



Support for Growth-oriented Women Entrepreneurs in Ethiopia

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Foreword

The African Development Bank (AfDB) Group organized a Forum in Addis Ababa in June 2003 on the role of women entrepreneurs in private sector development. The ILO also participated in this Forum, and shared its own experiences based on studies relating to the growth of women-owned enterprises in Ethiopia, Tanzania and Zambia. As both organizations shared the vision of women entrepreneurs contributing to employment creation, poverty reduction and sustainable development, they have agreed to work together to enhance the enabling environment for women to start and grow their own enterprises.

An integrated framework that had been developed for Atlantic Canada provided an important starting point for assessing the environment for growth-oriented women entrepreneurs, and this framework was adapted and applied in Ethiopia. This report is based on the country assessment from Ethiopia, where the ILO has been supporting women's entrepreneurship.

The report indicates the next steps that are appropriate for the AfDB and ILO in supporting growth-oriented women entrepreneurs. We would intend to see the report informing a range of follow-up actions by the AfDB and ILO – both jointly and individually – as well as by other development partners, in partnership with the Ethiopian Government and the women entrepreneurs themselves. Future activities should also provide positive contributions to the poverty reduction strategies of the Ethiopian Government, as well as to implementation of the Plan of Action from the Africa Union's Extraordinary Summit on Poverty and Employment, September 2004.

We wish to thank the consultants and authors of this report, Ms Lois Stevenson and Ms Annette St. Onge. We also acknowledge the key roles played by the Bank's Task Manager, Dr. Leila Mokaddem, and the ILO's team on Women's Entrepreneurship Development and Gender Equality (WEDGE). We take this opportunity to convey our appreciation for their support to the Ministry of Trade and Industry, Women's Affairs Department, Government of Ethiopia. Our special thanks also go to our field colleagues in the respective ILO and AfDB offices in Addis Ababa.

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Acronyms

AAWEA	Addis Ababa Women Entrepreneurs' Association
ACOA	Atlantic Canada Opportunities Agency
ADLI	Agricultural Development-Led Industrialization
AEMFI	Association of Ethiopian Micro Finance Institutions
AfDB	African Development Bank
AIDS	Acquired immunodeficiency syndrome
AWEA	Amhara Women Entrepreneurs' Association
BDS	Business Development Services
CEFE	Competency-based Economies through Formation of Enterprises
CIA	Central Intelligence Agency
CSA	Central Statistics Authority
DBE	Development Bank of Ethiopia
DCI	Development Cooperation Ireland
EDS	Entrepreneurship Development Strategy
EE	Enterprise Ethiopia
EU	European Union
EWDF	Ethiopian Women's Development Fund
EWEF	Ethiopian Women Exporters' Forum
FeMSEDA	Federal Micro and Small Enterprises Development Agency
GDP	Gross domestic product
GTZ	Gesellschaft für Technische Zusammenarbeit (German Technical Cooperation Agency)
HIV	Human immunodeficiency virus
ICSB	International Council of Small Business
IFAD	International Fund for Agricultural Development
ILO	International Labour Organization
MEDF	Micro Enterprise Development Forum
MFF	Micro-Finance Fund
MF	Micro finance

MFI	Micro finance institution
MIS	Management information system
MoTI	Ministry of Trade and Industry
MSE	Micro and Small Enterprise
MSED	Micro and small enterprise development
MSEDP	Micro and Small Enterprise Development Programme
MSME	Micro, Small and Medium Enterprise
NGO	Non-Governmental Organization
OECD	Organization for Economic Cooperation and Development
PPP	Purchasing Power Parity
ReMSEDA	Regional Micro and Small Enterprise Development Agency
SDC	Swiss Development Cooperation
SDPRSP	Sustainable Development and Poverty Reduction Strategy Paper
SED	Small Enterprise Development
SEED	Small EnterprisE Development
SSIs	Small-scale industries
TVET	Technical and Vocational Education Training
UNCTAD	United Nations Conference on Trade and Development
UNDP	United Nations Development Programme
UNIDO	United Nations Industrial Development Organization
USAID	United States Agency for International Development
WAD	Women's Affairs Department
WEA	Women Entrepreneurs' Association
WED	Women's entrepreneurship development
WEDGE	Women's Entrepreneurship Development and Gender Equality
WEPC	Women's Enterprise Promotion Centre
WISE	Women in Self Employment
WWB	Women's World Banking

1. Support for growth-oriented women entrepreneurs in Ethiopia

1.1 Background

In 2002, the ILO entered into a strategic partnership with the Ethiopian Ministry of Trade and Industry (MoTI) to implement a WEDGE-Ethiopia project, and a Memorandum of Understanding was signed by both parties in 2003. The working partner in the MoTI is the Women's Affairs Department (WAD) and the ILO has appointed a national WEDGE expert to work in collaboration with them. The partnership has already jointly produced two research reports on women entrepreneurs in Ethiopia, the first report based largely on a review of secondary information on gender, enterprise and women's entrepreneurship (Zwede & Associates, 2002), and the second report based on field studies of 123 women entrepreneurs and the outcomes from a national consultative process (ILO, 2003). The focus of these studies was to document the situation facing women entrepreneurs in the country, with a particular emphasis on growth aspects; both reports contained specific recommendations for follow-up actions.

In addition to these reports, the ILO has already delivered other components of the ILO's WEDGE-Ethiopia Project:

- Production of a video and accompanying booklet profiling women entrepreneurs in Ethiopia (released in 2003);
- A one-week capacity building programme on women's entrepreneurship development (WED) in Addis Ababa, Ethiopia, in which 25 Ethiopians participated (November 2002) – this was organized jointly with the ILO's International Training Centre (Turin);
- Translation of the WED training materials into Amharic, and its use as a tool for training of trainers in the local language (August and October 2003);
- Support for the "Month of the Woman Entrepreneur" in March 2004 to help promote a better entrepreneurial culture for women entrepreneurs;
- A one-week training programme for members of women entrepreneurs' associations and their institutional supporters to complement the government's plans for promoting associations of women entrepreneurs (June 2003);
- Support for the development of a radio programme aimed at MSEs in general, and women entrepreneurs in particular, as a way of providing a sustainable means of disseminating information-based business development services to this market (launched in January 2004);
- Business start-up training and support for a group of retrenched women (women who have been laid off as a result of government privatization and corporate down-sizing), and training to a group of potentially retrenched women workers;
- Systematic support for informal economy women to participate in four local trade fairs as a means of helping improve their access to markets, and

-
- Capacity building for MoTI-WAD staff and other local officials involving: fellowships to Turin for international training programmes and workshops (7 persons); study tours to Tanzania, Zambia, Uganda and Geneva (7 study tours); and the provision of computer hardware and equipment.

As a next step in the implementation of the WEDGE Programme, the ILO's strategy is to focus more on identifying possible interventions to accelerate the rate at which women entrepreneurs can achieve growth in their enterprises. In November 2003, the ILO in association with the AfDB contracted international consultants to conduct a field visit to Ethiopia for the purpose of assessing the strengths and weaknesses of its enabling environment for growth-oriented women entrepreneurs, and thereby identify the critical gaps that can be addressed by the combined interventions and assistance of the ILO and the AfDB.

1.2 Objectives of the mission

The objectives of the mission to Ethiopia were to:

- Review recent ILO and other relevant research on women in enterprise in Ethiopia;
- Map out and review key areas of the enabling environment for growth-oriented women entrepreneurs (using the Stevenson & St-Onge framework¹);
- Consult with key informants on support for women entrepreneurs, with specific assistance from the Women's Affairs Department (WAD) of the Ministry of Trade and Industry (MoTI), NGOs, and women entrepreneurs' association;
- Identify gaps in support for growth-oriented women entrepreneurs, as well as "good practices";
- Make recommendations for suggested actions to improve the environment for the growth of women-owned enterprises.

