--from \$90 to \$7,000.
- (9) Cost per dollar loaned is another indicator commonly used in evaluating microenterprise programs. This measure also suffers from the problem of program maturity and is often computed on the basis of different kinds of costs. The cost per dollar loaned in the sample varied from \$0.19 for a minimalist credit program to \$7.68 for a women-focused enterprise formation program.
- (10) The information available is inadequate to judge the economic returns on investments in microenterprise programs relative to alternative uses of scarce foreign assistance resources. However, the indicators that do exist point to very high returns on investment in microenterprise development programs.
- (11) Financial self-sustainability of implementing institutions has been achieved in programs that limit their assistance to low-cost financial services. However, even in these cases, elements of subsidy to the institution are present. Long-term institutional survival and a sustained flow of services are often achieved through a combination of earnings, philanthropy, government budget appropriations, and donor assistance.
- (12) Financial self-sustainability of the implementing institution is not a necessary condition for successful, cost-beneficial enterprise development; however, for the assisted enterprises, financial sustainability is essential.

What We Know, What We Do Not Know, and What We Need To Learn:

- (1) Direct assistance programs that aim to improve the performance of microenterprises by providing short-term credit without attempting to transform these firms into more complex businesses have a better record of achievement to date than do more ambitious transformational programs.
- (2) The services provided by nontransformation minimalist credit programs are sufficient to generate benefits for some microenterprises, in some areas, at some stages in the life cycle of the microenterprise. But the needs

of the vast majority of microenterprises cannot be satisfied merely by providing small working capital loans.

(3) The question of how to reach the enterprises whose needs cannot be satisfied by the minimalist strategy remains unanswered.

Additional Findings and Factors Associated with Successful Performance:

(1) Clarity of the developmental approach, mission, and objective of the program is an essential ingredient to program success. Moreover, the donor--in the field and in Washington--and the implementing institution must share the same vision.

(2) Successful microenterprise programs focus first and foremost on the development of profitable and sustainable businesses. Secondary targeting--directing resources to women or disadvantaged groups, for example, should be consistent with this primary focus.

(3) A distinction can be made between the target beneficiary group and the targeting of assistance.

(4) Graduate programs, when possible, not enterprises.

- An alternative to graduating enterprises is the graduation of programs to commercial sources of funds. Microenterprise lending programs are well suited to retailing funds borrowed from commercial sources. The ability of microenterprise lending institutions to graduate will depend on the situation in local financial markets.

(5) Average loan size varies with the developmental objective of particular programs.

- the recommended average loan size for microenterprise lending programs supported by A.I.D. is \$300.

(6) The state of the art in understanding the role and value of training and technical assistance in microenterprise development is far less advanced than the understanding of credit.

(7) There is no consistent relationship between the type of implementing institution and project or program performance--except that the institution be strong, mission oriented, competent, honest, and well directed.

- If there is any single topic on which there was general consensus in the field assessments and secondary evaluations, it was the overwhelming importance of intangible, qualitative factors, particularly institutional leadership and commitment.

VALUABLE STATISTICS:

POLICY FINDINGS AND RECOMMENDATIONS:

Where Do We Go From Here?

(1) A.I.D. should accord high priority to continuing basic and applied research and development in the field

of small-scale enterprise and microenterprise development.

Continuing basic and applied research is needed in several areas, including the following:

- Qualitative research on the impact of direct and indirect forms of assistance on enterprises in combination with a limited number of thorough cost-benefit studies of microenterprise development programs;
- More careful analysis of the potential of different types of nonfinancial forms of assistance;
- Basic research to understand better the dynamics of enterprise growth and transformation.

(2) A.I.D. should place priority on supporting the development of commercially viable nontargeted financial institutions that can, among other things, meet the short-term liquidity needs of microentrepreneurs.

(3) When and where such financial services are unavailable, A.I.D. should encourage and support private organizations to extend the reach of the financial system by retailing financial services to microenterprises.

(4) The long-term financial needs of microenterprises will not be easily met through financial institutions. Here, there is stronger justification for experimenting with strategies that apply simplified appraisal systems and that base lending decisions on credit history and character.

(5) Training and technical assistance programs should be supported, but only when they respond to the identified business needs of microentrepreneurs. Some training is integral to the operation of effective lending programs, and it should be considered a cost of lending operations. Other types of training and technical assistance should be kept financially independent from lending operations.

- Knowledge about the effectiveness and impact of different forms of nonfinancial assistance lags well behind our understanding of credit. Training and technical assistance programs should be integrated into the applied research efforts mentioned earlier so that this imbalance can be overcome.

III. FOLLOW UP

LEADS FOR FURTHER INFORMATION AND RELATED MATERIALS:

ACCION. 1988. An Operational Guide for Micro-Enterprise Projects. Ontario: The Calmeadow Foundation.

Agency for International Development. 1988a. Microenterprise Development Program Guidelines. Washington, DC: Agency for International Development.

Levitsky, Jacob. 1988. "Summary Report: World Conference on Microenterprise." Washington, DC: Committee of Donor Agencies for Small Enterprise Development.

Lieberson, Joseph M., and William Doyle. 1989. "A Statistical Look at A.I.D.'s Microenterprise Portfolio." Washington, DC: Agency for International Development.

Otero, Maria. 1987a. "Guidebook for Integrating Women Into Small and Micro Enterprise Projects." The Gender Manual Series. Washington, DC: Agency for International Development.

DOCUMENT CHECKLIST

| | | | | | | | |
|----------|------|-------|--------|-----|-----|-------|-------|
| Sector | AGR | PRE ✓ | ED | ENR | HPN | Multi | Other |
| Region | AFR | LAC | APRE | ENE | | | |
| Audience | TR ✓ | POL ✓ | TECH ✓ | EXT | | | |

I. ACTIVITY

BIBLIOGRAPHIC INFORMATION: Clark, Mari H. INVOLVING WOMEN IN MICROENTERPRISE DEVELOPMENT PROJECTS: LESSONS LEARNED FROM ARIES. Washington, DC: Robert R. Nathan Associates, September 1989.

COUNTRY:

ABSTRACT:

The Office of Women in Development commissioned the ARIES Project (Assistance to Resource Institutions for Enterprise Support) to conduct an assessment of lessons learned from its activities (from 1986 to 1990) that can help mainstream women more effectively in small and microenterprise projects, particularly through the forthcoming GEMINI Project. This report presents the results of that assessment. It includes an assessment of the extent to which gender analysis and gender disaggregated data were used in project activities, where they should have been incorporated, and why they were not. The report offers recommendations about ways to more effectively integrate and increase the productivity of women and their contribution to broad-based economic growth in future A.I.D. microenterprise projects, particularly GEMINI. The ARIES Project, managed by S&T/RD/EED, has aimed to strengthen the capabilities of institutions that provide support to small and microenterprise development in developing countries through applied research, technical assistance and training. [42 pp. + appendices]

II. FINDINGS

KEY FINDINGS AND CONCLUSIONS:

POSITIVE:

To date, ARIES' major WID accomplishment has been the organization and sharing of existing knowledge about the integration of women into microenterprise projects through seminars and the AskARIES Knowledgebase -- a problem focused, annotated computer database on microenterprise. AskARIES is an extremely useful resource on women and microenterprise, including many hard-to-access documents.

ARIES has conducted four seminars for experts in the field of microenterprise to present new approaches and project outcomes, and to discuss key issues. The seminar on "Integrating Women and Other Excluded Groups in SME Programming, held in April, 1989, was one of ARIES' most significant contributions to

gender and microenterprise. It presented key issues and reasons why microenterprise projects may not automatically benefit women or enhance their productivity even though a large proportion of the microentrepreneurs in many countries are women.

Ongoing activities to set up gender disaggregated monitoring and evaluation systems could contribute significantly to institutionalizing the integration of women in SME programming in the future. Unfortunately, most of these contributions occurred too late in the life of the project to provide strong guidance for other ARIES activities.

NEGATIVE:

ARIES' greatest WID shortcoming is the project design. It lacks a strategy for ensuring women's access to relevant SME development activities. It requires neither gender analysis nor collection of gender disaggregated data during the life of the project. These considerations were rarely included in the scopes of work for USAID technical assistance buy-ins; S&T/RD/EED did not propose changes in SOWs to incorporate these elements.

In the design it was noted that the project should be able to reach women because it targeted PVOs and NGOs. This assumption proved to be incorrect in many cases. The project design also lacked targeting of women or the sectors in which women operate businesses and work. In short, the project design offered no strategy for ensuring women's participation in project activities.

The midterm evaluation did not examine the integration of women in project activities or identify it as an area to improve. Few data were collected to enable an assessment of the extent to which women participated in and benefitted from these projects, even those with specific WID components.

Out of 37 technical assistance activities, only six included WID components and another seven provided some gender disaggregation of data and/or consideration of gender issues. Most of these have not had major results in increasing women's SME access for a variety of reasons.

ARIES training activities have included considerably more male than female participants. Gender disaggregated data on participants were not routinely kept. The trainers for all of the management workshops were also men. In their present form, ARIES training packages do not adequately address basic gender considerations.

LESSONS LEARNED:

- It is important to focus on the economic contributions and productive potential of women entrepreneurs rather than approaching them only as a "vulnerable," "excluded," or "disadvantaged" group.
- It is important to stress that gender analysis in project design provides a means to more effectively target resources to appropriate people and increases the likelihood of positive returns on investment of assistance dollars.
- It is essential to have a system for ensuring women's access to SME project activities that is not dependent on individuals' commitment and action.
- Institutional constraints at all points of the development process can limit or prevent women's participation in SME projects.
- Integrating women in microenterprise projects is a long term process. One technical assistance visit is not enough. It requires: training for attitude change and skill building; updates of

information on gender issues; and guidance in gender disaggregated data collection and analysis; as well as monitoring and follow up.

- At all points in the development process, people, practices, projects, procedures, and policies can serve as obstacles or provide opportunities for integrating women into SME projects.
- In the project design, it is essential to include a strategy for ensuring women's access to relevant project activities and for the collection and use of gender disaggregated data. This should be included in the logframe, in the capability of the implementing organization, and in the scopes of work for specific activities.
- It is important to develop, discuss, disseminate, and provide training on the WID strategy, key gender issues, and gender-disaggregated monitoring data collection/analysis procedures early in the life of the SME project.
- Targeting of sectors in which women are involved is an effective way to integrate women into SME projects. Conversely, targeting of sectors in which few if any women are involved is one of the major ways in which women have been excluded from SME projects.
- SME training materials should develop skills in the provision of SME assistance to women as well as men; they should address gender issues likely to effect project outcomes.
- Women should have access to SME training opportunities to strengthen their management skills and provide role models for greater participation of women in SME project decision making.
- It is necessary to systematically collect and analyze gender-disaggregated baseline and outcome data on all project activities, to provide guidance for improving them and a basis for assessing their social as well as their economic impact.

VALUABLE STATISTICS:

POLICY FINDINGS AND RECOMMENDATIONS:

- Conduct studies on key gender issues in microenterprise development on a country and sector-specific basis to develop policy, program, and project intervention recommendations.
- Institutionalize gender analysis in the design, implementation, and evaluation of all SME projects and studies. It is critical to include gender requirements in project design, activity scopes of work, and evaluation criteria.
- Strengthen capabilities of SME service organizations to reach and assist women entrepreneurs.
- Disseminate findings, lessons learned, and best practices (via seminars, summaries, information networks, and publications).

III. FOLLOW UP

LEADS FOR FURTHER INFORMATION AND RELATED MATERIALS:

- Andrea Bauman, S&T/RD/EED, ARIES Project Manager

- Boomgard, James. A.I.D. MICROENTERPRISE STOCK-TAKING SYNTHESIS REPORT. Washington, DC: Development Alternatives for AID/PPC/CDIE, 1989.

DOCUMENT CHECKLIST

| | | | | | | | |
|----------|-------|-------|--------|-------|-----|-------|-------|
| Sector | AGR | PRE ✓ | ED | ENR | HPN | Multi | Other |
| Region | AFR ✓ | LAC ✓ | APRE ✓ | ENE ✓ | | | |
| Audience | TR ✓ | POL ✓ | TECH | EXT | | | |

I. ACTIVITY

BIBLIOGRAPHIC INFORMATION: Downing, Jeanne. GENDER AND THE GROWTH AND DYNAMICS OF MICROENTERPRISES. GEMINI Working Paper No. 5. Development Alternatives, Inc., September 1990.

COUNTRY: all

ABSTRACT:

This report was prepared for the Growth and Equity through Microenterprise Investments and Institutions (GEMINI) Project, with funding from the WID Office. GEMINI's research agenda, the Growth and Dynamics of Microenterprises, aims to uncover common patterns in the evolution of microenterprises that can contribute to project designs sensitive to the needs of enterprises at different stages of their development. The purpose of this report is to explore ways of integrating gender concerns into the growth and dynamics research agenda developed by Michigan State University (MSU) and to further expand the research base on women entrepreneurs. The paper begins by establishing the importance of gender variables to microenterprise development and exploring apparent contradictions between WID and growth-oriented approaches to this development. Subsequently, a strategy for incorporating female entrepreneurs into national economic growth processes is advanced, derived from both WID and growth-oriented perspectives. The practicalities of implementing this strategy are then explored. Following this discussion, gender-sensitive hypotheses and research questions are presented to help guide future research and provide information needed to implement the strategy proposed earlier. The appendices include a background literature review, methodology and census surveys. [22 pp. + Bibliography + Appendices]

II. FINDINGS

KEY FINDINGS AND CONCLUSIONS:

A number of sources indicate that women's labor force participation rate has been steadily increasing, and has accelerated in recent years as a result of economic contraction. Many new female workers in Africa, Asia, and Latin America have entered the labor force through the microenterprise sector, because of ease of entry and limited access to other enterprise and employment opportunities. The arguments for incorporating the gender variable into analyses of and strategies for microenterprise development center not only on the existing and growing proportion of females in the microenterprise sector, but also on the importance of the income

earned and spent by women for household survival, human capital investment, and contributions to economic growth and development.