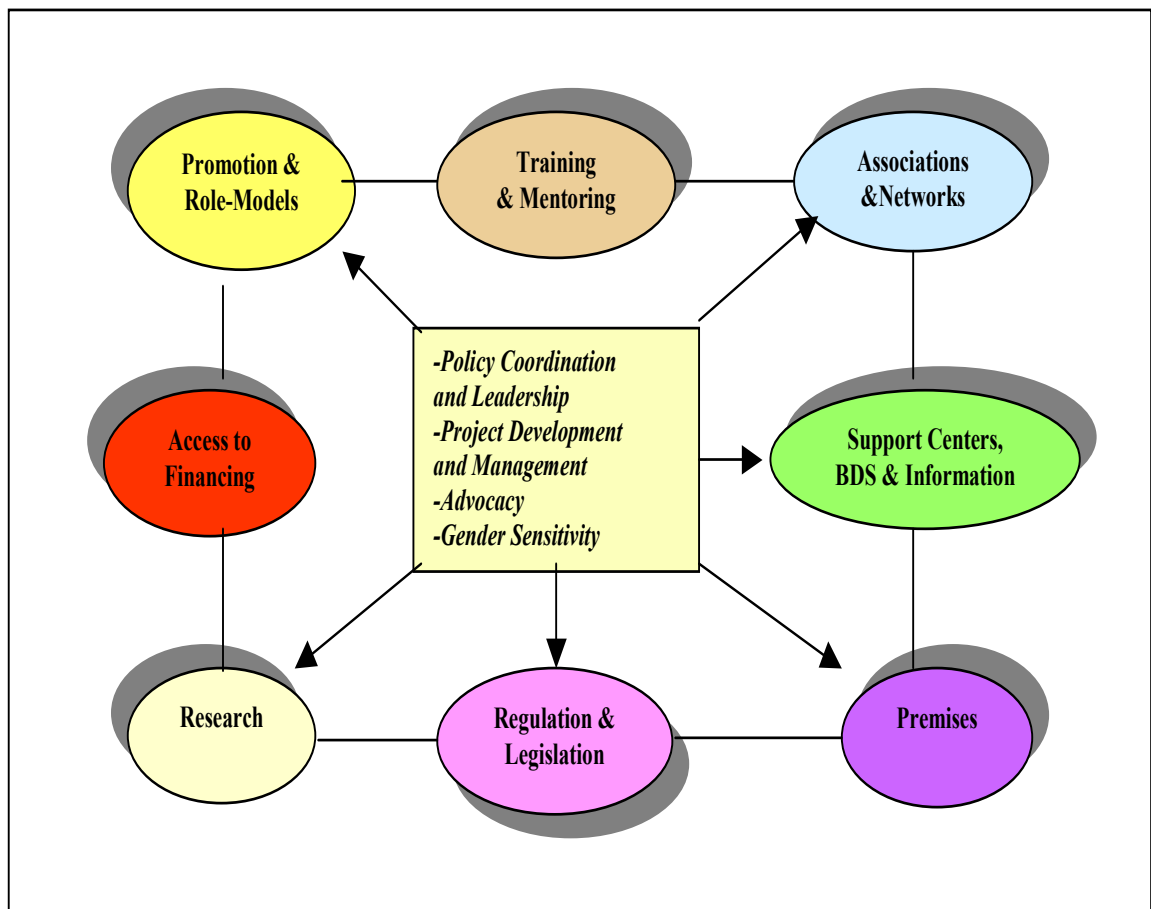
1.3 Methodology

Preparation for the mission involved pre-reading of relevant research and documentation on the state of economic development in Ethiopia, the general environment for micro, small and medium enterprise (MSME) development, the status of women entrepreneurs in the economy, and the barriers to their growth and development. Over a ten-day period, meetings were held with 39 key informants, both in Addis Ababa and Bahir Dar. These included interviews and discussions with representatives from the ILO's Women's Entrepreneurship Development and Gender Equality Project, the Ministry of Trade and Industry, MSE Development Agencies in Addis Ababa and Bahir Dar, donors, NGOs, micro-finance institutions, banks, and women entrepreneurs' associations, including their members (refer to Annex 1 for a complete list of contacts).

¹ Stevenson, Lois & Annette St-Onge, "Creating an Entrepreneurial Environment to Foster the Start-up and Growth of Women-Owned Enterprises: Best Practice from Atlantic Canada", presented at the World Conference of the International Council of Small Business (ICSB), June 16-19, 2003, Belfast, Northern Ireland.

Additional reports, studies and programme information, including the AfDB Multisector Country Gender Profile for Ethiopia (see list of references) were obtained from several key informants and these, together with insights gained from the interviews, meetings and two focus group sessions, formed the basis of analysis for an assessment of the policy and programme support for development of women entrepreneurs in Ethiopia, with a particular focus on growth. The overall findings and recommendations for further actions in each of the areas of the Stevenson & St-Onge integrated framework (see Figure 1) are presented in this report.

Figure 1: An enhanced integrated framework for the development of women entrepreneurs



Adapted from Stevenson & St-Onge (2003).

2. The economic context

Ethiopia, with a population of 67.7 million, a GDP of US\$46 billion (PPP, 2001), and GDP per capita of US\$700 (PPP, 2001), is registered as one of the poorest countries in the world.² According to World Bank data, the gross national income per capita is US\$100.³ Over 80 per cent of employment is in the agricultural sector (there are about 11 million farm holdings), and over 60 per cent of the population lives below the poverty line. The adult literacy rate is low, 45 per cent among men and 25 per cent among women.⁴

The country is endowed with rich untapped human and natural resources, including huge water resources and one of the world's largest livestock populations. Agriculture accounts for 43 per cent of GDP, industry for 11 per cent, distributive and financial sectors for about 23 per cent, and other social services for 23 per cent.⁵ Almost 90 per cent of export earnings are from agricultural produce, with coffee being the largest contributor. Other important exports are chat,⁶ live animals, hides, and gold. During the last five years, the economy has been negatively affected by the collapse of world coffee prices, soaring oil prices, drought, and the war with Eritrea. Nevertheless, over the past two years, the country has experienced significant growth rates in its GDP at 6.2 per cent per annum. The government's current priority is to strengthen the industry sector through increased investment, production and export promotion.

Ethiopia has been a democratic country since 1994. After the end of the Emperor Haile Selassie regime (1930-1974), the country was reoriented to Marxism. Later, in 1992 a "New Market-Oriented Economic Policy" was launched and a transitional government began a process of deregulation; liberalization of trade, investment, and foreign exchange; privatization; and labour law reform. In 1994, a new democratic constitution was drafted (which embedded the rights of women in society) and since then, the government has been working with international agencies and donors to transform the economy. The bottom line of this historical sketch is to say that Ethiopians have only recently been given the opportunity to "rekindle" an entrepreneurial spirit driven underground for many years, and to rediscover the market economy for itself.

The Government of Ethiopia has adopted a Free Market Economy Policy, and an Agricultural Development-Led Industrialization (ADLI) Strategy to spur the overall development of the country. This includes four key components: (i) the maintenance of an appropriate macroeconomic framework; (ii) improvements in agricultural efficiency and growth; (iii) private sector development and public sector reforms; and (iv) reduction of poverty and development of human resources.

² Statistics taken from the CIA World Factbook, 2002. GDP figures are in Purchasing Power Parity (PPP) for 2001.

³ Development Group Data, 9/9/02, The World Bank.

⁴ The CIA World Factbook, 2002. Based on 1995 data.

⁵ "Micro and Small Enterprises Development Programme, The European Development Fund Strategy Document", prepared for the Federal Democratic Republic of Ethiopia Ministry of Trade and Industry, Project Support Unit, November 28, 2003, p. 1.

⁶ Chat is a plant leaf chewed for its euphoria-producing properties.

Creating employment for Ethiopians is a major challenge; there are insufficient opportunities in the formal sector to absorb rural people and new entrants into the labour force. Consequently, many people have been forced into marginal activities in the informal sector as subsistence farmers, petty traders, and tiny handicraft producers with limited market scope. This conglomeration of informal and micro-enterprises is in need of significant upgrading if the Government of Ethiopia is to be successful in its efforts to eradicate poverty and to strengthen the private sector as a creator of employment and economic growth. Part of this challenge will be changing attitudes about work in the MSE sector, and a revitalization of the “entrepreneurial spirit” in the country.

Micro and small enterprises are a special focus of the government, given that they comprise the largest share of total enterprises and employment in the non-agricultural sectors. In recognition of the important role MSEs have to play in creating income and employment opportunities and in reducing poverty, the government drafted its first Micro and Small Enterprise Development Strategy in 1997.⁷ The Government is in the process of taking appropriate macroeconomic actions to support the development of the private sector, including many measures to support the development of small enterprises. However, under Ethiopia’s land tenure system, the government still owns all the land and provides long-term leases to the tenants. This system continues to hamper growth in the enterprise sector, as entrepreneurs are unable to use land as collateral for loans, and this affects women more so than men.

⁷ *Micro and Small Enterprises Development Strategy*, Ministry of Trade and Industry, Federal Democratic Republic of Ethiopia, Addis Ababa, November, 1997.

3. The MSE sector in Ethiopia

3.1 MSE definitions

Enterprises in the MSE sector are defined both in terms of paid-up capital and number of workers (see Table 1). For the purposes of directing its policy and programme support, the MoTI has adopted a definition of micro, small and medium/large enterprises based on paid-up capital.

The definitions outlined in the MSED strategy (1997) are as follows:

- Micro-enterprises are those business enterprises with a paid-up capital of less than Birr 20,000,⁸ and excluding high tech consultancy firms and other technology establishments.
- Small enterprises are those business enterprises with a paid-up capital of above Birr 20,000 and not exceeding Birr 500,000, and excluding high tech consultancy firms and other technology establishments.
- Large and medium enterprises, by default, are those with more than Birr 500,000 in paid-up capital.

However, there are other working definitions that use the number of workers as well – a micro-enterprise is one with fewer than 10 employees; a small enterprise is one with 11-50; and large and medium enterprises are those with more than 50 employees.