Much of the WID literature on microenterprise development warns of the dangers of growth-oriented strategies, given the concentration of women in low-growth, low-return microenterprises. The fear is that assistance schemes based solely on growth objectives will at best ignore women's needs, if not actually harm their economic interests.

Proponents of growth-oriented strategies, on the other hand, among whom MSU researchers are most often referred to, argue that given meager resources of most governments and the inability of many countries to generate growth of any kind during recent years of recession and structural adjustment, it is imperative to target available resources toward dynamic subsectors that have the greatest potential for contributing to economic growth.

These two schools of thought, one with a poverty alleviation focus and the other growth-oriented, constitute a debate on how to approach microenterprise development. This debate, unfortunately, has been riddled with misunderstandings on both sides.

This paper presents a strategy that bridges growth- and gender-oriented approaches to microenterprise development. It provides proactive prescriptions for assisting women to enter higher-return product markets that have greater potential for generating income and contributing to economic growth.

Different strategies are suggested for assisting female entrepreneurs in low-, good-, and high-potential subsectors. "Low-potential" enterprises are traditional, low-return enterprises with large concentrations of female entrepreneurs, which rely on a localized and thin market. These traditional activities -- for example, spinning and weaving, basket making, pottery, and selling some types of food and beverage groups -- appear to be declining in importance and thus can be classified as low potential.

"Good-potential" activities refer to existing subsectors that will continue to be important as economies mature, but are presently constrained by inadequate infrastructure, unintegrated markets, and inadequate or uneven input delivery systems. Some examples of good potential activities are food distribution, processing, and preparation, beer brewing, and garments for the domestic market.

"High-potential" activities represent newly introduced or traditional activities transformed to serve a modern, dynamic market. Examples include horticulture, aquaculture, touristic handicrafts, garments, rattan, and handwoven rugs. In many instances, high-potential enterprises are connected to export markets.

Recommended Strategies

- Support (but do not subsidize) women's enterprises in low-potential subsectors by ensuring that vendors are not harassed, larger-scale activities that compete with women's enterprises are not subsidized, taxes do not unfairly burden small entrepreneurs, and the like.
- For good-potential subsectors, identify interventions associated with viable subsectors in which women currently predominate to unleash their income-generating and growth potential.
 - The income-generating potential of female entrepreneurs in the good-potential subsectors is often constrained by policies, regulations, inadequate infrastructure, and limited access of women to resources. Targeted interventions aimed at alleviating system bottlenecks can have rippling effects that benefit large numbers of nonfarm and farm entrepreneurs.
- Promote policies, projects, and other interventions that facilitate the transition of female entrepreneurs out of low-return, low-potential subsectors into higher-return and higher-potential subsectors.
 - Assisting women to move into high-return, high-potential product markets will require research that

identifies high-potential subsector opportunities, barriers to entry into these subsectors, and constraints and incentives that steer women toward and keep them in unremunerative activities.

Implementing these strategies will require the economic analyses of MSU research and gender analysis. Gender analysis will bring together behavioral and entrepreneurial concerns with the enterprise-focused analyses of MSU. Gender studies will include analyses of the constraints and incentives that keep women in low-return, low-potential product markets. Women, it is argued, face even greater intersectoral immobility than men as a result of the following constraints:

- Limited access to credit and wage employment opportunities, as a result of discrimination outside the household;
- Gender-specific role models tend to narrow the range of economic activities in which women are willing to engage. Because girls tend to copy women and boys tend to copy men, when a new economic opportunity is taken up by men, women may label the activity as "male" and be unwilling to take advantage of the opportunity;
- Intrahousehold labor obligations and time-consuming domestic responsibilities that limit women's labor mobility;
- Low career and education aspirations resulting from the discontinuities women experience in their career to rear children; and,
- Limited access to information and extension services, which prevent women from gaining knowledge of new economic opportunities or the skills to take advantage of them. (Research in secondary towns of Kenya indicated that informal sector entrepreneurs earning the smallest incomes, of which many were women, tended to be younger, less well educated, and had less exposure to formal sources of information such as newspapers and radio news than those in the formal sector).

An understanding of what motivates female and male entrepreneurs to adopt a growth orientation will be required and, in particular, an assessment of whether different kinds of strategies can be employed to achieve growth. Researchers suggest that female entrepreneurs display a lateral growth pattern that involves increasing the number, rather than the size, of the enterprises in which they are engaged. Studies by MSU, the World Bank, and the International Food Policy Research Institute show that, especially in rural areas, entrepreneurs attempt to diversify their economic activities rather than specialize, as a strategy for increasing as well as maintaining their incomes.

The research of Sebstad and Grown (1989) suggest that men much more than women are able and willing to assume a growth orientation.² Women's greater security orientation is attributed to the meager resources to which they have access, their primary responsibility for feeding the family, and the threat of abandonment and divorce. This threat, they argue, motivates women to invest profits in the security offered by kin networks. Men, on the other hand, have access not only to larger amounts of capital, but also have more latitude in terms of how and where they invest -- partly because of their wives security orientation. Moreover,

² Grown, Caren, and Jennefer Sebstad. "Introduction: Toward a Wider Perspective on Women's Employment." WORLD DEVELOPMENT, Vol. 17, No. 7, July 1989.

there is evidence that where men make risky investments, women tend to invest in more secure ventures to spread the risks of their husbands' investments. Women's small but regular contributions to household income allow men to engage in higher-risk activities associated with greater absolute returns.

It is hypothesized that the enterprise portfolios of women, more than those of men, expand by diversification -- a lateral growth pattern in which investment capital is used to finance a new and different enterprise, rather than to expand the size and productivity of a single enterprise. With relatively less time, mobility, and capital resources, women may find lateral growth in the high risk environments in which they operate a more effective income strategy.

Two critical variables motivate both female and male entrepreneurs to diversify rather than specialize their enterprise portfolio. These include thin and fragmented markets and high internal transaction costs. Internal transaction costs are incurred in hiring, organizing, and training employees and are heightened by opportunism, illiteracy, lack of accounting and business skills, and lack of effective communication.

While diversification can be a means for increasing income, the inability of many microentrepreneurs, especially women, to move beyond a diversified portfolio of small, unremunerative enterprises to more specialized and productive activities suggests that entrepreneurs can also get trapped in a diversification strategy, beyond which they cannot move.

While female entrepreneurs are especially in need of literacy, numeracy, and management skill building, they face other constraints. A range of macropolicy reforms as well as subsector and microlevel interventions, which address women's constraints to and disincentives for adopting a growth orientation, will be needed to implement a strategy for promoting the growth of women's enterprises. GEMINI research can help guide the design of growth-enhancing interventions.

VALUABLE STATISTICS:

- Research on female microentrepreneurs in Lesotho revealed that 75% of respondents had problems acquiring inputs and selling their products because of lack of access to efficient transportation to market.
- In the Kutus region of Kenya, female marketers were able to amass only 1/4 the start-up capital to which male marketers had access.
- A nationwide survey of small-scale manufacturing, service, and trade enterprise in Zambia showed that women accounted for 60% of the ownership of small-scale enterprise activity and 54% of the employment. They accounted for more than 90% of the ownership in knitting, beer brewing, and pottery.

POLICY FINDINGS AND RECOMMENDATIONS:

Macrolevel Policy Implications:

Government policies will be important in facilitating women's transition from low- to high-potential enterprises and supporting women's participation in high-priced product markets.

- A women's bureau within the government can be critical to providing women the voice and leverage they need to gain access to the resources necessary to take part in economic growth processes.
- Financial and banking policies tend to restrict women's access to both credit and savings services. To facilitate the transition from low- to higher-return enterprises, women will need access to financial services, both

credit and deposit. Increasing access will require the deregulation of interest-rates, a decentralized networks of banks in rural and urban areas, and collateral substitutes.

- Legal as well as banking policy reforms will be necessary to allow women to act as independent and growth-oriented entrepreneurs, sign contracts, withdraw money from bank accounts, hold a confidential account, and obtain a loan independently.
- Education and skills training policies that favor men over women will hamper the movement of women into higher-return activities. Moreover, women's entry into more modern product markets will likely be facilitated by an understanding of technical information -- prices, weights, measures, and standards -- as well as management skills.
- Minimum wage laws have been shown to inhibit the deployment of labor from family to firms. These laws particularly affect women, slowing their ability to earn independent income.
- Tariffs that impose high surcharges on women-owned enterprises as compared to men's enterprises need to be examined and the impact assessed.

Subsector-Level Policy Implications:

- Employment policies will be needed that promote new opportunities for women, because of the likelihood of women's displacement in a number of subsectors.
- Policies that subsidize large-scale, competing enterprises will need to be addressed, to support low-potential enterprises that are important sources of income for women. The income multiplication effects of women's small enterprises need to be weighed against the low multiplication effects of larger-scale operations, to provide justification for such policy reforms.
- Local, regional, or national policies -- which burden marketers with unfair taxes and market fees, limit the mobility of goods, control the prices and marketing of certain commodities, restrict food vendors, and subsidize large-scale milling operations -- should be targeted for policy dialogue, because of women's important participation in food distribution, processing, and preparation and the viability of these subsectors.
- Policies, projects, and other interventions will be needed to support women's competitive position in viable subsectors. This will require interventions that are sensitive to gender-disaggregated channels and constraints within marketing subsectors.
- Policies, projects, and other interventions will be needed to promote complementary linkages between large-scale, high-potential enterprises and women's enterprises.

Microlevel Policy Implications:

Although macropolicies will be essential to create a conducive economic environment, microlevel policies and projects will also be important to ensure that women as well as men can take advantage of a favorable macropolicy environment.

- Gender-disaggregated data will be needed on the constraints and disincentives at the microlevel that impede the growth of microenterprises and entrepreneurs' transition to a growth orientation.

- The choice of agencies to implement microenterprise development projects should be made based on their capabilities for understanding gender-based constraints and incentives.
- Local-level policies or project interventions will be needed that facilitate the fulfillment of women's dual productive and reproductive roles. Child care policies, flex-time maternity policies, classes in nutrition, literacy, and numeracy may be needed to strengthen both women's productivity in the work place and her ability to care for her family.
- Other educational, vocational, and technical training policies and interventions, including training in "nontraditional" activities that push against gender-specific role models, may be needed to facilitate the entry of women into higher-return, higher potential, and sometimes "nontraditional" activities.
- Local policies and interventions may be needed to assist women in successfully marketing higher-priced products. Surveys in many countries have revealed that "access to markets" is a critical and often-cited constraint faced by female entrepreneurs. Easing this constraint may require providing women with important market information, addressing problems related to transport, and training women in postharvesting handling and processing techniques.
- Local-level policies and interventions may be needed to assist women entrepreneurs in obtaining inputs. Moreover, organizing saving groups will help to ensure that female entrepreneurs are able, on a regular basis, to save sufficient funds to purchase inputs and invest in the growth of their portfolio enterprises.

III. FOLLOW UP

LEADS FOR FURTHER INFORMATION AND RELATED MATERIALS:

Berger, Marguerite, and Myra Buvinic. *WOMEN'S VENTURES*. Boulder, CO: Kumarian Press, 1989.

Buvinic, M. "Investing in Poor Women: The Psychology of Donor Support." *WORLD DEVELOPMENT*, Vol. 17, No. 7. July, 1989.

Miller, H.G., and David Clarke. *MICRO-ENTERPRISE DEVELOPMENT IN THIRD WORLD COUNTRIES*. Carbondale, ILL: Southern Illinois University, 1990.

Otero, Maria. *GENDER ISSUES IN SMALL SCALE ENTERPRISE*. Washington, DC: U.S. Agency for International Development, 1987.

Van der Wees, Catherine, and Henny Romijn. *ENTREPRENEURSHIP AND SMALL ENTERPRISE DEVELOPMENT FOR WOMEN IN DEVELOPING COUNTRIES: AN AGENDA OF UNANSWERED QUESTIONS*. Geneva: Management Development Branch, ILO, 1987.

DOCUMENT CHECKLIST

| | | | | | | | |
|----------|------|-------|------|-----|-----|-------|-------|
| Sector | AGR | PRE ✓ | ED | ENR | HPN | Multi | Other |
| Region | AFR | LAC ✓ | APRE | ENE | | | |
| Audience | TR ✓ | POL ✓ | TECH | EXT | | | |

I. ACTIVITY

BIBLIOGRAPHIC INFORMATION: Downing, Jeanne. *WOMEN IN SMALL AND MICROENTERPRISES IN THE EASTERN CARIBBEAN*. Washington, DC: RDO/C/WID, 1990.

COUNTRY: Montserrat, Dominica, St. Lucia, Grenada

ABSTRACT:

This paper represents the results of research funded by WID and RDO/C to examine the impacts of the Small Enterprise Assistance Project (SEAP), initiated in 1981, on female entrepreneurs. This project provides loans to microentrepreneurs through National Development Foundations (NDFs), responsible for disbursing loan funds and providing training and technical assistance. The research entailed interviews with private and public sector organizations providing assistance to the small enterprise sector and surveys with a sample of female entrepreneurs. In order to be able to measure the impacts of project assistance, both participants and non-participants of the project were interviewed. While efforts were made to capture a representative group of participants and non-participants from a range of income levels, residing in both urban and rural areas on four islands in the Eastern Caribbean, the sample is not random, and thus findings may not be representative of the population of female entrepreneurs. Given this caveat, in-depth interviews with 72 female entrepreneurs from the islands of Montserrat, Dominica, St. Lucia, and Grenada do suggest the motivations, strategies, and attitudes of female entrepreneurs on these islands. (33 pp)

II. FINDINGS

KEY FINDINGS AND CONCLUSIONS:

POSITIVE:

The Small Enterprise Assistance Project has made important contributions to women's access to enterprise and employment opportunities. Forty-one percent of NDF female clients had an increase in the number of employees since receiving a SEAP loan. This is a particularly important finding for national development goals since most earlier research suggested that women rarely used loans to increase employment. Fifty percent had improved the structure of their workplace, and fifty-seven percent claimed that their income had increased.

Comparisons revealed that sixty-four percent of SEAP participants as compared to fifty-four percent of non-participants stated that they kept records. Almost 90 percent of SEAP participants and just over 30 percent of

non-participants had ever received business-related training or technical assistance.

Data contrasting SEAP participants with non-participants suggest that the project has promoted female participation in manufacturing. Nonetheless, the predominance of SEAP participants in service and commerce sectors points to the need for expanded efforts in the manufacturing arena.

Data collected for this study shows that well over half of the entrepreneurs interviewed owned two or more enterprises. The SEAP participants were more likely to have diversified portfolios, with multiple enterprises, than non-participants. Over 40 percent of SEAP participants used loan funds to diversify their portfolio of enterprises, that is to start a new enterprise in addition to at least one other.

Women with greater resources and education tended to choose employment before entering self-employment, using the secure base of their job, where they gained savings and skills, to experiment on a part-time basis with self-employment. For instance, many began a retail business by selling out of the back of their cars, while still employed. One woman, working for a car rental firm, began by renting her car to the firm when cars were in short supply. She later purchased a car which she rented through this firm. Eventually, she started her own car rental service.

Interviews showed that vendors and marketers make significant human capital investments. For example, a market woman in Montserrat, with help from her husband, sent two sons to university. Educating the children, for this group, was a priority investment which often precluded business growth.

NEGATIVE:

SEAP appears to have reached few of the lowest income entrepreneurs, especially the large numbers of women involved in local produce marketing, hucksters, and street vendors.

Statistics comparing male with female loan beneficiaries indicate that the SEAP project has been much more successful in reaching men than women, with relatively lower incomes. Current statistics show that women constitute 30 percent of the loan beneficiaries. Given the typically high participation level of women in the informal sector, this percentage is low.

While skills training programs for women exist on the islands, too often they are designed to up-grade skills that women traditionally learn in the household that are not well remunerated. Evidence highlights the need for vocationally-oriented education that can translate into satisfactory employment and self-employment, particularly in non-traditional occupations.

Women's enterprises most often fall within the service and commerce sectors. Women's low participation rates in the manufacturing sector in face of the importance of productive activities to the economic base of the region indicates the need for targeted assistance. The concentration of female entrepreneurs into a narrow range of subsectors within the retail and service sectors resulted in overcrowding and thus high levels of competition and low returns. Well over half of the sample engaged in traditional subsectors in which competition was high. Clearly this pattern limits the profitability of women's enterprises as well as hampering opportunities for expansion.

The lack of access to market, input, and other business-related information underscores the importance of creating business networks for women.

Bankers, NDF staff, and others working directly with low income groups stated that a major obstacle to credit for female microentrepreneurs is fear by the potential borrower. Moreover, it is a common practice to save, even their own money, in their husband's name. Unfortunately, the stricter collateral requirements of the NDFs is likely to increase the importance of collateral as an obstacle to microentrepreneurs, especially women.

Most poor female entrepreneurs tend to be oriented toward stability rather than expansion.

Sixty-six percent of sampled project participants appeared to have management-related problems (cash flow, investment capital, record keeping).

The financial responsibility assumed by women for their families is, from all reports, not matched by men. Clearly if women's earnings must be diverted to household support, men's enterprises will be more likely to grow than women's. Consequently, the efforts and entrepreneurship of women often go unnoticed.

VALUABLE STATISTICS:

- 41% of NDF female clients had an increase in the number of employees since receiving a SEAP loan.
- 50% had improved the structure of their workplace, and 57% claimed that their income had increased
- Almost 90% of SEAP participants, and just over 30% of non-participants, had ever received business related training or technical assistance
- Well over half of the entrepreneurs interviewed owned two or more enterprises
- Over 40% of SEAP participants used loan funds to diversify their portfolio of enterprises
- Women constitute 30% of the loan beneficiaries
- 66% of sampled project participants appeared to have management-related problems (cash flow, record keeping, investment capital...)

POLICY FINDINGS AND RECOMMENDATIONS:

- Data show that a significant number of low income women save; the project could promote their bankability by encouraging them to save in a credit union, where they might be able to access loan funds based on the security of their savings and apply for NDF funds.
- Policies supporting the role that hucksters and marketers play in the food distribution system are needed.
- Given the high levels of female-headed households in the region and that women bear primary responsibility for feeding the children, women should be an important target group for microenterprise assistance, i.e. percentage of SEAP loans disbursed to women should be higher.
- Efforts are needed to encourage both public and private sector response to female entrepreneurs' and employees' need for greater and improved child care facilities.

- Training should be provided in how to manage home and work.
- The project should encourage NDFs to involve both partners in a conjugal unit to participate in loan negotiations -- interviews showed the importance of "male partner support" to female success in business.
- Greater efforts are needed to increase the number of female beneficiaries in the agriculture and manufacturing sectors.
- Training is needed in non-traditional and management skills.
- Microentrepreneurs need advice regarding diversification versus other business strategies.
- The project should address women's lack of access to business networks, scarce memberships in Chambers of Commerce, and general lack of involvement in formal private sector organizations. By involving women in these types of organizations, they will have better access to business information as well as role models for entrepreneurial development.
- Given the importance of women's income to a range of human capital requirements (e.g. children's education), and the key role to be played by a well educated labor pool in meeting national development goals, clearly there is a need to target assistance efforts toward women.

III. FOLLOW UP

LEADS FOR FURTHER INFORMATION AND RELATED MATERIALS:

USAID's Regional Development Office for the Caribbean

DOCUMENT CHECKLIST

| | | | | | | | |
|----------|-----|-------|------|-----|-----|-------|-------|
| Sector | AGR | PRE ✓ | ED | ENR | HPN | Multi | Other |
| Region | AFR | LAC ✓ | APRE | ENE | | | |
| Audience | TR | POL ✓ | TECH | EXT | | | |

I. ACTIVITY

BIBLIOGRAPHIC INFORMATION: Joekes, Susan. EMPLOYMENT IN INDUSTRIAL FREE ZONES IN THE DOMINICAN REPUBLIC: A REPORT WITH RECOMMENDATIONS FOR IMPROVED WORKER SERVICES. Washington, DC: ICRW, July 1987.

COUNTRY: Dominican Republic

ABSTRACT:

In response to a request from USAID/DR, the International Center for Research on Women (ICRW) prepared this report on employment in the Industrial Free Zones (IFZs) and made recommendations for improvements in worker services. ICRW carried out the work under the terms of its cooperative agreement with PPC/WID. The ICRW team visited the DR from July 31 to August 17, 1986. The time was spent collecting economic data, visiting all four zones in operation and two others under construction, and interviewing the managers of a sample of 12 out of the total of 124 firms located in the zones. The report describes current worker services and the position of women working in the IFZs in the DR, in the light of what is known from secondary sources of the current state of the labor market and the specificities of women's employment situation. The short duration of the field visit unfortunately made it impossible to carry out an original survey of workers' priorities for improvements in services or to compare the present day workforce with that of five years ago. [89 pp + tables, bibliography and appendices]

II. FINDINGS

KEY FINDINGS AND CONCLUSIONS:

Background: The National Employment Context and Women's Place in the Labor Market

Over the 20-year period from 1960-1980, the economically active population grew at four percent a year. The Dominican labor force has increased unusually rapidly, compared to other countries of the region. The driving force behind the increase in the Dominican labor force is changes in women's economic behavior,

specifically in women's increasing involvement in the labor market. The female labor force participation rate increased nearly fourfold from 1960 to 1980, from 11 percent in 1960 to 37.5 percent in 1980 among women aged 15 years or more. According to the 1980 census, open unemployment was 19 percent in the urban labor force, 16 percent for men, and 24 percent for women.

The importance of the Industrial Free Zones to the DR is twofold: first, they represent a low capital cost form of employment creation; secondly, IFZs employ mostly women. Thus they provide a specific way of meeting the relatively high demand for employment that exists among women.

Not all women who seek paid work manage to find it. Women have consistently suffered higher rates of recorded unemployment than men in the DR. Official statistics severely underestimate the size of the available female labor force. Survey data suggest that many Dominican women are interested in paid employment but not actively seeking it, perhaps discouraged by the high rate of unemployment.

There was an acceleration in the female participation rate in Santo Domingo between 1980 and 1983, accompanied by a slight reduction in the rate of unemployment among women. These changes in the pattern of female employment are reminiscent of the changes that have taken place in earlier recessions in the industrialized countries, and which also happened quite widely in the Latin American and Caribbean region in the 1980s. In recessionary times, women's involvement in the labor market apparently increases. On the labor supply side, economic contraction provokes increases in female participation. Households suffer falls in real income as male unemployment rises and real wages decline, and more women, previously unemployed, actively seek work to maintain family income.

The recorded rate of female labor force participation has increased rapidly in rural areas in the DR, where it is now higher than in urban areas. In 1980, the total rural female labor force participation rate was 43.3 percent, compared to 33.5 percent in the urban population. This suggests that employers establishing operations in the rural areas, away from the large cities--such as tenants of some of the newest IFZs--will not be dealing with a local female population unfamiliar with the routines and requirements of formal employment.

The new women workers are drawn from select age groups. Women aged 20-49 are most heavily represented in the labor force. Almost half of all women between 20 and 39 years are now in the labor force. The female workforce in the IFZs is drawn mostly from this age group.³ In contrast, women under 20 and women above 50 have not increased their participation to anything like the same degree. Young women are staying in school longer, a factor which reduces the female participation rate in the short term (primarily up to the age of 25 years), but raises it subsequently, particularly in the next oldest age groups.

The service sector is the single largest source of employment for women in the DR, as in other Latin American and Caribbean countries. The majority are in domestic services, working as maids, cooks and babysitters.

In manufacturing, the share of women workers has risen significantly. By 1980, 28 percent of the workforce in manufacturing were women, compared to 17.5 percent in 1960.

In keeping with their lesser occupational and employment status, women's income from wage employment

³ Many IFZ employers in the Dominican Republic have an explicit preference for women with dependent children, on the grounds that their work commitment and stability are superior. This is fortunate for Dominican women, among whom fertility levels are exceptionally high by international standards. It contrasts with employer preferences in Asian export processing zones, where single women without children form the bulk of the workforce. These particular sub-groups of the female population are considered the most stable and committed to wage employment in their respective societies.

is less than men's. Women's earnings are universally lower than men's for three reasons. First, women are more heavily represented than men in low-wage occupations, such as domestic service. Second, women often work fewer hours than men. And, third, there may be an outright differential in wages paid by sex, so that women earn less even doing exactly the same job as a man.

The Benefits and Limitations of IFZ Employment

POSITIVE:

The total number of women employed in the zones in mid-1986 was approximately 30,000. The IFZs have become a major source of jobs in the industrial sector: they employ between one-third and two-fifths of all women in manufacturing employment.

Even though zone enterprises do not offer particularly good wages for women in local terms, the IFZs have undoubtedly made a significant contribution in providing many thousands of new jobs for Dominican women workers and income for them and their dependents.

IFZ employers and the operators of new IFZs in the DR are clearly moving spontaneously in the direction of improving worker services, on both an individual and a collective basis. The fact that they are doing so indicates a willingness to pay. There is, therefore, no need for USAID or any other agency to consider extending major resources to initiate or underwrite new activities. Nevertheless any external agency with technical assistance functions, such as USAID, can play an important role in providing a stimulus to action, making recommendations for improvements in worker services and offering technical assistance.

NEGATIVE:

IFZ employment represents no improvement in the types of jobs available, being unskilled, dead-end work. Apart from increasing women's actual aggregate income, and perhaps therefore women's current and future expectations about levels of wage income from formal employment, IFZ expansion does nothing to improve women's future employment opportunities in broader terms.

Women are less well represented in the comparatively small technical, administrative and managerial sections than in the direct production sections of enterprises. This reflects the failure of the system of vocational and higher education in the DR to produce women with the appropriate qualifications.

Employment for women in the IFZs rests on a very bottom-heavy employment structure of jobs, which offers minimal possibilities of advancement for production workers. The harshness of industrial discipline, the boredom and intensity of the work, and the long work hours are major causes for complaint among IFZ workers.

The employment is less than fully secure because of the impermanence of many export processing production operations. The fact that in 1981 one-third of all female workers had been working for their current employer for less than one year also suggests a degree of employee instability.

The general level of services for workers currently provided in the Zones is poor.

Working conditions for women in IFZs in the DR are similarly onerous to those documented for IFZ workers in other developing countries. The most important drawback is perhaps something different: that IFZ work does little to equip women for an economically productive life after they leave Zone employment.

VALUABLE STATISTICS:

- A significant number of women in the Dominican Republic are living in households without an adult male -- 25% of all women and 33.9% of women aged 15-49 in urban areas in 1980, according to the census.

- In 1980, 45.7% of all employed women in the DR worked in the service sector.

POLICY FINDINGS AND RECOMMENDATIONS:

The four primary recommendations of this report are that USAID should support the establishment of better medical services, an industrial training and referral service, savings and loan facilities and pilot child care facilities for each Zone. In order that the first three recommendations fulfill their potential for women, great care has to be taken in the design and implementation phases of the projects, to ensure that women are included among the beneficiaries in appropriate numbers and that the content of the activities (the spectrum of conditions treated at the clinics, the curriculum in the training scheme, the borrowing conditions in the financial institutions) is suitable to women's special needs.

- **Medical services.** The strongest recommendation is for the establishment of a clinic in each zone to provide workers with both routine preventative care and treatment of both regular and immediate health problems. Health problems are recognized by virtually all employers to be the main problem for their work forces, and the creation of clinics in the zone was the single most frequently made suggestion for improvements in worker services. Medical services would be more efficiently provided on a zone-wide basis than by individual enterprises.
- **An industrial training/labor referral service.** The second recommendation is for a training facility to supply a pool of potential workers to expanding and new enterprises, which would be practiced in basic industrial routines and familiar with the special production procedures of export processing operations. An industrial training facility will enhance the immediate attractiveness of the DR zones to foreign and local investors by relieving the costs of training a complete new workforce from scratch, and will release some of the emerging bottleneck of trained labor which will otherwise put a damper on expansion and depress productivity. The facility should contribute towards breaking down sexual stereotypes, by including women in courses geared to metal-working industries and other such customarily "male" industries. In general, a preparatory training scheme would have a valuable side-effect in giving these women an introduction to the production process as a whole, and better equipping them to earn an income in later life.
- **Savings and loans facilities.** Space should be provided in the zones for a local bank or credit institution to open a branch for zone workers. The zones are a natural site for serving workers. Such a facility would be an excellent way of encouraging workers to save and of meeting other developmental objectives. Such facilities might expand their scope into a credit scheme supporting microenterprises run by workers' families, or a consumer cooperative for workers.
- **A pilot childcare scheme.** The actual and prospective demand for satisfactory childcare services is unmet at the present time. Many women workers spend substantial sums on childcare. Improved childcare services would be immediately beneficial for women workers, since they have responsibility for making arrangements for their children. USAID's role would consist of providing technical assistance.