Table 1: MSME definitions employed in Ethiopia

Type of enterprise	Paid up capital (fixed assets)	No. of workers
Micro-enterprise	Less than Birr 20,000	Under 10
Small enterprise	Birr 20,000 – 500,000	11-50
Large and medium enterprise	More than Birr 500,000	Over 50

Ethiopia does not have a national unified registry of enterprises so data on the MSE sector is full of gaps. Until the late 1990s, the government was not particularly interested in the MSE sector and there were no attempts to quantify its nature. While the need for such a database has been emphasized by a number of international agencies, there is currently no overall classification system of enterprises by size of firm, entry, survival and growth rates, etc. One of the first comprehensive efforts to collect data on the MSE sector was undertaken by the Central Statistics Authority (CSA) in 1996-97.⁹

⁸ At the time of the research, US\$1 = Birr 8.6 approximately.

⁹ “Urban Informal Sector Activity Operators and Small-scale Manufacturing Industries,” Central Statistics Authority and Ministry of Labour and Social Affairs, Republic of Ethiopia, May 1997.

3.2 Number of MSEs, employment and size

According to this CSA Survey, there were almost 590,000 MSEs in Ethiopia (see Table 2), 99.4 per cent of which were micro-enterprises with fewer than 10 employees, accounting for 88.2 per cent of private sector employment.¹⁰ The micro-enterprises are very small. On average, they employ one and a half workers (this includes the owner and perhaps an occasional helper), and earn an annual operating surplus of Birr 1,300. Sole proprietors operated 82 per cent of urban enterprises; of the total employment in these urban micro-enterprises, family members accounted for 60 per cent.¹¹ Beyond family members, apprentices constituted a large proportion of the remaining MSE work force.

Table 2: Privately-owned industrial establishments and employment

Type	Number	%	Employment	%
Microenterprises	584,913	99.4%	877,370	89.8%
Small-scale industries	2,731	0.5%	8,929	0.9%
Subtotal	586,644	99.9%	876,293	90.7%
Large and medium enterprises	642	0.1%	91,262	9.3%
Total	588,286	100.0%	977,561	100.0%

Source: Central Statistical Authority (does not include farm enterprises).

The average micro-enterprise has capital of Birr 3,528, a yearly production value of Birr 2,300 and an annual surplus of Birr 1,300. Although significantly more productive and profitable than micro-enterprises, small-scale industries are also very small, with an average of slightly more than three employees, Birr 18,934 in annual operating surplus, capital of Birr 38,354, and production value of Birr 68,800 (see Table 3). In addition, there are not very many of them.

Table 3: Comparative size data for micro, small and large/medium enterprises

Type of enterprise	Average employment size	Average annual operating surplus (Birr)	Average capital (Birr)	Gross Value of Production (GVP) (millions)	Average value of production per enterprise (Birr)
Micro	1.5 employees	Birr 1,300	Birr 3,528	Birr 13,383	Birr 2,288
Small	3.26 employees	Birr 18,934	Birr 38,354	Birr 1,888	Birr 68,800
Large/ medium	142 employees	n.a.	n.a.	Birr 5,779	n.a.

Ethiopia is missing the “small” part of the MSE sector, those enterprises with 11-50 employees. It appears that enterprises start on a micro, subsistence level and rarely have the opportunity to move beyond 2-3 employees in size. Chart 1 (below) illustrates this “missing middle” of the Ethiopian economy, both in terms of number of enterprises and quantity of employment.

¹⁰ This figure significantly underestimates the total number of micro-enterprises, because it ignores the number of people operating informally in subsistence ‘income-generating’ activities, especially in rural areas where peasant farming is a predominant source of economic livelihood for Ethiopian households.

¹¹ Based on the 1997 CSA Survey and reported in Zwede & Associates, 2002, p. 33.

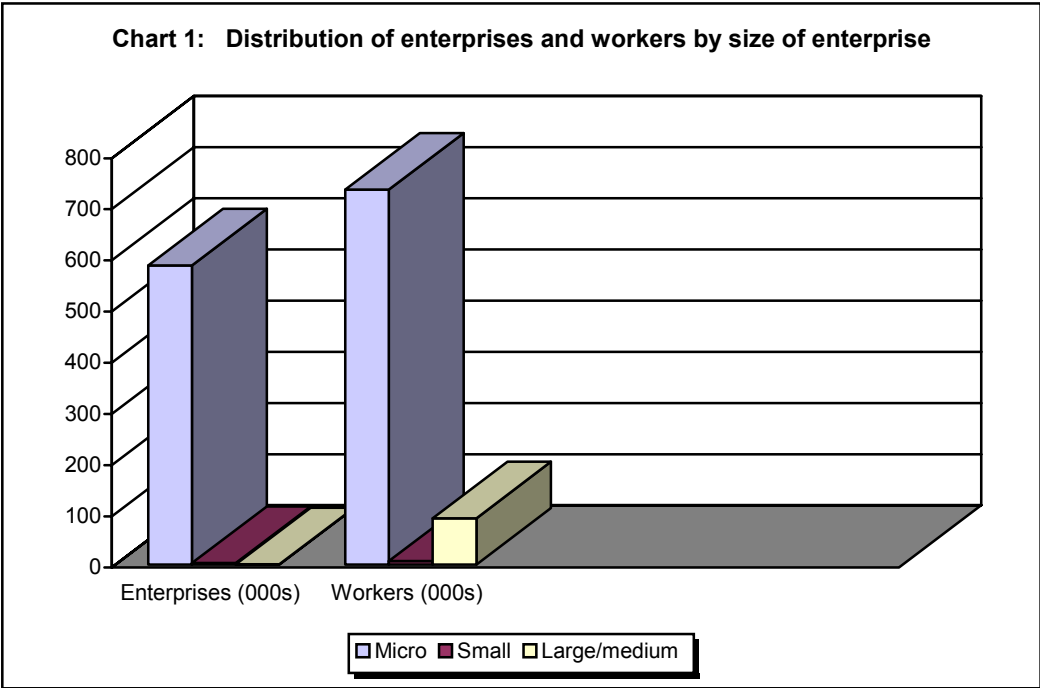
3.3 Constraints facing the MSE sector

The constraints facing MSEs in most developing economies are similar:

- Unfavourable legal and regulatory environments and, in some cases, discriminatory regulatory practices;
- Lack of access to markets, finance, business information;
- Lack of business premises (at affordable rent);
- Low ability to acquire skills and managerial expertise;
- Low access to appropriate technology; and
- Poor access to quality business infrastructure.

Ethiopian MSEs are confronted by many of these problems. According to the CSA Report (1994-1995), the major obstacles experienced by small-scale manufacturing industries were the irregular and erratic supply of raw materials and a shortage of suitable working premises. The lack of working premises was also found to present difficulties for the informal sector operators who, faced with insufficient capital, were often impeded from the start. The problems of raw material shortages, lack of working capital and effective marketing practices faced by small manufacturing industries result in the failure of these businesses to expand. The same set of problems, when experienced by informal sector operators, have the effect of preventing their expansion almost from the beginning of their operations. Results of the 1997 CSA Survey showed that for about 50 per cent of informal sector operators, the first major difficulty when starting their operation was the lack of sufficient initial capital. According to their responses, this problem becomes more critical when they intend to expand their businesses.

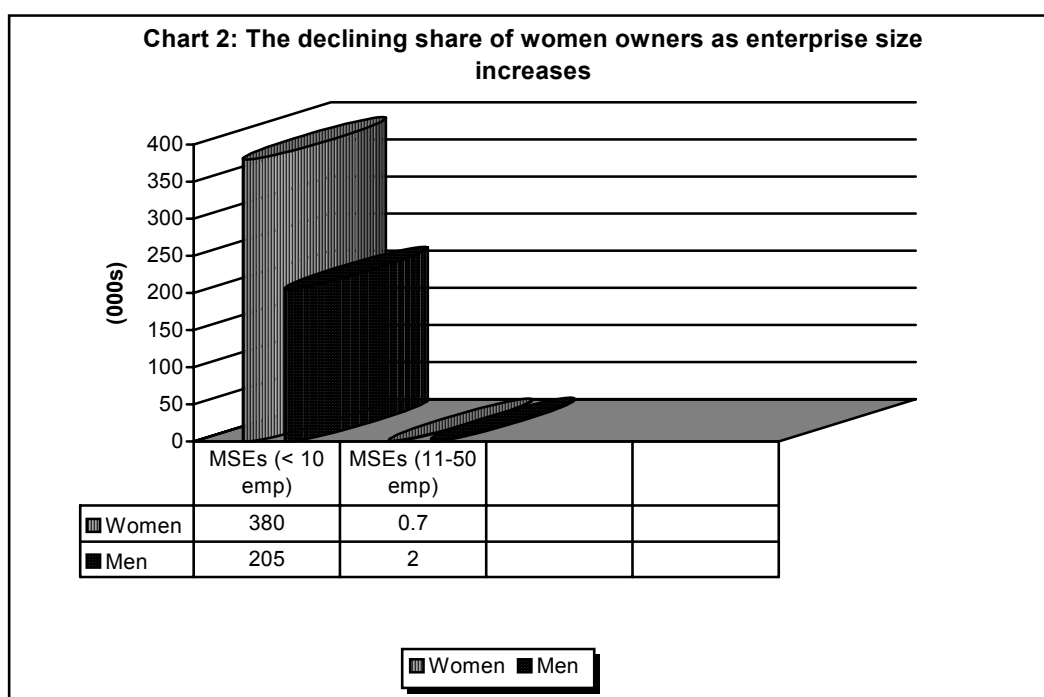
Until 1997, there were no organized policy and support systems catering to the development of the MSE sector, so structural, institutional, and policy barriers were not being addressed. Premises, markets, finance, supply arrangements, regulatory barriers and legitimization of entrepreneurial activity are among the most urgent.