The report also makes some secondary recommendations for services which need improvement including transportation and cafeterias.

III. FOLLOW UP

LEADS FOR FURTHER INFORMATION AND RELATED MATERIALS:

Beneria, L. 1981. "Conceptualizing the Labour Force: the Underestimation of Women's Activities," Journal of Development Studies, vol. 17, no.3.

Lee, Eddy, ed. 1984. Export Processing Zones and Industrial Employment in Asia. Bangkok Asia Employment Programme of the ILO.

Sen, Amartya. 1986. Women Technology and Sexual Division, UNCTAD/INSTRAW, UNCTAD/TT/79.

USAID/Dominican Republic. 1986. "Action Plan--FYs 1987-1988."

DOCUMENT CHECKLIST

| | | | | | | | |
|----------|------|-------|--------|-----|-----|-------|-------|
| Sector | AGR | PRE ✓ | ED | ENR | HPN | Multi | Other |
| Region | AFR | LAC ✓ | APRE ✓ | ENE | | | |
| Audience | TR ✓ | POL ✓ | TECH | EXT | | | |

I. ACTIVITY

BIBLIOGRAPHIC INFORMATION: Joekes, Susan and Roxana Moayed. **WOMEN AND EXPORT MANUFACTURING: A REVIEW OF THE ISSUES AND AID POLICY.** Washington, DC: ICRW, July 1987.

COUNTRY:

ABSTRACT:

This paper, prepared for the Office of Women in Development, is the second in a two-part series that examines, on a sectoral basis, the implications for women of AID's private sector thrust. This paper briefly describes the significance of export manufacturing to women in developing countries and reviews the various evaluations that are made of this phenomenon as far as women are concerned. Since the evaluation is mixed, the paper goes on to outline a possible A.I.D. policy in this field related to gender, and suggests the kinds of interventions, mainly in new project components, that A.I.D. can take to reduce the negative and to enhance the positive effects of export manufacturing production for women. [47 pp + bibliography]

II. FINDINGS

KEY FINDINGS AND CONCLUSIONS:

POSITIVE:

The almost universal effect of expansion of export manufacturing in developing countries in recent decades is that women fill most of the jobs created.

Despite the inadequacies of wage data, it seems valid to say as a general statement that women's earnings in export manufacturing employment are, in the majority of cases, an improvement over other employment opportunities open to them. To the extent that this generalization holds, it implies that employment in this sector not only increases the total number of women's job opportunities, in some countries quite significantly, but that it brings higher income-earning opportunities too. Given these women's actual alternative employment opportunities, there can be little doubt that export manufacturing employment does bring some improvement to working women's lives, in terms of steady income within the normal range for the manufacturing sector, at least

for a short period of time.

A generally favorable assessment of the Export Processing Zone (EPZ) employment comes from the women workers themselves. Women workers in Indonesia perceived that their status was enhanced by factory work due to engaging in nonagricultural, steady, remunerated labor in a clean, cool environment. Their skin stayed lighter, reflecting nonmanual and therefore higher status work. Factory work allowed them to leave their parents' home to travel to work, and meet young men and women from other villages in the factory. Factory workers in one village studied exhibited an air of assertiveness compared with their peers who had never worked in a factory.

NEGATIVE:

Export Processing Zones (EPZs) perpetuate occupational and wage discrimination by sex and may also subject women to particular health hazards in some industries. Employment in a zone may represent only a short-lived opportunity for improvement in individual women's economic position.

Firms in EPZs have predominantly drawn their workers from a particular, low-cost segment of the female labor force: young women workers who are mostly new entrants to the labor force. In Asian export manufacturing, the typical woman worker is young, unmarried and childless, whereas in Central America and the Caribbean she is not so young, is in a formal or informal marital union, and often has children to care for. Women workers in EPZs usually have a relatively high educational level.

Export manufacturing has not as yet altered the occupational and wage discrimination faced by women in the labor market. The youthfulness of the EPZ workforces carries another implication: that employment in a Zone represents only a short-term improvement in women's economic position.

The main disadvantages for women of this type of employment are the short-term nature of the employment opportunities, the fact that the skills used on the job are narrowly specific to work in assembly production operations and, where it exists, the abuse of humanitarian health and safety standards.

VALUABLE STATISTICS:

- Of the approximately one million jobs that export processing zones generate in developing countries, about 80% are estimated to be held by women.
- Worldwide, it has been estimated that 85% of women export processing workers are under 25 years of age (ILO/UNCTC, 1985)

POLICY FINDINGS AND RECOMMENDATIONS:

A.I.D. program and policy efforts should be devoted to redressing the disadvantages of export manufacturing for women through: (1) measures to improve quality of work life and job satisfaction which reward workers during their period of employment; and by (2) promoting supplementary interventions directed at improving women's prospects for productive activity after they leave the export manufacturing sector.

Recommendations for A.I.D. Projects:

I. PROJECTS TO IMPROVE QUALITY OF WORK LIFE AND JOB SATISFACTION

- **Transportation.** In many EPZ locations workers have a long commute to work each day. USAID Missions could consider ways of encouraging the rationalization and greater efficiency of

both public and private transportation systems serving EPZs. EPZ administrations may be encouraged to provide transportation for their site workers, with AID providing technical assistance on equipping and operating systems effectively.

- **Health and Nutrition.** Medical services should be provided in EPZs, to cope with both occupational illnesses and injuries. This would seem a highly appropriate area for AID intervention. Cafeteria services represent an important measure to improve workers' nutrition and health status and their productivity on the job, especially for low-income workers and in low-income countries.
- **Childcare.** Medical schemes might be extended to or linked with some childcare provision for workers' children. In some situations childcare facilities would best be provided off-site.
- **Training.** In countries with a large excess supply of poorly educated and inexperienced labor, export manufacturing activities might be more successfully operated if EPZs administered a labor referral and preliminary training scheme.
- **Savings Facilities.** Savings and loan schemes can help workers consolidate the advantages of the period of secure earnings to improve their housing, discharge consumer debts or capitalize small family business operations. Savings schemes established near workers' place of employment may represent the best chance unskilled workers' families ever have to undertake a commitment to save regularly, and to receive a useful return. Special attention should be given to familiarizing women with the savings scheme and providing them with assistance in financial management.
- **Housing.** Workers often cite housing as one of their most pressing needs. This may be an even greater problem for women who are heads of households. Contract saving schemes can be designed to encourage workers to accumulate a downpayment for eventual purchase of their own house. By organizing and contributing to such schemes, EPZs or individual plants will not only provide a valuable service to their employees, but they will also create an incentive for worker retention.
- **Workers' Associations or Unions.** EPZs should be encouraged to be tolerant, if not supportive, of labor organizing efforts by their employees. Women workers should be encouraged to become members of these associations or unions and to participate in their management.

II. PROJECTS TO PREPARE WORKERS FOR PRODUCTIVE EMPLOYMENT OUTSIDE EXPORT MANUFACTURING

- **Credit and Savings.** Savings schemes, as eventual sources of credit, can help workers and their families establish a small business to the point where a woman worker can look forward to productive self-employment in the informal service or manufacturing sector after the factory job is finished.
- **Training and Education.** Training schemes that provide a wide variety of skills for women should also be considered for support. These could range from substantive skills training in traditional and nontraditional areas of work for women to low-level technical assistance in small enterprise skills, such as literacy, bookkeeping and marketing. They would be located in zones or in local population centers for EPZ workers, but aimed at broadening and deepening their skills for

employment or self-employment after they leave the export manufacturing sector.

Both credit and training facilities should be designed to promote high value-added activities, with a small business rather than a "handicrafts" emphasis.

III. FOLLOW UP

LEADS FOR FURTHER INFORMATION AND RELATED MATERIALS:

International Labor Office (ILO)/United Nations Centre on Transnational Corporations (UNCTC). 1985. Women Workers in Multinational Enterprises in Developing Countries. Geneva: ILO.

ILO/United Nations Research and Training Institute for the Advancement of Women (INSTRAW). 1985. Women in Economic Activity: A Global Statistical Survey (1950-2000). Geneva: ILO/INSTRAW.

Jones, Gavin W., ed. Women in the Urban and Industrial Workforce: Southeast and East Asia. Canberra: Australian National University.

Wolf, Dian. 1986. "Linking Women's Labor with the Global Economy: Factory Daughters and their Families in Rural Java." Mimeo.

DOCUMENT CHECKLIST

| | | | | | | | |
|----------|-------|-------|------|-----|-----|-------|-------|
| Sector | AGR | PRE ✓ | ED | ENR | HPN | Multi | Other |
| Region | AFR ✓ | LAC | APRE | ENE | | | |
| Audience | TR ✓ | POL ✓ | TECH | EXT | | | |

I. ACTIVITY

BIBLIOGRAPHIC INFORMATION: Lewis, Sydney A. and Karen Russell. MALI: WOMEN IN PRIVATE ENTERPRISE. Washington, DC: Ernst & Young, August 1989.

COUNTRY: Mali

ABSTRACT:

This study was prepared by an Ernst & Young team under the auspices of the Private Enterprise Development Support (PEDS) Project, in coordination with USAID/Mali's WID Coordinator. It was jointly funded by USAID/Mali and PPC/WID through buy-ins to the PEDS Project. The purpose of this study is to uncover that part of the private sector which is frequently ignored: women-owned enterprises. This study represents the first phase of USAID/Mali's efforts to collect data on women in the private sector. The geographic focus of the study is Bamako given the overwhelming concentration of private sector activities in the capital city. The team interviewed 34 women entrepreneurs in Bamako at varying levels of "formality" and business sophistication. For analytical purposes, the team examined entrepreneurs in the formal sector and the informal sector separately. As a supplement to its interviews with entrepreneurs, the team conducted a series of interviews with institutions that support the private sector. The study addresses such questions as what types of enterprises women own in Bamako, their constraints to doing business, where women are involved in the private sector, and other questions. Chapter VI of the report contains a series of recommendations for ensuring women's participation in USAID/Mali's private sector programs. [48 pp + annexes]

II. FINDINGS

KEY FINDINGS AND CONCLUSIONS:

Women Entrepreneurs in the Formal Sector:

Women entrepreneurs are just beginning to establish themselves in Mali's formal business sector; there

are probably no more than 35 to 40 registered businesses owned by Malian women.

The most common sectors for women are the commercial and services sector. While the industrial sector is relatively shallow in Mali, women's participation in this sector is particularly low.

Women in the formal sector start their businesses for diverse reasons. Often women open a business after working in the public sector for years; a pending retirement, a financial bonus for early retirement, or the desire for more flexibility and challenge may be the incentive for moving from the public to the private sector. Economic liberalization has opened up opportunities for the private sector, and women have started businesses in areas which used to be the domain of the public sector.

Lack of access to finance is the major constraint facing women in the formal sector, even for those firms that are well-established and have been in operation for some time. The second most important constraint is government red-tape and bureaucratic regulations. Formal sector entrepreneurs spend a considerable amount of time, energy and money in coping with Mali's maze of regulations.

Women have relatively little access to institutional support relative to their male counterparts. The Association des Femmes Commerçantes et Entrepreneurs du Mali (AFCEM) has recently been created; its objective is to represent the interests of women-owned businesses.

Women also identified a number of business training needs; some of the most critical areas for training and technical assistance are management, marketing, inventory control and financial planning. They also identified business training needs in accounting techniques, organizational planning, effective pricing of products, quality control, legal rights of entrepreneurs, etc. Lack of business skills is clearly a critical constraint for formal sector entrepreneurs. Most importantly, the entrepreneurs themselves perceive management and marketing training as a critical need. Most women preferred the idea of training sessions in collaboration with male entrepreneurs because they felt they could benefit from their experience; furthermore, women want to feel part of the general business community and do not want to isolate themselves further.

Many women felt that they were not taken seriously by the banks and government officials until they had a chance to prove themselves. Women lack access to the "old-boy" network, which can prove to be an important source of contacts and connections. The Chamber of Commerce is viewed by most women entrepreneurs as the classic representation of the "old-boy" network. They do not feel comfortable nor welcome at Chamber meetings.

Entrepreneurs in the medical profession noted the lack of access to critical medicines, drugs and machinery.

Women in the Informal Sector:

The informal sector entrepreneur begins her business out of economic necessity; it is becoming increasingly difficult for families to survive in Bamako without several sources of income. In many cases, the women's business provides an essential, if not sole, source of income for the family.

Most of the entrepreneurs interviewed by the team had no formal schooling, especially the older women.

The informal entrepreneur tends to use little labor. Occasionally a family member would assist in the business, but rarely as a paid employee.

The entrepreneur balances her income-generating activities with her domestic responsibilities by locating the business in the home or close-by.

These women often have more than one business. The fluidity of the informal sector allows women to have several types of enterprises.

Informal sector entrepreneurs do not operate within the rules and regulations established by the government. As a result, they can often respond more quickly to changes in the economic environment.

The most important constraint to informal entrepreneurs is the decline in purchasing power stemming from the "crise économique" in Mali; this has had a dramatic impact on informal entrepreneurs' ability to sell goods and services. The women noted that they no longer have the number of customers they used to have.

The informal entrepreneur faces stiff competition. Ease of entry into the sector means that many people vie for the same market. The entrepreneurs are basically mistrustful of one-another. Due to the high level of competition, they rarely collaborate.

When women in the informal sector considered their needs, they usually thought of some immediate material need for their business which they could not afford. They expressed no interest in training. In fact, most of the women emphasized that they had no interest and no time for training. They would, however, like their children to be trained so that they could help out in the business.