4. The state of women's enterprise in Ethiopia

4.1 The number of women-owned MSEs

Data on women in the MSE sector is very limited. The paucity of data on the MSE sector in general, as well as on the participation and role of women in MSEs, and the lack of any national profile of women entrepreneurs or their enterprises, does not allow for any kind of extensive analysis of their situation. The 1997 CSA Survey revealed that 65 per cent of urban micro-enterprises are run by women and that 26 per cent of small-scale producers are women; these are the only readily available official statistics. If one assumed these percentages applied to the total MSE sector statistics, then there were about 380,000 women "micro-enterprisers" in Ethiopia in 1997 (65 per cent of 584,913) and just over 710 women owners of small enterprises (26 per cent of 2,731). Although there was no indication of the proportion of women-led large and medium-size enterprises among the 642 reported in the 1997 CSA Survey, it can be assumed the percentage is very low, perhaps as low as 10-15 per cent.¹² The percentage of women owners relative to men dramatically decreases as firm size increases (see Chart 2).



This number of about 380,000 women-owned MSEs is likely to be a significantly underestimated figure because it does not include all the women who operate in subsistence farming and petty trading in the rural areas. Data does not exist on the number of women starting enterprises each year, or on their growth rates into the next

¹² It should be noted that, during the field visit, the international consultants did interview a small number of women with enterprises larger than 50 employees.

firm-size category, but it is probably safe to say that a very small proportion of women in micro-enterprises grow into small businesses, and very few small businesses grow into medium and large ones.

Clearly, the challenge is to be able to determine what needs to be done to:

- 1) assist women micro-enterprisers in efforts to become “small” enterprises;
- 2) assist women with small enterprises to grow into larger-small and medium-size enterprises;
- 3) provide would-be women entrepreneurs with an orientation which will lead them to starting small (as opposed to micro) and higher potential enterprises so they are “stronger from the start”.

4.2 The situation of women in MSEs

As a starting point to deal with the lack of information on the situation of women entrepreneurs in the country, the ILO, in concert with the Women’s Affairs Department of the Ministry of Trade and Industry sponsored a preliminary study in 2002 (Zwede & Associates, 2002). This report concluded that Ethiopian women entrepreneurs are severely disadvantaged in both the economy and society. They generally have very low levels of education, a low literacy rate (reported to be only 25 per cent in 1995),¹³ an average of six children, and are responsible for assuming the domestic responsibilities of food preparation and child care, while at the same time carrying on their enterprise activities to earn enough income to cover the basic necessities of life. Many women in the rural areas speak only their native language. In terms of sector of activity, women tend to pursue areas where they have gender-based skills and know-how, such as food processing, clothing, and hairdressing, and gender-biases in the technical training sector tend to confine them to these areas. Others work in the agricultural sector, selling milk, yogurt, or vegetables from roadside market stalls.

Many women turn to micro-enterprise because they are essentially marginalized in the labour force and unable to find employment alternatives; in effect, they are driven to entrepreneurial activity out of necessity. Their lack of mobility (due to their large families and household responsibilities), coupled with their lack of ability to secure proper operating premises means they are often home-based and this prevents them from seeking out markets, information on better economic opportunities, and business assistance. In addition, these women tend to have meager financial and human capital at their disposal. Women are largely deprived of property ownership and consequently are not able to offer the collateral required to access bank loans. Fortunately, there are some donor-driven sources of micro-finance in the country and much of this is targeted towards women as a way of reducing poverty. The popular wisdom is that if money is given to a woman MSE, she will use the proceeds from its use to invest in family needs – food and schooling fees for her children; men are believed to be more likely to spend the proceeds outside the family unit, for business or social uses. Throughout the field visit, key informants repeated this perception. However, the majority of micro finance (93 per cent)¹⁴ is delivered as part of rural programmes (so unavailable to most urban women),

¹³ The 1997 CSA Survey of the informal sector found that 59 per cent of women entrepreneurs were illiterate, while 20 per cent had an elementary formal education (grade 1-6) background.

¹⁴ Amha, 2003.

allocated through group-based, mutual guarantee systems, and carries a maximum loan ceiling of Birr 5,000 (US\$580). These criteria limit the applicability of micro finance to the tiniest of enterprises and do not provide any flexibility for women who want to grow their businesses beyond a certain size (see discussion on women's access to micro-credit in section 9). The other interesting paradox is that women make up only 38 per cent of micro finance clients (Amha, 2003).

In the Zwede & Associates (2002) summary of previous studies of women entrepreneurs in Ethiopia, women are described as functioning within a "male-dominated, patriarchal, and tradition-oriented society" where socio-cultural dynamics within the domestic and social spheres determine the status of women and the differential participation of women and men in public spheres (p. 10). This has had a significant impact on gender roles and relations. It affects women's ability to travel away from home, own larger animals, and even control their own independent income. And in spite of policies and measures to improve the situation of women in society, gendered attitudes continue to be inculcated in the educational and communication media. Clearly, to improve the situation of women-owned MSEs in Ethiopia will require reform of the policies and regulations governing the socio-economic and cultural environments of the country (Zwede & Associates, 2002).

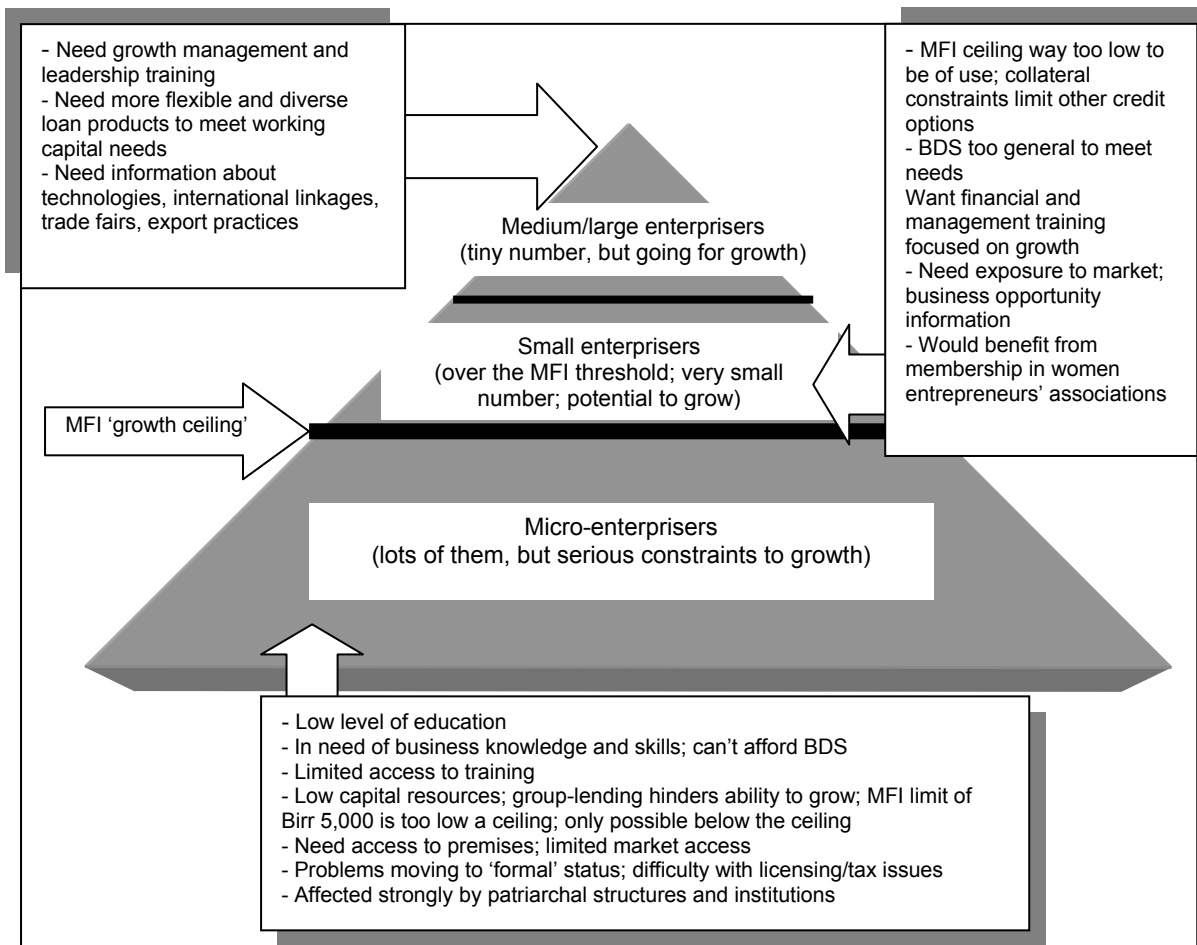
4.3 The profile of growth-oriented women entrepreneurs in Ethiopia

While it is true that the predominant image of the "Ethiopian woman entrepreneur" is one of poor women trying to survive, there are other profiles. One is of the woman who has, because of higher education and better access to economic and resources, been able to grow her micro enterprise into the small enterprise category (Hadiya, 1998; ILO, 2003). According to Hadiya, these women believe they are the most neglected category of women entrepreneurs because they do not have institutional credit or other support services available to them. These women have outgrown the micro finance system and yet are not able to borrow from banks.

The other profile is of the woman who, because of her higher education, previous work experience, and better economic circumstances, has access to the financial and other resources needed to start and grow larger enterprises. Members of the Ethiopian Women Exporters' Forum (EWEF) are illustrative of this group, although even members of the EWEF complain about inadequate access to commercial bank loans to meet their working capital needs because of the rigid requirement for collateral guarantees (which they often cannot meet). See Figure 2 for a typology of three segments of women entrepreneurs in the Ethiopian economy as well as the gaps and needs for each segment.

Research has shown that it is possible for women to make the transition from a micro to a small enterprise under the right circumstances. The ILO (2003) study of women in growth enterprises found that 70 per cent of the women entrepreneurs currently engaged in small enterprises had started them as micro-enterprises and grown them over time (p. 30). However, unless micro-enterprisers are able to access financing beyond the micro finance ceiling, they are forced to "grow horizontally" below the Birr 5,000 ceiling. An example of how poor women do this is illustrated in Box 1. Unable to achieve scale in one business, because she hit the MFI ceiling, this woman entrepreneur identified tiny "niches" of opportunity in her village where she and her family members could provide another product or service through a second and third micro enterprise.

Figure 2: The three segments of women entrepreneurs: Gaps and needs



Women with enterprises “above the micro finance ceiling” also use a strategy of having more than one business at a time (diversification) as their way of mitigating the risk of growth. As a member of the Ethiopian Women Exporters Forum (a woman with five businesses) stated during the field visit interviews, “This is the way we grow in Ethiopia. We do lots of things, not just one. If one thing doesn’t do so well some year, then we can depend on the other things”. Collectively, this entrepreneur employs more than 100 full-time employees in her enterprises, growing to 172 in peak seasons.

4.4 The challenges and barriers of growth

ILO (2003) revealed that for the growth-oriented women entrepreneurs in their study, the biggest obstacles faced in developing their businesses were: 1) lack of working capital (30.5 per cent); 2) lack of management skills (15.6 per cent); 3) problems of finding work spaces and sales outlets (15.6 per cent); and 4) lack of confidence to take risks in business.¹⁵

¹⁵ ILO, 2003, p. 33.

Box 1: Growth pattern of a woman entrepreneur in the micro-enterprise sector

“Mariam” started with a loan of Birr 1,000 from a local micro-finance institution to stock a tiny kiosk with inventory (e.g., cigarettes, Kleenex, water, band-aids). She later borrowed another Birr 1,000 to buy a scale so she could sell some bulk food products in the kiosk. Then she saw an opportunity to lease the property across the street and turn it into a small hotel for locals. Again she borrowed a small amount of Birr from the MFI to prepare the four guest rooms with nine beds, and equip a small café. With the money she made from her businesses, she was able to amass Birr 40,000 to build a house with her husband and five children. However, because the house was not registered in her name, “Mariam” cannot use her house as collateral for a larger loan from a conventional bank to grow her businesses, even though she would like to. Her current ideas are to buy bicycles so her sons can start a bike-rental business and to buy a car for her older son so he can start a taxi business. But her loan needs for these businesses are above the Birr 5,000 limit for MFI financing so her “diversification” growth plans are hindered.

(Based on information gained from an interview with “Mariam” (not her real name) during the Ethiopia field visit.)

To overcome these problems, over a third indicated they had not yet found any solutions! For others, the major strategies were to:

- Borrow money from the informal sector;
- Use credit from suppliers;
- Plough back profits;
- Get assistance from relatives;
- Mobilize Equb;¹⁶
- Seek advice from other people;
- Hire professional people;
- Pay high rentals in the absence of own premises;
- Change locations;
- Diversify their products.

The ILO (2003) study concludes by summarizing the major barriers to expanding women’s enterprises as:

- 1) Lack of market access and information;
- 2) Lack of affordable technology (including training in business skills);
- 3) Lack of sufficient financial resources to buy inputs in bulk (lack economies of scale in production);
- 4) Lack of appropriate growth financing;
- 5) Low levels of education.

This latter point is important, not so much for women already with growth enterprises, but for future generations of women entrepreneurs. If young women are encouraged to obtain higher levels of educations, then they will be better equipped to receive guidance, retraining, and redirection in the pursuit of more productive and growth-oriented enterprises.

¹⁶ Equb is the name for traditional savings mobilization groups in Ethiopia.

5. The Micro and Small Enterprise (MSE) development strategy

The Ethiopian government released the country's first Micro and Small Enterprise Development Strategy in November 1997. The primary objective of the national strategy framework is to create an enabling environment for small and micro-enterprises. The specific objectives are to:¹⁷

- Facilitate economic growth and bring about equitable development;
- Create long-term jobs;
- Strengthen cooperation between MSEs (to jointly address hindering obstacles, take up opportunities and build collective efficiency);
- Provide the basis for medium and large scale enterprises;
- Promote exports (especially in leather, textiles, and horticulture, where Ethiopia has comparative advantages);
- Balance preferential treatment between MSEs and larger enterprises.

Since then, the Government has taken a number of actions to change the regulatory environment for MSEs, simplify the business registration and licensing process, revise the Investment Law, create new MSE agencies, and establish a legal framework for private sector development. The Government's recent Industrial Development Strategy identifies MSEs as a key priority.

5.1 The implementing structure

The Ministry of Trade and Industry was given responsibility as the organ of the Federal Government for the formulation of policies and strategies to promote the expansion of enterprises and to facilitate the provision of assistance to MSEs. Regional Bureaux of Trade and Industry were delegated to develop and promote the sector in their regions by coordinating regional activities and creating networks with business associations to strengthen the flow of information to MSEs.

To further ensure the proper institutional coordination for MSE support functions, the government created the new **Federal Micro and Small Enterprises Development Agency (FeMSEDA)** in 1998 (Proclamation 33/98). In 2000, the Regional Governments also provided for the establishment of Regional Micro and Small Enterprise Development Agencies (ReMSEDA) to provide extension services to MSEs at the regional, zonal and wereda level. The MoTI, through FeMSEDA, provides institutional support.¹⁸ There is considerable capacity building to be done in these relatively new agencies, which work closely with donors, such as UNIDO and GTZ, to deliver MSE-related projects and services.

¹⁷ *Micro and Small Enterprise Development Strategy*, Ministry of Trade and Industry, Federal Democratic Republic of Ethiopia, Addis Ababa, Ethiopia, November 1997, pp. 9-10.

¹⁸ ReMSEDA are independent of FeMSEDA but work collaboratively with FeMSEDA and regional offices of MoTI.

FeMSEDA is not an implementing agency, per se. It provides leadership by delivering ‘training the trainers’ programmes to equip regional agencies, business associations, and other professionals to deliver entrepreneurship training and facilitation services and BDS to MSEs; studying the problem of identifying viable markets for MSEs and addressing product quality issues; disseminating information to MSEs; and advising government on MSE policies and strategies. One of their recent initiatives, in partnership with GTZ, is the compilation of all MSE-related information on a web site (www.bds-ethiopia.net.et), providing information on a CD-ROM for those partners who do not have access to internet facilities. FeMSEDA also operates skills and technology training facilities, much like incubators, where training is offered in woodworking, metalworking, garment making, and handicrafts. It also provides a marketing outlet for MSE products in its sales and display centre and organizes MSE product exhibitions at national and local trade fairs.

Two years ago, it established a BDS Partners’ Network, which now meets every six months to discuss aspects of MSE support, for example, MSE access to commercial bank financing. It has also created a Training Organizations Network to improve coordination, reduce overlap and enhance responsiveness to MSE training needs (e.g., by agreeing on curriculum changes and fee structures). FeMSEDA is trying to encourage formation of similar networks at the regional level.

ReMSEDAs have been established to coordinate support services for the implementation of Regional MSE Development Strategies, but they only exist in four of the eleven Regions. Their officers provide human resource development, information and consultation, and technical and marketing services. Although ReMSEDAs do not offer specialized services to women entrepreneurs, some of them target women as recipients of their regular initiatives.

5.2 Inclusion of women in the MSE development policy

The Ethiopian Government adopted a National Policy on Ethiopian Women in 1993 with the express aim of eliminating gender and cultural bias that hinders women from participating equally in the economic and social development of the country, and to guarantee women their human and democratic rights.¹⁹ To implement the policy, the government appointed an Office for Women in the Prime Ministers Office and established a Women’s Affairs Department in all government organizations at the department level. The role of these Women’s Affairs Departments was, among other things, to create favourable conditions for effective implementation of the policies of women’s affairs issued by the government, closely monitor their implementation, and assess whether policies, programmes, and development plans issued by the government safeguard the benefits of women and have been accorded particular consideration.²⁰

The 1997 MSE Development Strategy makes specific reference to the advancement of women as a fundamental principle underlying strategy elements and further identifies

¹⁹ *National Policy on Ethiopian Women*, Office of the Prime Minister, The Transitional Government of Ethiopia, Addis Ababa, September 1993.