The team found that none of these women in the informal sector held bank accounts in formal banking institutions. In contrast, a number of the women participated in tontines -- a type of revolving savings association. The most important source of finance for most of the entrepreneurs in the informal sector was supplier's credit. The virtual lack of collateral required for such type of credit makes it accessible to women.

Due to lack of finance, the opportunities for moving beyond the microenterprise level are marginal for most of the women interviewed. They save their revenues to repay their debts to suppliers, and support the large extended families.

Informal entrepreneurs located on the streets may be wiped out at any time as part of the government's effort to "clean up" Bamako. There is the constant fear of harassment from government officials for lack of compliance with tax laws.

Informal entrepreneurs attempt to avoid Mali's high taxes and complicated regulations by remaining unofficial. Nonetheless, entrepreneurs and government agents may also collaborate through elaborate systems of networks and pay-offs. These "systems" are by no means certain, however, and informal entrepreneurs remain vulnerable to the caprice of such networks.

VALUABLE STATISTICS:

- Among the informal sector entrepreneurs interviewed by the team, 2/3 of the women were the sole source of income for their families.

POLICY FINDINGS AND RECOMMENDATIONS:

The following recommendations focus on projects and programs in the Mission's portfolio which have or could have the greatest impact on private sector development in Bamako.

(1) The Economic Policy Reform Project (EPRP) aims to promote an environment conducive to private sector development and reduce the burden of the public sector on the economy. Under EPRP, the team offers the following recommendations for addressing the specific concerns of women entrepreneurs:

- Article 38 of the Marriage Code and Article 4 of the Commercial Code which require married women to obtain their husband's authorization before participating in commercial activity, should be revised.
- The procedures to legally establish an enterprise should be simplified and well-publicized. Entrepreneurs must also have easy access to information on how to register their businesses. For women, this may mean disseminating the information through different channels such as the radio, the markets, the tontines and AFCEM.
- An active dialogue should be maintained with the Banque Central des Etats de l'Afrique de l'Ouest to address monetary policy issues that affect private sector development, including credit ceilings, interest rate ceilings, inflation, money supply and convertibility questions.

- The Government of Mali should continue to simplify and rationalize taxes to ease the burden on the private sector. If women are to participate in the formal economy, it is important to disseminate information on taxes through their channels of information.
- The team recommends that additional assistance be provided through small group workshops and on-site technical assistance to assist entrepreneurs make the transition from the public to the private sector.

(2) The Human Resources Development Assistance (HRDA) Project. The following recommendations are provided to assist the Mission reach women in the private sector.

- The Association des Femmes Commerçantes et Entrepreneurs du Mali (AFCEM) is currently the most appropriate vehicle for providing training to the formal community of business women. Initially, USAID should work in collaboration with AFCEM to establish a series of training programs in business management; such support will serve to strengthen AFCEM's technical grounding.
- As there was a lack of interest in training on the part of informal sector entrepreneurs, it will be important to market the training programs effectively to encourage participation. Factors such as location and scheduling of programs will influence women's participation. The use of Bambara and other local languages will be critical to ensuring women's participation. Literacy and basic business skills training may be combined to address the needs of women in the informal sector.
- It is also important to provide technical assistance as a follow-up to training. Women entrepreneurs expressed a keen interest in one-on-one technical assistance, as a follow-up to training.

(3) The PVO Co-Financing Project will provide nine grants to promote three sectors. For the micro and small enterprise component of the project, the team recommends a number of mechanisms to encourage female participation, such as flexible eligibility criteria, non-collateral based loan programs, market-based loan terms, development of appropriate marketing tools, and neighborhood and /or work-based programs.

Policy Dialogue Issues:

- Additional data gathering and research on the role and operations of the informal sector should be carried out to provide effective tools for policy dialogue to sensitize key policy-makers to the importance of the informal sector in Mali's economy. Data should be gender-disaggregated in order to assess women's role in the informal sector.
- Malian officials should be sensitized to the possible negative impacts of government policy on the informal sector (such as the campaign to clean the streets of Bamako).
- USAID, in collaboration with the Malian Government and the private sector, should explore the possibilities for expanding linkages between the formal and informal sectors.
- USAID can deepen its contacts and dialogue with businesswomen by including Malian women in WID Coordinating Committee Meetings on a regular basis.

Finally, the Mission itself can support the growth of women-owned businesses in using their services to the greatest extent possible. (consulting firms, computer training schools, building repair and cleaning services)

III. FOLLOW UP

LEADS FOR FURTHER INFORMATION AND RELATED MATERIALS:

Oppenheim, J., Policy Reform and Private Sector Development: the Case of Mali, prepared for USAID/Mali, June 1987.

USAID/Mali, Women in Development Action Plan, (Annex to the CDSS for 1990-1994).

Vaa, Mariken, Institute for Social Research, Oslo, Self-Employed Urban Women: Case Studies from Bamako, prepared for the African Population Conference, Dakar, November 1988.

Mme. Le Presidente, Union National de Femmes Maliennes (UNFM).

Mme. Diallo Oumou Traore, Ministere des Travaux Publiques, Presidente Executive Women's World Banking (Mali)

DOCUMENT CHECKLIST

| | | | | | | | |
|----------|-------|-------|------|-----|-----|-------|-------------------|
| Sector | AGR | PRE | ED | ENR | HPN | Multi | CREDIT Other ✓ |
| Region | AFR ✓ | LAC | APRE | ENE | | | |
| Audience | TR ✓ | POL ✓ | TECH | EXT | | | |

I. ACTIVITY

BIBLIOGRAPHIC INFORMATION: Lust, Nancy, Sonia Patten, Larry Blake and John Vreyens. THE MUCIA/WID CAMEROON CREDIT UNION DEVELOPMENT PROJECT. East Lansing, MI: MUCIA, June 1990.

COUNTRY: Cameroon

ABSTRACT:

This final report provides the survey results of the MUCIA/WID Credit Union Development Project conducted by the Midwest Universities Consortium for International Activities (MUCIA) in April, May and June, 1990, in the Northwest and West Provinces of Cameroon. Funded by A.I.D. as part of its program in Women in Development, the project was implemented in collaboration with USAID/Cameroon, the Cameroon Cooperative Credit Union League (CamCCUL), and the World Council of Credit Unions (WOCCU).

The project investigated gender differences in savings, borrowing, and investment behavior of 146 credit union and non-credit union members -- men and women in equal numbers -- through questionnaires and seven case studies. The research also examined incentives and opportunities to invest, as well as male and female perceptions of informal money groups, that is "njangis" (called "tontines" in the francophone regions) compared with credit unions and other formal financial institutions. A significant goal of the WID Action Plan of USAID/Cameroon is to establish a gender tracking system across Mission activities to ensure that all project and non-project reporting will include the disaggregation of data by gender. The MUCIA/WID Cameroon Credit Union Development Project will serve as the Mission's benchmark study for meeting this goal. [66 pp. + appendices]

II. FINDINGS

KEY FINDINGS AND CONCLUSIONS:

Demographics:

The case studies revealed that people commonly take on major responsibilities (school fees, health

expenses) for individuals who are not part of the household. Size of household, then, may not be an adequate proxy for estimation of expenditures in the major areas of food, health and education.

It seems clear that men recognize the "double day" phenomenon with regard to women's responsibilities. Most men indicated primary and secondary occupations for spouses, usually the combination of household duties and farming. Women presented a more complex picture for themselves, often having more than one source of cash income in addition to household responsibilities and farming for the family's subsistence.

Information on literacy reveals that the group of women in the sample who are not credit union members exhibit the lowest level of literacy when compared to women credit union members and to all men in the sample. This is one of many indicators that this group -- women who are not members of the credit union -- is disadvantaged in ways which have great socioeconomic significance.

Physical Assets:

Men generally have more things of value of all types than do women, and female non-credit union members have fewer physical assets with lower average values than any other subgroup within the sample. This conclusion pertains to farm implements, motor vehicles, houses, household goods, the value of crops in storage and crops in the field, and land.

Men are more likely to have ownership rights to more land than are women. Not surprisingly, then, men are more likely to use land that they own, rather than land in which they have use rights, for agricultural purposes. Women, on the other hand, are more likely to use accessed land (land in which they have been granted use rights), rather than owned land, for agriculture. Most commonly the use rights are granted by the husband, which means that for many women access to use rights in land is linked to a marital tie. This situation makes women vulnerable to precipitous decline in economic well-being in the event of divorce. The fact that women are less likely to have ownership rights in land also means that it may be more difficult for them to construct houses to use as dwellings for themselves and their children, or as rental property. It should be noted that fully 11 percent of the women in the sample have no access to land.

Sources of Revenue:

A major conclusion regarding sources of revenue is that people, both men and women, diversify their revenue streams. The wage/salary was the most prominent revenue source for male credit union members, and was also important for women credit union members.

The extent to which women, compared to men, were dependent on periodic help from others as a major source of revenue is clearly revealed. Fully 24 percent of the women in the sample listed it among their three most important sources of revenue; ten percent indicated that it was their primary source.

A significantly greater number of women than men have all or over half of the food which they grow consumed by the family. This would result in lowering the amount of "excess product" which women could put on the market as a source of cash revenue for themselves. This then is the source of the "triple day" for many women -- responsibilities for performing work within the household, producing food for family consumption (which would provide cash flow relief) and generating a cash flow stream for themselves.

Financial Assets:

Women are somewhat less likely than men to engage in the formal financial sector. When they do, they tend to have lower account balances, and are somewhat more likely than men to indicate that access to credit is their most important reason for dealing with credit unions and banks.

A number of women who were not credit union members said they were lacking information about credit

unions. Male non-members were more likely to harbor negative impressions of credit unions. Both of these factors indicate a need for increased emphasis on an educational component in membership recruitment.

Both men and women are very active in the informal financial sector; this is independent of their level of involvement in the formal sector. It is clear that, just as men and women diversify their sources of income, so they also diversify financial assets. Involvement in both formal and informal sectors is an important strategy for such diversification for both genders.

Clearly, credit unions and informal groups are complementary in the provision of financial intermediation services in the areas where this project was carried out. This implies that supporting credit union development need not (and, should not) impinge upon the development of indigenous informal sector forms of intermediation.

Credit and Borrowing:

A higher percentage of women than of men indicated that education was the primary reason for taking out a loan, while a higher percentage of men had borrowed for business purposes or for construction. Consideration needs to be given to the likelihood that women are absorbing education costs to a greater extent than are men. Since education (and health care, for that matter) is characteristically designated as "consumption" by economists, an economic interpretation of the data would portray women as more likely to borrow in order to engage in "consumerism," while men are more likely to borrow for "investment" purposes. This conceivably could become a rationale for tightening credit for women. However, if education were to be re-conceptualized as long-term investment in human capital, then the investment behavior vs. consumption behavior on the part of women would look quite different. Someone must take responsibility for educating the next generation; in Cameroon, it appears to be women who are increasingly assuming this load.

Women are more likely than men to borrow in the informal sector, even if they are also credit union members. The overall attraction of the informal sector for women seems to be that savings (and sometimes borrowing) are sometimes forced through peer pressure, and there is a powerful social dimension to informal sector transactions and activities. This information can be used to design programs that attract increasing numbers of women into formal sector participation.

Case Studies:

Because of the efficiency with which the 146 interviews were conducted, time remained near the end of the project period for carrying out another data collection exercise. In an effort to capture the complexity of individuals' finances, and the way in which both formal- and informal-sector institutions may be involved, case studies were developed through in-depth, semi-structured interviews with seven individuals who had participated in the initial data collection. Six of the individuals selected for case studies were female. A number of conclusions can be drawn from the case studies:

- Long-range planning to meet financial needs involved projected commitments to kin who were not then, and perhaps never would be, physically part of the individual's household.
- An interesting gender dynamic was illuminated when all of the individuals, including the one male, agreed that it was much more common for husbands to borrow from wives than for wives to borrow from husbands. The women indicated that wives regard these "loans" as gifts, tend to write them off, and are surprised if full repayment is ever received. The women felt that it was important to hide a certain amount of assets from husbands--this protects them from husbands' requests or demands for access. This issue is particularly delicate when it comes to house construction. Most women have as a goal for themselves the construction of house which they would own. They fear that husbands would view such house construction as a step in the direction of divorce, so they put the house in someone else's name -- a brother or some other

trusted kinsperson -- to hide what they have done.

- It is important to note that the Cameroon Cooperative Credit Union League (CamCCUL) manager indicated clearly that women members as a group have a better record of paying off loans than do men.

VALUABLE STATISTICS:

- The CamCCUL Annual Report (1989) reports a membership of 71.7% males; 27% females; and 1.3% group members.
- Studies of informal financial groups have shown that 64% to 75% of the population participate in these informal groups.

POLICY FINDINGS AND RECOMMENDATIONS:

Based on the major findings, the following recommendations were developed to follow from the objectives of the CamCCUL Work Plan. (The CamCCUL objectives are shown in quotation marks followed by the WID recommendations.)

- "Expanding and improving the training function of CamCCUL" by developing a system of disaggregation of data and tracking by gender; using women in the collection of gender-disaggregated data; and fostering the hiring of women for field positions by re-evaluating its current policies of mandatory relocation every few years (regulations that inhibit women from taking such positions).
- "Improving membership education" through special targeting of women, who were found in the study to be less informed about credit unions than men. Acknowledging the time constraints of women (the "triple day" phenomenon) in timing and locating recruitment and membership education; and capitalizing on the social aspect of existing informal money groups in making presentations about credit unions.
- "Promoting and expanding the use of productive credit" by encouraging women to save as members of groups modeled after informal sector women's cooperative meetings. CamCCUL could work with individual credit unions to make these kinds of arrangements cost-effective; it could also consider encouraging the formation of groups of savers, with the group savings serving as acceptable collateral for loans.
- "Improving the planning function in the credit union movement" and "implementing better audit for controls" by collection of gender-disaggregated data for use in developing a five-year plan; including within its five-year plan the development of a capacity to offer portfolio review and financial planning services to its members, particularly targeting women for assistance in leveraging minimal assets; careful examination by credit unions of their potential for becoming an increasingly valuable vehicle for portfolio diversification by informal groups; and exploring the feasibility of developing financial instruments of a wide variety to facilitate bilateral financial transactions between credit unions and informal groups.