²⁰ *Ibid.*, pp. 39-41.

women as a target group for relevant support measures.²¹ The Department of Women's Affairs (WAD) in the MoTI has the specific mandate to promote women in industry and trade and provides leadership in ensuring that the interests and needs of women in MSEs are addressed in policy and programme measures. The Head of WAD reports directly to the Minister of Trade and Industry and this Minister, in turn, is accountable to the Prime Minister on this mandate. WAD, unfortunately is not well resourced. The Head only has two staff members and a small budget for women's enterprise development but is often able to leverage donor funding for specific projects in the regions. . FeMSEDA has provisions for a "woman affairs" position in the Agency, which has not been filled, but one of their key informants shared their plans to open a "women's window" in the near future.

Since 2002, the MoTI-WAD, in partnership with the International Labour Organization (ILO), has been implementing a Women's Entrepreneurship Development Programme geared to creating more awareness of their role in the economy, improving their access to market opportunities through trade fair participation, building the capacity of women entrepreneurs' associations, and offering gender mainstreaming training to business support providers and government agencies (part of the ILO's WEDGE Programme).

The partnership between the MoTI and ILO-WEDGE has accelerated momentum in support of women's enterprise. A 13-member WEDGE Steering Committee, chaired by the State Minister for Trade and Industry, has been put into place. Members include the ILO, Ministry of Labour and Social Affairs, NGOs, the Confederation of Ethiopian Trade Unions, the Ethiopian Employers Federation, the Ethiopian Women Exporters Forum, women entrepreneurs' associations, and the Federation of Ethiopian Peoples with Disabilities. At quarterly meetings, the Committee reviews quarterly work plans and progress reports.

Women have also been identified as a target under the Sustainable Development and Poverty Reduction Strategy Paper (SDPRSP) issued by the government in June 2002.

"The Government of Ethiopia is committed to eradicate poverty, particularly addressing the gender dimension. Over the past decade the government has reviewed its commitment to address the gender equalities that deter long-lasting change and equitable development. Apart from endorsing the National Policy of Ethiopian Women, the government has created supportive constitutional provisions to establish women's equality with men. Women are a critical component of the rural economy and are engaged in agricultural production. They contribute significantly to the off-farm production/employment, cash and food crops, subsistence farming and reproduction of agri-labour forces. Nevertheless, they lack adequate access to extension services (...)." ²²

Various donors are very active in supporting MSME development in Ethiopia. During the field visit, meetings were held with representatives from the GTZ Micro and

²¹ *Micro and Small Enterprises Development Strategy*, Ministry of Trade and Industry, 1997, p. 16. Other target groups mentioned include: 1) small manufacturers of food, textile and leather clothing, metalwork, crafts, etc; 2) self employment (with a focus on school leavers, the disabled and unemployed youth; and 3) small enterprises in nomadic and disaster areas, agro-business and small scale farming and fishing, small builders/contractors; 4) small exporters and small scale tourism-industry operators; start-ups and expanding firms (with particular emphasis to those owned by women).

²² "Sustainable Development and Poverty Reduction (Strategy Paper for Promoting Development and Poverty Reduction)," Ministry of Finance and Economic Development, June 2002.

Small Enterprise Development Programme, UNIDO and the recently announced EU Micro and Small Enterprise Development Programme. Each of these programme efforts includes a component for Women's Entrepreneurship Development. However, these efforts are dwarfed in comparison to the total magnitude of their overall programme and project efforts.

6. Mapping the components of the enabling environment for growth-oriented women entrepreneurs

To foster the growth and development of women entrepreneurs, many things are needed. First of all, women have to be more aware of the entrepreneurship option and motivated to explore it; have access to opportunities to gain the knowledge and skills necessary to start and grow a viable enterprise; be exposed to networks of other women entrepreneurs to learn from their experiences and gain moral support and encouragement; have access to information and professional business development services to help develop their management and production capacity; and be recognized for their achievements, both individually and collectively. What is happening at this level must also be supported by the meso and macro environments in which women-owned MSEs operate, so, secondly, actions must be taken to ensure the existence of favourable attitudes and conditions.

In the following section of this report, an assessment will be made of the Ethiopian support environment in favour of growth-oriented women entrepreneurs according to each of the areas set out in the integrated framework, namely, policy/programme coordination and leadership, promotion, access to credit, entrepreneurship training, business support and information, associations and networks, business premises, regulatory and legal environment, and research. Current initiatives are highlighted, and recommendations made for possible actions to address gaps or enable enhanced opportunity for increasing the capacity and competency of women to contribute to the employment and economic growth of the nation through growth of their own enterprises.

7. Policy/programme coordination and leadership

Ethiopia is in many ways a good practice among the three countries included in this analysis. The fact that it has a National Policy on Women and a Women's Affairs Department (WAD) in every Ministry illustrates the commitment of the government to the principles of gender equality. MoTI-WAD is the focal point for women's enterprise development within the MoTI and has the mandate to ensure the Ministry mainstreams gender concerns in the sector. However, the Head of WAD indicated during key informant interviews that it has taken a long time to make any progress in improving the environment for women entrepreneurs considering the National Policy on Women came into effect ten years ago.

The challenge of changing the environment for women entrepreneurs goes beyond the jurisdiction of the MoTI, requiring advocacy among other ministries and levels of government, and negotiation and coordination with donor agencies and NGOs on strategically targeted initiatives to improve the performance of women entrepreneurs and their enterprises. Many donor MSE projects do target women's enterprise development, but these are generally dwarfed by their other components, and rarely conclude with any evaluation of impact. Consequently, there has been little sharing of lessons learned and good practice in reaching women-owned MSEs and serving their needs, especially for growth. Some regions are more advanced than others in formulating activities to support the development of women's enterprises at the local level and require further education and capacity building. The need for gender sensitization continues.

With the implementation of the ILO-WEDGE Programme, momentum has been accelerating. The WEDGE Steering Committee brings together key stakeholders to discuss the agenda concerning women's enterprise and this is being conducted at the highest level. But, in spite of its very strong and dynamic leader, the MoTI-WAD is severely understaffed to meet current demands. WAD is also seriously constrained by the lack of comprehensive and timely data on women's enterprises and the lack of a national profile of the different categories of women entrepreneurs. This information is essential for effective policy and strategy formulation and advocacy work.

7.1 Recommended actions – policy leadership and coordination

i) **Employ additional staff in the MoTI-WAD**

It is recommended that additional staff, perhaps 3-5, be allocated to the MoTI-WAD to advance the work underway.

ii) **Report on the state of women's enterprise in Ethiopia**

An initiative should be spearheaded to collect more comprehensive data on women-owned MSEs. The analysis of this data should be prepared as a report on the status of women's enterprise in the economy and distributed widely among stakeholder groups to create more awareness of the needs and concerns of women entrepreneurs and help shape coordinated strategic action.

iii) Prepare an inventory of initiatives targeted to women's enterprises

An inventory of current initiatives (projects, activities) targeted to women's enterprises should be compiled with a view to displaying the landscape of support, identifying good practices that can be shared with network members, and highlighting gaps that need to be filled.

iv) Develop a longer-term strategic approach to increasing the number of women in growth-firms

MoTI-WAD, through the WEDGE Steering Committee, should engage donors and partners in the development of a longer-term, strategic, and coordinated approach to addressing the programme challenge of increasing the percentage of growth enterprises led by women.

v) Share "good practices" widely

Good practice outcomes from the ILO-WEDGE Programme should be shared broadly throughout the regions of Ethiopia with a view to replication at the regional/local level.

8. Promotion of entrepreneurship

The objective of promotion is to create awareness of enterprise as an attractive employment option among women and to raise the profile of women entrepreneurs as credible role models to others. It is a particularly important aspect in reinforcing the social value of entrepreneurship in the economy and in positioning it as a viable and feasible activity. Ethiopia, being a country which is still in the process of becoming a market-driven economy and where informal and micro-enterprise dominates the business landscape, will benefit from positive positioning of entrepreneurship generally. In addition, there are few visible role models of successful, growth-oriented women entrepreneurs at any level of the size spectrum.

Since women dominate in the micro-enterprise sector and, yet, are undervalued and subject to stereotypical images, promotion is desirable for at least two reasons: 1) to demonstrate the diversity of women entrepreneurs in the economy, some of which have grown to medium size; and 2) to dispel the myth that women's enterprise is at the subsistence level and associated with poverty reduction activity as opposed to job creation and economic growth.

There are several examples of concrete "good practice" initiatives to promote women entrepreneurs in Ethiopian society. The first is the production of the video *Ethiopian Women Entrepreneurs: Striding with Confidence and Poise*, funded by the ILO and produced in cooperation between the ILO and the Ethiopian Ministry of Trade and Industry in 2002. The 26-minute video featuring profiles of six women entrepreneurs, including the producer of the video film, was launched in November 2002 together with *A companion guide to a documentary film featuring Ethiopian Women Entrepreneurs*. The viewing of this video was combined with the release of the results of a preliminary study of women entrepreneurs in Ethiopia²³ at a workshop of stakeholders held in Addis Ababa. The video package has been distributed to Ethiopian regions through regional MSE Development Agencies and women's association networks. The MoTI-WAD, in cooperation with the ILO-WEDGE team, later held a one-day conference to popularize the findings of the second study of women entrepreneurs, *Ethiopian Women Entrepreneurs: Going for Growth* (ILO, 2003), during which they also organized an exhibit of products made by women entrepreneurs.