III. FOLLOW UP

LEADS FOR FURTHER INFORMATION AND RELATED MATERIALS:

Agency for International Development. "Country Development Strategy Statement, FY 1990-1994, Cameroon," Washington, D.C.: Agency for International Development, 1990.

Bote, M. Joseph. "The Role of Women in Credit Unions in Africa: Cameroon Salvation." Report prepared for the African Confederation of Cooperative Savings and Credit Associations (ASCCOSCA). Nairobi: ACCOSCA, 1989.

DeSantis, Dennis and Paola Lang. "Microenterprise Stock-Taking: Cameroon." Paper prepared for USAID. Washington, DC: Development Alternatives, Inc. and Robert Nathan Associates, Inc., March 1989.

Konan, Millie. "Cameroonians Prosper with Credit." Front Lines, March 1990.

Mr. Joseph Bote, Productive Credit Officer, CamCCUL, Bamenda, Cameroon

Marcel Ngue, Credit Union Project Manager, USAID

DOCUMENT CHECKLIST

| | | | | | | | |
|----------|-------|-------|--------|-------|-----|-------|-----------------|
| Sector | AGR ✓ | PRE ✓ | ED | ENR | HPN | Multi | CREDIT Other |
| Region | AFR ✓ | LAC ✓ | APRE ✓ | ENE ✓ | | | |
| Audience | TR | POL ✓ | TECH | EXT | | | |

I. ACTIVITY

BIBLIOGRAPHIC INFORMATION: Lycette, Margaret A. IMPROVING WOMEN'S ACCESS TO CREDIT IN THE THIRD WORLD: POLICY AND PROJECT RECOMMENDATIONS. Washington, DC: International Center for Research on Women, June 1984.

COUNTRY:

ABSTRACT:

This paper discusses the importance of credit for women, the degree to which women's access to credit has been limited and why, and their strategies for coping with this limitation, in order to derive development policy and project recommendations for improving women's access to credit. [23 pp + appendix]

II. FINDINGS

KEY FINDINGS AND CONCLUSIONS:

POSITIVE:

There is good evidence that women desire and are willing to pay for credit; moreover, there is mounting evidence that women's repayment records are as good as or better than those of men.

Although informal credit systems do not always provide sources and mechanisms necessary for the provision of credit to women, they do show that women use credit and suggest what features would be desirable and workable in a formal program intended to meet women's credit needs. The characteristics of these informal sources of finance that make them so appealing and accessible to women appear to be:

- low transaction costs due to proximity of borrower and lender
- immediacy of loan disbursement
- willingness to extend small loans
- flexible repayment requirements due to the familiarity of the lender with the borrower's situation
- minimal and flexible collateral requirements (moneylenders, for example, often accept jewelry as collateral)

There are an impressive and growing number of "success stories" associated with the introduction of these considerations into projects. In India, for example, the Self Employed Women's Association has established the Mahila Bank to serve the credit needs of women who are small-scale vendors, home-based producers, and laborers in agriculture, construction, and transport. Loan application procedures do not require literacy, and good repayment rates are ensured by involving borrowers in the Bank as shareholders and requiring two guarantees for each loan, rather than relying on collateral. The default rate on loans is negligible.

NEGATIVE:

Little direct evidence of women's limited access to credit exists, mostly due to the lack of sex-disaggregated data. This lack of data in and of itself, however, appears to reflect the relatively minor degree to which women participate in, or are afforded the services of, formal financial institutions. A study of 38 branches of major banks in India, for example, found that in the course of a year only 11 percent of borrowers at these banks were women.

It appears that women's participation in mixed-sex cooperative organizations is limited. In some cases, women are constrained from joining cooperatives because of legal requirements that their husbands' permission be obtained. More often, women are officially allowed to join cooperatives but have little or no voice in management and do not actively participate in cooperative programs. Since cooperatives are major channels of credit or information about credit, this limited participation seems to indicate limited access to credit.

In some instances, women's limited participation in financial institutions is due to out-and-out discrimination.

Because of their position in the economy, most women in developing countries require and can handle only small amounts of credit. Thus, as small borrowers, women are faced with the reluctance of financial institutions to lend in small amounts. Financial institutions equate small loans with risky, costly loans.

The governments of most developing countries have kept nominal interest rates fixed for long periods of time while in real terms these rates have often been negative, erratic, and unpredictable. These interest rate policies have actually contributed to, rather than reduced, the restrictions on access to credit that women and small borrowers in general face because they bring about lower interest rates by forcing financial institutions to bear the opportunity costs of providing cheap credit.

A number of factors inhibit women's demand for credit from formal financial institutions. They include transaction costs, collateral requirements, cumbersome application procedures, and cultural constraints.

Transaction costs include payment for paperwork, travel costs to visit the lender, and the opportunity costs of time taken to negotiate and repay loans. For women, who are often new and small borrowers, these loan transactions costs may be several times as great as the amount of interest charged.

Women are less likely than men to be able to meet collateral requirements of borrowing because these often necessitate land or other property ownership. Where regular salaries are required as collateral, women again fare badly because they predominate in precisely those sectors of the economy where regular salaries are the exception.

Elaborate application procedures may be required of potential borrowers. Most poor women are incapable of completing application forms that require more than rudimentary reading and writing skills.

Women often face social and cultural constraints that further restrict their demand for credit. For example, it may be considered inappropriate for a woman to travel alone long distances between her home in a rural area and the banks in town. Women are often excluded from local male-oriented organizations such as agricultural cooperatives or social clubs through which information regarding sources of credit and application procedures can be obtained.

Caught between the inadequacy of formal financial institutions as a source of credit and their increasing need for capital, women have turned to informal sources to bridge the gap. Particularly in low-income groups, women rely on relatives, moneylenders, pawnbrokers, middlemen, and a variety of indigenous savings associations

to provide them with the credit they so urgently need to maintain and improve their standard of living and that of their families.

There are several drawbacks to informal borrowing systems. Perhaps most important is the limited amount of credit available through these systems. Additionally, borrowing through informal systems often means doing business with a lender who maintains a virtual monopoly on credit resources. In this case, borrowers may be exploited and caught in a vicious cycle of indebtedness. The limitations and uncertainties of informal systems undoubtedly inhibit the long-term planning and investment decisions that are necessary for borrowers to achieve significant improvements in productivity.

VALUABLE STATISTICS:

- In the Philippines, 83% of microentrepreneurs interviewed felt that credit was their most important need.
- In 1950, the ILO reported 344 million women as "economically active"; in 1975, that number had risen to 576 million -- about 35% of the global labor force.
- In Bombay and Jakarta, as well as in many African cities, 50 to 60 % of the labor force is employed in the informal sector. In Brazil, a full 69% of urban workers can be categorized as informal sector employees.
- In Botswana, Tanzania, and Nepal, more than 80% of the total female labor force is self-employed in the informal sector.

POLICY FINDINGS AND RECOMMENDATIONS:

Since the formal financial sector will most likely continue to be the major source of credit in developing countries, policy-level changes will be vital for improving financial resources available to women. It is chiefly through policy changes that an impact will be made on the direction in which financial institutions develop. At the policy level, careful reform of interest rate policies, the development of intermediary credit institutions and programs, and legal reforms are likely to improve women's chances of obtaining financing.

Changes at the level of credit projects, or components of projects, will also be important. At the project level, it would seem that the integration of several useful characteristics of informal borrowing systems into project design is of paramount importance. That is, credit projects must be designed to deliver loans in small amounts, transaction costs of borrowing must be manageable, repayment schedules must be appropriate, and collateral requirements must be minimal. Credit projects should make information and funds available at the marketplace, through religious groups, small savings associations, and grassroots organizations that tend to be more aware of and responsive to the economic roles of women.

III. FOLLOW UP

LEADS FOR FURTHER INFORMATION AND RELATED MATERIALS:

Ashe, Jeffrey, "Assisting the Smallest Scale Economic Activities of the Urban Poor," Cambridge, MA: Accion International/AITEC, 1980.

Bruce, Judith, "Market Women's Cooperatives: Giving Women Credit," SEEDS pamphlet series. New York: The Population Council, 1980.

Sebstad, Jennefer. "Struggle and Development Among Self Employed Women: A Report on the Self Employed Women's Association, Ahmedabad, India," report prepared for A.I.D., Bureau for Development Support. Washington, DC: USAID, 1982.

DOCUMENT CHECKLIST

| | | | | | | | |
|----------|------|-------|------|-------|-----|-------|-------|
| Sector | AGR | PRE ✓ | ED | ENR | HPN | Multi | Other |
| Region | AFR | LAC | APRE | ENE ✓ | | | |
| Audience | TR ✓ | POL ✓ | TECH | EXT | | | |

I. ACTIVITY

BIBLIOGRAPHIC INFORMATION: Pulley, Tulin and Margaret Lycette. CRS INCOME GENERATION PROJECT FOR RURAL WOMEN: FINAL PROJECT EVALUATION. Washington, DC: WID and ICRW, March 1989.

COUNTRY: Jordan

ABSTRACT: In 1984, USAID/Jordan awarded a grant to CRS/Jordan to initiate an income generation project for women: a sewing center to manufacture school uniforms and children's clothes. As the ultimate goal, the project aimed at establishing an industrial sewing production cooperative owned and operated by women. This final evaluation of the Catholic Relief Services (CRS) Income Generation Project for Rural Women in Jordan took place during the period February 27 - March 9, 1989. The purpose of this evaluation is to review the process of design and implementation, and the accomplishment of project goals, and to identify constraints in achieving project objectives. In addition, the evaluation reviews technical and legal impediments to the creation of income generation projects. (43 pp + appendices)

II. FINDINGS

KEY FINDINGS AND CONCLUSIONS:

POSITIVE:

Despite the weaknesses of the feasibility study, there were remarkable achievements in the project. The fact that early in the second year of the project total wages and expenses of the Mafraq based factory were covered by proceeds from sales was a tremendous achievement under the given circumstances.

The project was successful in increasing the paid employment of women in the Mafraq area. Over the life of the project to date, 49 women have been employed for varying lengths of time. While salaries received by project participants were a valuable contribution to household income in absolute terms, the fact that the income was steady and non-seasonal was equally important. In fact, for many participants, the reliability of their incomes

contributed to their being able to initiate savings for the first time in their households. Several participants developed and participated in informal rotating savings clubs, while others invested in gold jewelry and land either individually or jointly with their families. Interestingly, several participants invested in household durables such as washing machines, refrigerators, or other labor-saving devices. Several project participants used their project-derived incomes to purchase their own sewing machines and took on paid sewing jobs for their neighbors in the evenings and on weekends.

It appears that the project training in professional work habits and skill development, including the concepts of standardization and quality control, may increase the future "employability" of the project participants -- not only in sewing but in other occupations as well.

With regard to labor supply, the project created a pool of trained and productive labor, and contributed in a limited way to the creation of a pool of labor with management and supervisory skills. This is a significant impact in a rural area like Mafraq where most activities are agricultural in nature and involve little participation in the formal labor force or the cash economy.

A major impact of the project was the improvement of family attitudes towards women's paid work. Most families moved from feeling resistance to taking pride in their daughters' or wives' work at the Mafraq production center.

Women's incomes derived from this project became an important part of their households' incomes, and seems to have contributed to their increased control over income and increased participation in household expenditure decisions.

An interesting and important impact of this project, given the context of tribal relations and concepts of status in the Mafraq community, is the degree to which the project participants learned and accepted the concept of professional relations as distinct from social or ethnic relations.

It is important to recognize that the project provided more than just salaries to its participants. Rather, they were trained in skills and behaviors that will likely increase their lifetime earning potential.

NEGATIVE:

Evaluation findings indicate that although the cooperating agencies shared a common objective of employment and income generation for low-income rural women, there were some inconsistencies of long-term purposes resulting from different concepts of income generation. While USAID and CRS were oriented to developing a self-sustaining enterprise during the life of the project, the Ministry of Social Development (MSD) and the Arab Women's Society (AWS) were more oriented to developing an income generation project under the auspices of a social welfare organization. The inconsistencies that surfaced on the concept of income generation proved to be constraining factors to institutionalization.

There were various erroneous assumptions made in the feasibility study regarding production, training, marketing and institutionalization options for the Mafraq project. Marketing prospects were undefined based on a lack of market surveys. In terms of market outlets, the project initially aimed only at meeting the market demand for school uniforms and children's clothes. However, soon after its initiation, the project realized that the demand for school uniforms was seasonal and saturated. In the feasibility analysis, raw materials for production needs were considered available in the local market at low cost. It turned out that for competitive quality industrial sewing products, raw materials were only available in the Mafraq market at a very high cost.

In identifying training needs, the degree and duration of training required for unskilled workers were grossly underestimated based on several erroneous assumptions. Moreover, for specialized training in management and supervisory skills, the feasibility study did not anticipate any problems arising from attending training courses in Amman -- 1 1/2 hours south of Mafraq. In fact, for many families, it was not acceptable to send their daughters away for training. USAID recognized the need for additional assistance in training; nevertheless, USAID's existing mechanisms for training project participants were inappropriate for rural women and did not address their constraints. Most of these women had never been outside of their families protected environment.

In institutionalization, the feasibility study assumed that the cooperative model would be the most appropriate means for transferring the Mafraq project into a self-sustaining enterprise. The local AWS Administrative Council was expected to work with the project to strengthen their administrative, management and technical capabilities in order to take the project over in two years time and establish a women's cooperative. In other words, AWS experience with service provision was expected to translate into enterprise management without major difficulty. AWS as an institution has been based on volunteerism and its members as fully employed in formal occupations did not have the required time to devote to the project.

There were several reasons for organizations not being able to perform fully their expected roles. Some of these resulted from weak feasibility assessments on organizational capabilities. However, some inability to fulfill expected roles also resulted from development of the project proposal by CRS without sufficient involvement and agreement of other participating organizations.

Another related issue unrecognized during project initiation was CRS's inexperience with enterprise development.

Throughout its operation, the project had difficulty recruiting and retaining appropriate marketing specialists because women or men with these skills are in short supply in Jordan, let alone the Mafraq area.