The second example of innovative promotion activity is making use of radio as a vehicle for reaching women, as well as the general public, with information relevant to women entrepreneurs. The concept of using radio to reach women was borrowed from a very successful project in Uganda.²⁴ The 20-minute radio programme "Setoch Be-Nigd Amba" (Women in Businesses Arena) will air twice weekly on the Addis Ababa FM station²⁵ (on Tuesday afternoons) from mid-December 2003 until mid-June 2004. The project was seeded by the ILO WEDGE project as a pilot approach to reaching women with business and entrepreneurship-related information and themes (see Box 2).

²³ Zwede & Associates, 2002.

²⁴ McVay, 2002.

²⁵ The government owns broadcast media in Ethiopia. There is only one FM radio station in Addis Ababa; its reach is about 250 km.

Box 2: Launch of radio programme on women entrepreneurs in Addis Ababa

The major goal of the radio programme “Setoch Be-Nigd Amba” (Women in Businesses Arena) is to serve as an additional source of information for women engaged in their own businesses and as a forum for discussion on various issues among stakeholders. It aims to promote women entrepreneurs, create business linkages among them, discuss strategies for accessing loans and address policy related obstacles to women’s enterprise activity.

The magazine format programme will focus on issues such as the working procedures of micro-financial institutions or the processes and requirements of taxation as well as highlight accomplished women entrepreneurs who can act as role-models. The production will incorporate interviews, news items, case studies, dramas, discussion panels and a “phone-in” component.

If the pilot project is successful in attaining its objectives, efforts should be made to expand the production to other parts of Ethiopia on a regional basis. One of the challenges will be identifying sources of funding to cover costs of production at the end of the ILO “seed–funding” phase. One option is to secure donor funding; another idea proposed by the producer of the programme is to seek agreement from featured women entrepreneurs and other programme guests to sponsor each programme.

The third example is the declaration of Women Entrepreneurs Month in Ethiopia. Piloted in Addis Ababa in November 2002 by the MoTI, a “Month of the Woman Entrepreneur” was celebrated officially in March 2004. In close collaboration with different stakeholders, the MoTI-WAD coordinated various events and activities to promote women in business. Events included:

- Regional events (e.g. the Week of Women Entrepreneurs in Amhara Region, Tigray Region, and others that show interest);
- Workshops and panel discussions on women friendly technologies, trade fair promotion, business development and clustering services for women entrepreneurs, entrepreneurship as an option for retrenchment women workers, etc.
- The impact of HIV/AIDS on Women Entrepreneurs in the MSE sector;
- Airing of radio and TV features; and
- Distribution of a special newsletter addressing the concerns and issues of women entrepreneurs.

This initiative should generate considerable visibility for women entrepreneurs and their issues, as well as for their products, services and enterprises. It should also reach more of the women’s market with information on entrepreneurship matters.

8.1 Recommended actions – promotion

- i) Continue current promotion activities and expand across the country

It is recommended that current promotion efforts be continued and expanded.

- **Replicate the Addis radio programme in other regions**, in cooperation with women entrepreneurs’ associations (assuming favourable impact results of the six month pilot);
- **Develop a new series of “success profiles” featuring women entrepreneurs** from a broad cross-section of enterprise situations, and distribute broadly;

-
- Use the *Women Entrepreneurs: Striding with Confidence and Poise* video as a **training tool** in technical colleges and universities to orient young women towards entrepreneurship.
 - **Declare “A Month of Women Entrepreneurs” as an annual event** and partner with regional agencies and women entrepreneurs’ associations to organize activities in all regions of the country.

ii) Establish an annual awards programme for women entrepreneurs

To further raise the awareness of the contributions women are making to the economy through their MSE efforts, and to recognize their achievements, the MoTI-WAD, in concert with donors, private sector organizations and associations of women entrepreneurs, should institute an annual awards programme for women entrepreneurs.

In the US and Canada, such an awards celebration attracts the attention of major corporations, banks, community leaders and government officials. Several categories of entrepreneurial behaviour could be recognized, for example, an award for “micro-enterpriser of the year”, “innovative entrepreneur of the year”, growth entrepreneur of the year”, etc. A call for nominations could be made on a regional level and finalists honored at small events prior to a national awards ceremony where “winners” are announced and celebrated. Following the event, print profiles of the finalists and winners can be produced for wider distribution to the various publics.

iii) Publish profiles of the “Top 20 Women Entrepreneurs of Ethiopia”

Because there is very little evidence of an inventory of women entrepreneurs in Ethiopia, and the challenge of “breaking the stereotypical image” of a woman entrepreneur is so severe, it is further recommended that an initiative be undertaken to identify the “top 20 women entrepreneurs in Ethiopia” and to publish their profiles on an annual basis.

This action would serve to raise the profile of women’s entrepreneurial activity in Ethiopia as well as to offer growth examples to other women who would like to further develop their own enterprises. *The Top 20 Women Entrepreneurs of Ethiopian* publication would be distributed widely within educational institutions, government agencies, donor groups, association of women’s, banks, etc. Profiled women could be asked to participate in speaking engagements, participate in policy discussions, offer mentoring services to other women entrepreneurs, and share their experiences broadly with others.

9. Women's access to micro and other forms of financing

Access to institutional credit is limited in Ethiopia although there is a vast demand for MSE financing. Start-up enterprises are often under capitalized, which is a serious constraint to their further development and growth. Women often start a business with their own money or money borrowed from family and friends with limited access to other forms of credit. Therefore, the tendency is for them to start tiny and remain at that level.

The major sources of MSE financing in Ethiopia are informal lenders (money lenders, trade credit, friends, relatives, etc.); semi-formal finance; NGOs; Micro Finance Institutions (MFIs); and commercial banks. See Table 4 for an overview of each of these sources.

9.1 Micro finance institutions and their lending

The prevalent form of financing for MSEs is micro finance. Micro finance, as an instrument for stimulating income-generating activities, was introduced by NGOs in the late 1980s and early 1990s. MFIs have traditionally offered supply-driven programmes, delivered to subsistence farmers in rural areas, and focused on poverty reduction objectives.

Realizing the growing demand and need for micro finance services among the MSE sector, the government of Ethiopia issued a micro finance law in 1996 to regulate the industry (Proclamation 40/96, Licensing and Supervision of the Business of Micro Financing Institutions). Under this law, micro financing share companies could be established and operated in parallel with existing banks. There are over 500 points of delivery for the 23 micro-finance institutions now registered through the National Bank of Ethiopia.

Under the policies of the current government, one of the objectives is to shift the micro finance perspective more towards economic development. This is challenging for most MFIs, which have rarely attempted to involve themselves in market studies and new product development. In all micro financing programmes, lenders use the group lending approach – group guarantees, voluntary or required savings – and charge interest rates between 12-25 per cent. The maximum loan size is Birr 5,000 (about US\$580). Clients may be approved for subsequent loans provided that the total of all disbursements do not exceed the Birr 5,000 limit. MFI policy does allow MFIs to make loan authorizations for over Birr 5,000 provided the loan does not exceed 0.5 per cent of the MFI's total capital and that the total of such loans does not exceed 20 per cent of the MFI's total disbursements in the previous year.²⁶ However, many of the smaller MFIs are located in Addis Ababa where the needs of loan clients exceed more than Birr 5,000, and they do not have sufficient capacity to extend the loan terms, preferring instead to loan smaller amounts to more clients.

²⁶ Directive No. MFI/17/2002, Limits on Loans, Repayment Period and Provisioning Requirements.

Table 4: Providers of MSE financing in Ethiopia

Sources	Nature of the financing
Informal Financial System	This system includes entities operating outside of the domain of the National Bank of Ethiopia. It includes the financing from family and friends, supplier credit, and commercial moneylenders. Money-lending is a high risk form of financing, since the client is required to repay the loan, usually at the end of each trading day, whether they have sold all of their goods or not. Interest rates and repayment terms are often quite flexible, but could be as high as 200 per cent.
Semi-Formal Finance	Semi-formal lending institutions, such as the Rotating Savings and Credit Associations, are the dominant and sustainable traditional institutions that meet the financial and social needs of the poor. Equb, the dominant form of credit and savings in urban and rural areas, is the most popular and provides a lending option for MSEs willing to mobilize in savings groups. Members are required to attend scheduled meetings and the group can be dissolved after each member has had a turn at borrowing.
NGOs	Many donors provide funds to NGO's for distribution to needy MSEs. Since declaration of Proclamation 40/96, ²⁷ NGOs are prohibited from involvement in credit and savings, unless registered as an MFI. Most of their programmes take the form of community-based lending and saving co-operatives, with high interest rates and inflexible repayment terms.
Micro Finance Institutions (MFIs)	The main objective of micro finance institutions is the delivery of financial services (micro-loans, micro-savings, micro-insurance, money transfer, etc.) to a large number of productive but resource-poor people in rural and urban areas, including MSEs, in a cost effective and sustainable way. The interventions of the micro finance institutions are intended to make a positive and measurable impact on the lives of the poor. ²⁸ Programmes offer group-based lending and require group guarantees.
Commercial Banks	There are three public and six commercial banks in Ethiopia. They have limited capacity to deal with MSE financing and are not favourably disposed towards small loans; a very low proportion of informal business sector operators have access to these formal financial institutions.