The project was not institutionalized as a women's cooperative in two years as originally planned. The cooperative model proved infeasible for a number of reasons most of which were based on unidentified constraints and erroneous assumptions made during feasibility phase. A two-year time framework was inadequate for project participants to be ready to form a cooperative and leadership was non-existent on the part of AWS for this transition.

VALUABLE STATISTICS:

POLICY FINDINGS AND RECOMMENDATIONS:

- It is clear that reliable and fairly detailed feasibility analyses are required prior to the implementation of income generation or enterprise development projects.
- The experience also brings to light the critical importance of management and marketing in income generation projects.
- Accurate studies must be undertaken to determine whether strong and extensive markets exist, and contacts with these markets must be established early on in project implementation. In order to become

self-sustaining, such projects cannot rely on very limited markets, especially when economic policies restrict the ability of domestically produced goods to compete with imports.

- For income generation projects focused on women, in areas where women's work is traditionally unpaid and takes place within the home or on fairly secluded agricultural holdings, the role of community development is extremely important.
- Time frames substantially longer than two years must be designed for such projects. Self-sustaining enterprises cannot typically be developed until the third, fourth, or even fifth years of operation.
- If donor agencies like USAID wish to work effectively with PVOs, it must be recognized that they are still making the transition to development work and so require assistance themselves -- with feasibility analyses, proposal preparation, and institution building. USAID should provide assistance with institutional development and/or technical aspects of project development and implementation when working with such organizations in developing countries.
- While the textile industry is often emphasized as a traditional area of women's involvement, USAID should consider funding non-traditional income generation activities for women -- particularly in light of USG restrictions on the development of enterprises potentially competitive with the U.S. textile industry.

III. FOLLOW UP

LEADS FOR FURTHER INFORMATION AND RELATED MATERIALS:

- Ms. Vicki Denman and Ms. Rola Qumei, CRS/Jordan
- Noor Al-Hussein Foundation
Salwa Masri, Projects Manager, Women's Income Generation Projects
- USAID/Jordan

DOCUMENT CHECKLIST

| | | | | | | | |
|----------|-------|-------|------|-----|-----|---------|-------|
| Sector | AGR ✓ | PRE ✓ | ED | ENR | HPN | Multi ✓ | Other |
| Region | AFR | LAC ✓ | APRE | ENE | | | |
| Audience | TR ✓ | POL | TECH | EXT | | | |

I. ACTIVITY

BIBLIOGRAPHIC INFORMATION: Rein, Judy and Carmen Winkler. A SURVEY OF WOMEN'S ORGANIZATIONS AND PROJECTS AND ACTIVITIES IN WOMEN IN DEVELOPMENT IN GUATEMALA. East Lansing, MI: MUCIA/WID, March 1990.

COUNTRY: Guatemala

ABSTRACT:

This work was supported by PPC/WID under the terms of a Cooperative Agreement, the MUCIA/WID Women in Development Program in Technical Assistance. This survey covers a cross-section of organizations and development activities involving women in Guatemala. In order to work with a manageable sample of groups and activities, the focus of this study is on organizations involved in income- or subsistence-generating activities, training, education, or in some other way promoting women's self-help, leadership, or empowerment. Considerably less emphasis is placed on strictly service or welfare delivery organizations. The examination of a sample of government, private, and informal organizations working in a variety of sectors allows us to identify general trends, problems and needs in activities relevant to the topic of WID. Some initial recommendations for institutional strengthening and collaboration result from this overview. [18 pp + 7 appendices]

II. FINDINGS

Status of Guatemalan Women:

According to the last census (1981), 250,000 women are single heads of household. This situation puts a tremendous strain on the economic survival of households especially in the poorest segments of the population.

The growing presence of women in the labor force is disproportionately concentrated in the service and professional sectors. The largest increase in recent years has occurred in the domestic service sector. It appears that employment in the maquila sector (assembly for export) is currently the fastest growing form of female employment, but there are not yet any data available on this sector. The overwhelming majority of employees involved in clothing and electronics assembly are women. This trend reflects a more general tendency for women

to be employed in low-skill, labor-intensive work. Women invariably are at the lowest end of the pay scale and occupy the most insecure jobs in all sectors. Women agricultural laborers receive less pay than men for the same work.

Only 16 percent of births receive medical attention from licensed professionals. An additional 18 percent are attended by midwives. Because of their low levels of participation in the formal economy, women have little access to the national health care system which even in the best of all circumstances is deficient.

Although the Constitution guarantees equality, many discriminatory laws are still on the books while other, more positive, laws are not enforced. Divorce and adultery laws remain very discriminatory towards women. Women often lack both the knowledge of their rights and access to the legal system to claim those rights.

On both the national and local level women's political participation remains very low. Low literacy and traditional roles for women contribute to a lack of access in an already precarious political climate. Very few women exercise their right to vote. Although voter participation varies by region, only about three percent of women voted in the last Presidential election. Nonetheless, small gains in leadership in the cooperative movement, unions, and even high level government offices have been noted.

In Guatemala, an example of gender-based uneven distribution of benefits in the wake of economic growth is documented by Ehlers.⁴ She found that in a commercial highland town women traditionally involved in cottage industries have lost significant autonomy due to a shift to factory based production. The decline of family enterprises has fostered women's increased economic dependence on men and a concurrent loss of status.

KEY FINDINGS AND CONCLUSIONS:

POSITIVE:

Development agencies in all sectors are making more explicit reference to women's status and needs in their overall objectives as well as dedicating increasing funding to this area. This is partly a result of international trends and the increased availability of funding. A large percentage of agencies make reference to an interest in addressing women's issues even if they have not yet developed the means to do so.

Organizations that had previously involved women only as beneficiaries of traditional welfare services or who had ignored them altogether are beginning to recognize and promote women's productive activities.

In general, non-traditional export agriculture has probably provided an increased standard of living for women and income opportunities as wage laborers in classification and packing.

In terms of small and microenterprise activities, all the organizations involved in providing credit for women have observed that women usually have lower default rates and are often better producers than men.

Women have made important gains in non-traditional agriculture in terms of increased family incomes and opportunities for wage employment. A particularly striking phenomenon is women's success in credit programs (both in microenterprise and agriculture).

Women frequently express the need to increase family income as their most urgent priority and respond well to opportunities to participate actively in income generation activities.

The inclusion of women promoters and community leaders is a key ingredient to success in involving women in projects. The use of women promoters in rural electrification projects (NRECA) has had very positive results in the overall acceptance and sustainability of projects.

NEGATIVE:

The survey revealed that there is very little coordination in WID efforts. The Government of Guatemala

⁴ Ehlers, Tracy Bachrach. *SILENT LOOMS: WOMEN WORK AND POWER IN A GUATEMALAN TOWN*. Boulder: Westview Press, 1989.

created an agency for this purpose -- Oficina Nacional de la Mujer (ONAM) -- but it lacks the necessary resources for its mission. This government agency has been severely criticized as an ineffective organization for the representation and promotion of women's interests on a national level. It lacks political clout, is unrepresentative, and does not have the resources to carry out any programs. ONAM's very small budget is controlled by the Ministerio de Trabajo and they have almost no staff. In its nine years of existence, the ONAM has sponsored only one conference.

There is a great deal of competition and duplication of programs with very little consideration of a broad strategy. While this is particularly true in government agencies, PVOs often have similar difficulties. In general, there is a lack of follow-up and a problem with service delivery to rural areas because of a shortage of trained personnel. The experience of the U.N. Development Program as a funding agency showed that many government agencies are adept at writing proposals for funding but lack a coherent vision for implementation; thus there is considerable repetition and lack of follow-up. Most importantly, because of the centralized nature of many government institutions and the general unwillingness of qualified personnel to live in or travel to rural areas, many projects are never fully implemented.

While women have made important strides in non-traditional agriculture, still their lack of control of income and access to land remain formidable challenges for WID work in agriculture. Many women still lack access to credit because of their poor resource base and low educational levels. Many informal women's groups are unable to achieve legal status or raise sufficient working capital to provide a means of significantly increasing incomes and alleviating poverty.

The survey team encountered many organizations involved in training activities. They found that training for women tends to center on sewing and other domestic activities as well as nutrition and health. Training is not always based on a realistic assessment of women's needs, abilities, and available resources. A common example of this is the provision of sewing classes without any attention to the physical condition of the women involved (poor eyesight is frequently ignored) and without taking into account women's resources, including access to a sewing machine, work space, and materials. Participating in training is often perceived as yet another task in a woman's already full day or as merely a social outlet. In addition, there is a lack of methodology for training women with low literacy skills. Moreover, there is considerable difficulty in retaining qualified personnel to provide training in the field. For women, low literacy is frequently an obstacle to benefitting from instruction in basic administrative and accounting techniques. Institutions that focus exclusively on women's training tend to have a very traditional perspective on appropriate activities for women and lack any kind of follow-up to see of and how these skills are used.

Many organizations working at the community level perceived a need to develop local women promoters in order to generate more female leadership and participation in projects and community life in general. Women are frequently constrained from participating due to heavy domestic workloads, cultural barriers, monolingualism (non-Spanish speaking), and low literacy. Nevertheless, it appears that in some instances this lack of participation can reflect the biases and expectations of the development workers themselves.

A.I.D. could provide support for carrying out additional studies to strengthen WID methodology in project planning and evaluation, both currently very weak in Guatemala.

Despite inroads by such organizations as Accion Internacional Tecnica (AITEC), an international PVO, and Fundacion para el Desarrollo de la Mujer (a national NGO), many women working in the informal sector still lack access to any form of support. This includes women involved in petty commerce, informal groups working in handicrafts, etc. Most of these credit and training institutions, although they are much more accessible than standard commercial institutions, still consider many of these activities too risky. It appears that there are probably a lot of informal groups that have not been able to connect with agencies that could potentially aid them. Women's groups are often impeded by the time and expense involved to achieve legal status, a prerequisite in most cases for development agency intervention.

Education for girls is an area that receives virtually no attention. Some small scholarship programs for indigenous girls do exist, but for the most part, access to primary education is still inadequate. Basic literacy remains a stumbling block for women to participate in productive and other aspects of Guatemalan life.

An informal survey of seven women's clothing maquilas was conducted to get a general perspective of the working conditions and potential benefits to women. In most cases, the factories had very poor bathroom and eating facilities. All the managers complained of the difficulty in retaining workers. Most of the women work for two or three months and then quit. The women interviewed earn between Q250 and Q400 a month. Although the women have encountered problems because of the rigorous work schedule and the necessity of leaving children unattended for extended periods of time, for the most part they noted improvements in their standard of living as a result of income earned in the maquila.

Almost all of the organizations and projects reviewed lacked a follow-up procedure. The difficulty lies in lack of human resources, uncertainty in funding, and an overall bias toward funding large short-term projects as opposed to longer-term, small scale activities. Many organizations expressed the desire to provide more extensive follow-up, but were unable to obtain the necessary funds.

Periodic evaluations are often dependent on the criteria of specific funding agencies. Frequently they are not carried out at all. There appears to be no systematic means employed to evaluate project's impact on women, both in the case of women-specific projects as well as projects that may or may not have an active women's component. Again, this is largely attributed to a lack of sufficient financial and human resources.

The growing number of women in the formal workforce has created a new set of issues that are completely unaddressed: working conditions, labor organizations, and day care. This area of need is an especially important area, considering that female employment growth tends to be in the least skilled, lowest paid, most vulnerable positions in the service sector such as domestic service and the maquila industry.

Work with women's organizations in marginal urban neighborhoods, a potentially fruitful area of intervention, does not appear to be systematically explored. In addition, there is a heavy concentration of activity in the Western Highlands while other regions, such as the Pacific coast, receive considerably less coverage.

VALUABLE STATISTICS:

- Women make up 49.5% of the population of Guatemala. Over 60% live in rural areas.
- Almost half of the female population is under 15 years of age.
- Although the overall illiteracy rate is 52.5 %, the rate for women is 58 %, and the rural-urban discrepancy is quite high: 61.1% and 26.4% respectively.
- Data from the Instituto Nacional de Estadísticas for 1986-87 indicate that 24.5% of the female population is economically active. (That figure does not include the large number of women who are active in agriculture, handicrafts, commerce and other aspects of the informal sector.)

POLICY FINDINGS AND RECOMMENDATIONS:

Policy-oriented Research:

Potentially, AID could most effectively channel its resources into developing improved methodology for WID intervention and evaluation. Studies in the following areas could help identify promising WID strategies:

- The relationships among women's levels of education, control over income and other resources, household investment in key areas (e.g. health, nutrition, education), and fertility levels;
- A study of decision making at the household level could shed light on less visible ways women

participate in development. This would necessarily vary according to sector;

- Studies of women's roles in the evolving national economy including the informal sector, export promotion (the maquila industry), agriculture, and domestic service.

Joint Planning:

Ongoing collaboration among donor agencies could help eliminate problems with duplication in coverage and improve institutional coordination.

Strengthening WID Office within USAID/Guatemala:

Due to recent personnel changes and an overload of non-WID related work, the current structure of the Program Office is not equipped to adequately address WID tasks. A 25 percent time appointment is not sufficient to allow the WID Officer to be involved in on-going monitoring, troubleshooting, and support for WID-related research.

Training:

A program for the training of trainers who work with nongovernmental organizations and the Government of Guatemala could have significant impact. The following issues should be addressed:

- Identifying appropriate areas for training based on a realistic assessment of women's resources and constraints;
- Methodology for training women with low literacy in basic accounting and administrative skills;
- Identifying and promoting female community leaders.

Workshops:

AID should sponsor a series of workshops or a major conference to allow organizations working in development to exchange strategies and information regarding several key issues affecting WID. These might include the following topics:

- Women and credit;
- Women and leadership. (Promoting women promoters; overcoming sexist biases within organizations);
- Strategies for improving women's legal status, education and promotion of women's rights, and access to the legal system.

III. FOLLOW UP

LEADS FOR FURTHER INFORMATION AND RELATED MATERIALS:

Brooks, Mila. THE STATUS AND NEEDS OF GUATEMALAN WOMEN. Washington, DC: Agency for International Development, 1980.

Ehlers, Tracy Bachrach. SILENT LOOMS: WOMEN WORK AND POWER IN A GUATEMALAN TOWN. Boulder: Westview Press, 1989.

Smith, Carol. "Local History in Global Context: Social and Economic Transitions in Western Guatemala," Comparative Studies in Society and History 26, 1984.

Yudelman, Sally. HOPEFUL OPENINGS: A STUDY OF FIVE WOMEN'S DEVELOPMENT ORGANIZATIONS IN LATIN AMERICA AND THE CARIBBEAN. West Hartford, CT: Kumarian Press, 1987.

DOCUMENT CHECKLIST

| | | | | | | | |
|----------|-----|-------|------|-------|-----|-------|-------|
| Sector | AGR | PRE ✓ | ED ✓ | ENR | HPN | Multi | Other |
| Region | AFR | LAC | APRE | ENE ✓ | | | |
| Audience | TR | POL | TECH | EXT | | | |

I. ACTIVITY

BIBLIOGRAPHIC INFORMATION: Rucker, Robert L. **THE EMPLOYMENT CHALLENGE: PRELIMINARY FINDINGS AND CONCLUSIONS.** Tunis: USAID/Tunisia, May 1990.

COUNTRY: Tunisia

ABSTRACT:

This paper analyzes Tunisia's growing employment problem -- the root causes, key employment-related trends, the policy reform setting and how it affects employment. The author examines the context in which solutions must be found to the Tunisian employment challenge. While the statistics presented on labor force participation, educational level and employment rates are disaggregated by gender, the author does not specifically address the female employment challenge in any other sections of the paper. [28 pp. + tables and graphs]

II. FINDINGS

KEY FINDINGS AND CONCLUSIONS:

POSITIVE:

Over the last four years, the Tunisian government has shown encouraging signs of both recognizing and accepting the need to address certain root problem areas of key importance to the employment problem. The Government of Tunisia clearly understands the potential political threat of the unemployed to continuation of the economic reform effort and the specific danger of large numbers of unemployed youth in urban areas. Government programs to place new secondary and higher education graduates with their first employers on a trial basis and to institute highly responsive, locally directed training programs to meet current skill shortages, appear to represent constructive, encouraging actions against this particular threat.

The Government has taken major steps forward in its thinking in terms of improving the quality and efficiency of its education and training systems and increasing their relevancy to the market place.

NEGATIVE:

Tunisia faces a severe and growing employment problem. Over 380,000 of its 2.4 million labor force were

unemployed in 1989, with an open unemployment rate greater than 16%. The unemployed tended to be young, relatively uneducated, largely urban, and without work for extremely long periods of time. The root causes of the country's employment problem include: limited access to resources; non-competitiveness; inappropriate capital stock and inadequate investment levels; inadequate education, inappropriate skills, and poor attitudes; a rigid labor code with resultant inflexible labor markets; poor information and placement systems; mechanistic wage setting and lack of effective incentive systems; and, unrealistic wage costs and wage compression.

In 1989, female unemployment rates rose to record levels of 21 percent -- double their 1984 levels.

Underemployment is largely a rural problem (72.9%) and particularly significant among females (43.3%), given their relatively much smaller role in the labor force (21.8%).

The present Labor Code and wage setting practices have effectively destroyed the incentive structure for much of the modern economy, resulting in poor worker attitude, lack of innovation, low labor productivity, and lowered returns to investment.

VALUABLE STATISTICS:

- Males are 50% more likely to be salaried employees than females and 10 times more likely to be proprietors.
- Females are more than 5 times as likely to be an unpaid family aide and marginally more likely to be self-employed or an apprentice.
- Almost four out of every ten individuals (37.1%) aged 10+ were classified as illiterate in 1989, with female illiteracy rates (48.1%) almost double male illiteracy rates (26.3%).
- Rural illiteracy rates for both male (37.5%) and female (65.8%) are almost double their urban counterparts.
- Aggregate female unemployment rates have risen from 14.1% in 1975 to 20.9% in 1989, with major increases recorded at all levels, except ages 15-17 which showed a substantial decline.
- Labor force participation rates average about 50% for the population as a whole, with female participation at about 20% and male participation at about 75-80%. (Female labor force participation is likely to be under reported, with the likelihood considerably greater in rural areas).

POLICY FINDINGS AND RECOMMENDATIONS:

The single most powerful and important thing the Tunisian government can do to solve its employment problem, whether in the short, medium or long term, is rapid implementation of the broad structural adjustment program laid out in mid-1986.

Tunisia should be gearing its human resource base toward competition in world markets.

The government needs to better target its existing employment-related program resources specifically against the youth problem and in more useful and effective ways. Converting a large portion of these resources into private sector oriented, demand driven training programs, suited to the differing educational backgrounds of unemployed youth, would be responsive both to the need for immediate employment support and the need to address the longer-term roots of the employment problem.

III. FOLLOW UP

LEADS FOR FURTHER INFORMATION AND RELATED MATERIALS:

DOCUMENT CHECKLIST

| | | | | | | | |
|----------|-----|-----|------|-----|-----|-------|-------|
| Sector | AGR | PRE | ED | ENR | HPN | Multi | Other |
| Region | AFR | LAC | APRE | ENE | | | |
| Audience | TR | POL | TECH | EXT | | | |

I. ACTIVITY

BIBLIOGRAPHIC INFORMATION: Arthur Young. PRIVATE ENTERPRISE DEVELOPMENT: GENDER CONSIDERATIONS. Washington, DC: Private Enterprise Development Support Project II, November 1988.

COUNTRY:multi

ABSTRACT:

The WID Office has provided funds to PRE's Private Enterprise Development Support Project to ensure better integration of WID concerns in A.I.D.'s private enterprise programs. This manual, prepared for the WID Office and sponsored by the Private Enterprise Development Support Project II, represents a first step in exploring the role of gender in private enterprise projects and programs. The main objectives of the manual are: to encourage A.I.D.'s private enterprise project officers to be more cognizant of the gender issues in private enterprise programs; to assist project officers to incorporate consideration of gender issues in their existing projects and in the design of new projects; and, to develop training materials that would assist project and program officers identify gender issues in private enterprise development. The manual covers six areas of private sector development: micro-enterprise development; business development; agri-business development; trade and investment; skills training; and, financial sector development. [35 pp.]

II. FINDINGS

KEY FINDINGS AND CONCLUSIONS:

Note: The following are only examples of gender considerations in private enterprise programs and strategies for addressing those concerns in project design as outlined in the manual. For a more comprehensive list, one should see the manual.

I. MICROENTERPRISE DEVELOPMENT

Gender Considerations:

- To the extent that macroeconomic policies discriminate against small producers, they also tend to discriminate against women.

- Formal financial institutions have no incentive to issue small loans due to their high transaction costs. Microentrepreneurs, and women in particular, are excluded from credit channels.
- Lengthy and complicated application procedures pose barriers for microentrepreneurs. Among women, literacy requirements for application forms will be a constraint to applying for loans.
- Promotional programs must be effectively targeted to beneficiary groups. Women have limited access to information due to constraints on their mobility in many cultures, as well as limited education.

Design Strategies to Address Gender Concerns:

- Identify and seek to change government policies that serve to discriminate against small firms, including women-owned enterprises.
 - Credit ceilings: limit the supply of credit in the economy. Medium and large firms get first priority on the basis of strong collateral, squeezing out small borrowers.
 - Price controls: often imposed on food commodities. Food supplies are often produced and marketed by female-owned enterprises.
 - Legal: seek to change legal constraints to women's ownership of land and property.
- Tailor loan terms and repayment terms to the borrower's needs and experience. Women entrepreneurs need small loans for working capital that are renewed frequently.
 - Design program with market rates of interest to ensure long-term viability of the program.
 - Incorporate design features to reduce high transaction costs for the lender and borrower: e.g. -- quick and simple loan procedures, close proximity of lender to borrowers.
- Use simple application forms and interviews to facilitate lending to women. Abolish literacy as a prerequisite to program participation.
- Gear promotional efforts toward the target group. Written messages won't reach many women; rely on informal networks and information channels to which women have access such as markets and community activities. Locate branch offices so that they are within easy access for women and employ field staff to make initial contacts with female entrepreneurs.

II. BUSINESS DEVELOPMENT

Gender Considerations

- Women in business face special difficulties in obtaining credit due to lack of collateral. Restrictions on women's legal right to own land and property prevent them from obtaining the necessary collateral to obtain credit. In some countries, women are unable to have a bank account in their own name. Contract laws may require women to co-sign with a male member of the family.
- Due to legal constraints in obtaining collateral, credit sources and needs may differ for male and female entrepreneurs. Gender is therefore one of several variables one should consider in looking at the supply and demand for credit.
- Are women represented in the local chamber of commerce or other business/professional associations?

Are there business women's support groups?

Design Strategies to Address Gender Concerns:

- Through policy dialogue, address legal constraints to women's involvement in business; ensure equal legal status within banking practices and ownership of assets.
- Create incentives in credit programs for banks to do business differently.
 - provide loan guarantee mechanisms or other security to banks to encourage them to extend loans to small enterprises and/or women-owned enterprises.
 - establish a higher level of guarantee to banks for loans extended to female clients.
- Undertake a credit needs analysis that provides gender-disaggregated data. Identify and support institutions that provide credit to women-owned enterprises.
 - encourage technical support contractors and grantees to focus on the needs of women in business. Make this focus explicit in the scope of work.
 - in creating and/or supporting local business groups, provide technical assistance to ensure greater outreach to women executives. Ensure female representation in trade and business associations. Ensure that women entrepreneurs are included in associations' databases on local businesses.

III. AGRI-BUSINESS

Gender Considerations:

- Women's participation in agricultural production is greatest among small-holders; agri-business systems that have linkages with small farms may be more likely to generate economic benefits for women.
- The division of labor in agriculture is gender based. Need to examine the labor implications for introducing new crops: for men and for women.
- It is important to examine whether project resources -- credit, technical assistance, training -- are being allocated appropriately, that is, to the individual in the household that is involved in the targeted activity.
- Income generated by projects reaches individuals, but not necessarily the entire household. Need to examine who receives returns from labor generated by agri-business. Does increased labor for women translate into increased income? Does increased income translate into increased control of household expenditures?

Design Strategies to Address Gender Concerns:

- Direct project assistance to agri-businesses that have close links with small farmers. Target locations where women are likely to constitute the bulk of the labor force.
- In providing technical assistance to agribusiness, assist firms to assess labor requirements for new crops. What will be the demand for labor: male and female? What is the supply of labor: male and female?
- Design delivery mechanisms so that resources are efficiently allocated on the basis of gender. Address structural constraints to access to project resources in the design of the project. Reflect in the budget.

- The incentives must be "right." Design projects to ensure that agricultural producers -- be it women or men-- have the incentive to increase production: that is, that increased labor has the potential to generate increased income to the laborer.

IV. TRADE & INVESTMENT PROGRAMS

Gender Considerations:

- Trade&Investment projects can generate significant levels of employment. To assess who will benefit from increased employment, need to examine labor-force characteristics of targeted sectors by gender.
- Examine employment trends in targeted sectors; disaggregate by sex and by level in firm.
- Different factors affect productivity for the male and female labor force. Consider most effective means for increasing productivity based on assessment of workers' needs.
- Increased employment in export sectors appears to have both merits and costs to employees. Need to consider what kinds of jobs the project generates and their implications for socioeconomic change.

Design Strategies to Address Gender:

- Collect base-line data on labor force of export industries disaggregated by sex and position within firm (owner, manager, unskilled labor).
- Incorporate in design realistic targets for employment generation; disaggregate by sex. Examine opportunities and constraints for women in the targeted sectors.
- Include in design a study of the socio-economic position of women in the export sector and/or export free zones. On the basis of findings, incorporate project interventions (or create links with other USAID projects) that will increase productivity of the workforce, and improve quality of the work environment, such as: private sector health care; family planning delivery systems; child-care facilities; skills training, etc.
- Include monitoring and evaluation systems to examine the socio-economic impact of employment in export industries. What is the impact on the employee? the household? expenditure patterns? and on indicators such as fertility rates, children's health and nutrition?

V. SKILLS TRAINING

Gender Considerations

- It is important to recognize that training needs may vary over a number of variables, (sector, level within the firm, prior education and the need for specialized skills). Gender is another variable to consider in assessing training needs and designing training programs. Women entrepreneurs usually have less formal education than male counterparts. They tend to have smaller and less structured businesses.
- Consider whether the target group is likely to reach women in the private sector. Does the program target senior managers? Does the program reach small business entrepreneurs? What is the potential female vs. male participants in the target group?

- When considering who will conduct the training, recognize the importance of role models: male and female.

Design Strategies to Address Gender:

- At the initial stages of project design, a training assessment should be undertaken to identify training needs in the private sector. It is important at this point to gather data on female managers/owners/employees in the private sector to determine their specific training needs.
- In line with Agency guidelines, per the Action Items for WID, design training programs to specifically involve women-owned and managed firms; consider participation of women as a program objective.
- Encourage participation of female businesswomen as instructors in training programs.

VI. FINANCIAL SECTOR DEVELOPMENT

Gender Considerations:

- There may be very different incentives and opportunities for men and women to save in the economy. Are women legally permitted to open savings accounts in their own names? Are there savings facilities close to their work or home? How can women without formal education learn about basic banking procedures (checkbooks, savings, etc.)?
- Financial skills in accounting and auditing are in great demand in developing countries; such skills are essential to strengthening financial reporting in the private sector and creating the foundation for financial markets development.

Design Strategies To Address Gender:

- Recognize that savings mobilization is not gender-neutral. Provide incentives and opportunities for women to save through financial markets development:
 - Through policy dialogue, encourage govts to change laws which may prevent increased savings mobilization from women.
 - Develop savings schemes through employers in industries where women employees predominate.
 - Provide training in savings and basic bank procedures.
- Recruit women candidates for financial training to take advantage of opportunities and needs of the private sector in developing countries

III. FOLLOW UP

LEADS FOR FURTHER INFORMATION AND RELATED MATERIALS:

Private Enterprise Development Support Project II
 Bureau for Private Enterprise
 A.I.D.