In 1999, Ethiopian micro finance institutions formed the Association of Ethiopian Micro Finance Institutions (AEMFI) in order to share their experiences in improving services to clients. They now collectively report their micro finance activity, including information on a number of borrowers (male and female), total loan portfolio, average loan size, and distribution of clients and funds by gender, urban-rural, and sector. In 2001, AEMFI reports that 461,327 borrowers were served (see Table 5).

MFI activity was heavily concentrated in rural areas (93.4 per cent of loan clients); the average loan size was Birr 669; and women borrowers made up 38 per cent of the

²⁷ Declaration governing micro finance institutions in Ethiopia.

²⁸ Amha, February 2003.

client base. There is a strong focus on the agricultural sector (for the purchase of livestock, fertilizer, etc.) where women are under-represented.

Table 5: MFI lending activity data for Ethiopia, 2001

	Number	Percentage
No. of women clients year end	177,149	38%
No. of men clients, year end	284,178	62%
Regular year-end active clients	461,327	100%
No. of rural clients, year-end	430,863	93.40%
No. of urban clients, year-end	30,464	6.60%
Regular year-end loan portfolio		Birr 308,587,589
Average loan size		Birr 669
No. of staff year-end		2,718

Source: Taken from Wolday Amha, AEMFI, 2001, Table 8.

The AEMFI was not able to provide a gender breakdown for distribution of the total loan portfolio. However, one can see from the report of the Debit Credit and Savings Institution Co., the largest MFI in the country, that women made up 39 per cent of their overall client base (in 2000), but accounted for 34 per cent of the awarded loan amounts (see Table 6). The average loan size to women was less than to men (Birr 1,514 versus Birr 1,867), except for some reason, in Services.

Table 6: Loan products of Debit Credit and Savings Institution Co., as of October 2000

Sector	No. of clients			Amount of loans (Birr)			Avg. loan amount (Birr)	
	Male	Female	Total	Male	Female	Total	Male	Female
Agriculture	105,409 (67%)	53,072 (33%)	158,481 (100.0%)	164,738,114	62,432,283	227,170,397	1,563	1,176
Handicraft & processing	4,510 (22%)	15,550 (78%)	20,060 (100.0%)	13,266,017	27,522,776	40,788,793	2,941	1,770
Petty trading	46,334 (59%)	31,924 (41%)	78,258 (100.0%)	112,926,872	61,510,666	174,437,538	2,437	1,927
Services	959 (75%)	327 (25%)	1,286 (100.0%)	2,602,056	1,231,452	3,833,508	2,713	3,766
Total	157,202 (61%)	100,873 (39%)	258,075 (100.0%)	293,533,059 (65.8%)	152,697,177 (34.2%)	446,230,236 (100.0%)	1,867	1,514

Source: Amha, 2003.

Under their current lending limit constraints, MFIs are not a viable option for the financing of women in growth firms. Sixty-five per cent of the women respondents in the ILO (2003) study reported start-up requirements in excess of Birr 5,000; this percentage was 86 per cent for the women who started their enterprises at the scale of “small”. Only 0.8 per cent accessed micro finance!

Key informants expressed considerable frustration about the current state of affairs with respect to women’s access to micro finance. During the focus group session in Addis Ababa, a representative from one women entrepreneurs’ association stated aptly:

“Money is the most important thing in order to do business. Donors want to help Ethiopian people, but how do we get this donor money down to a broader number of women’s enterprises? There must be a better way to reach women. We don’t even know how many women are being reached. They [women entrepreneurs] are unaware, they don’t have access, and we have to make improvements in this area.”

MFIs do not appear to have any targeted marketing efforts to reach the women’s market, and there are no MFIs catering specifically to women (unlike the cases in Kenya and Tanzania). Key informants from MoTI-WAD advised that a proposal had been submitted to form an MFI dedicated to financing women, but no further details were available.

Although women entrepreneurs, MFIs, and other informants stressed the need to have business development services (BDS) linked to the financing, this is not generally the case in MFIs. The Canadian experience, and that of other countries, has shown the positive impact of the performance of micro-loan clients when the lending terms require the client to participate in professional business counselling and/or training related to their key weaknesses. In recent years, lending institutions have leaned towards the provision of mentoring services, particularly in the case of women and young entrepreneurs.

9.1.1 The impact of micro finance

There are limited studies on the impact of micro finance on poverty reduction and no evidence of systemic performance evaluations of the impact of the micro finance industry on economic development. Micro finance interventions are intended to increase incomes, contribute to individual and household livelihood security, and change social relations for the better, which is not always the case in reality (Tesfay, 2003). In fact, Tesfay argues that financial services are not always the most appropriate poverty-reducing intervention because the poorest often face more pressing needs in terms of primary health care, education, and employment opportunities. If the intervention is intended to reduce poverty, it is especially important to know the degree to which poor people use existing services and on what terms. Otherwise, an intervening agency or bank cannot make an informed decision on whether their work is likely to augment or displace existing “pro-poor” financial services. He supports the role of NGOs in providing assistance to micro-enterprises as they can be more cost effective in their activities (than public agencies), are more highly motivated and generally have greater understanding of the cultural and social environment in which they operate.

Tesfay writes,

“Some of the micro-finance institutions (in Ethiopia) have made modest advances toward alleviating poverty by extending credit facilities to the poor. They have been able to reach an impressive number of borrowers and many have benefited from their services. Nevertheless, micro finance institutions in Ethiopia have many problems. Failure of repayment of loans, limited capital, weak management, lack of adequate training and entrepreneurial skills and experience are some of the pressing problems.”

The search for better practice in micro finance delivery continues.

9.2 Commercial banks

The banking sector in Ethiopia is not yet well developed. There are only six private commercial banks, the largest of which is the Commercial Bank of Ethiopia, and three public banks; their branch networks are limited to urban areas (Zwede & Associates,

2002, p. 12).²⁹ The capacity of the banking system has been too limited to serve the needs of MSEs and their loan conditions are not well designed to meet the needs of the majority of small or medium-sized firms. The EU, in their review of bank credit policies towards MSEs, found examples of four banks involved in micro-finance (Project Support Unit, 2003). Awash is testing a pilot project with two MFIs, Wegagen is ready to channel funds from international donors, the Bank of Abyssinia has a matching-fund agreement with USAID for a micro-finance fund for small farmers, and the National Bank has recently set up a Micro Finance Unit. According to officials from the EU, bank credit officers are in need of a lot of training on delivering micro-finance loans.

In their review of women's access to bank credit, Zwede & Associates (2002) were unable to find reporting of gender differentiation among their borrowers, so it is impossible to obtain precise estimates of women's access to bank credit. However, women are particularly disadvantaged because they are less likely than men to be able to meet collateral requirements.³⁰ Lack of property ownership rights, coupled with women's limited ability to build cash reserves in their smaller enterprises, eliminate commercial banks as a financing option for them. Only four per cent of the 123 women in the ILO (2003) study accessed financing from a commercial bank for their initial start-up.

The key informant from the Commercial Bank of Ethiopia advised that women are able to access micro financing provided they have a good proposal and can meet all eligibility criteria, including a substantial equity injection and the ability to provide the required level of collateral. Lending criteria of this depth eliminates the vast majority of women engaged in MSE activities. In addition, women are not often skilled in the art of preparing proposals for financing and lack sufficient resources to outsource this capacity.

Key informants concurred that actions are required to increase the capacity of the financial system to enable MSE access to credit. The key informant from the AEMFI indicated there is "lots of repeat borrowing" among MSE clients, but there is no way for them to "graduate" beyond the MF level because bridge financing mechanisms between micro finance and the commercial banks are non-existent. The current system is not meeting the development needs of MSEs owned by either men or women! One of the major challenges is to find effective mechanisms, through different risk-sharing proposals, to release some of the liquidity held by the commercial banks for the financing of MSEs. Alternative approaches to delivering MFI are being discussed by AEMFI members, and proposals being developed to increase the MFI ceiling to Birr 10,000, since the prevailing ceiling of Birr 5,000 constrains the initial scale and growth of MSEs. Many informants expressed the opinion that the mind-set of micro finance lending has to change from poverty reduction to one of supporting "sustainable business development and growth".

The European Union's Micro and Small Enterprises Development Programme (MSEDP) in Ethiopia proposes to deliver a Birr 20 million Micro-Finance Fund over three years. The objective of this component of their overall programme (see Box 6) is to fill the financing gap for promising small-scale industries (SSIs) by increasing the credit volume for financing expansion and technological upgrading. SSIs are a group of enterprises which neither conventional banks nor MFIs are prepared to fund at the moment. The strategy is to enable SSIs to expand their capacity and output, and to attract "micros" to grow into modern small-scale industries. The EU's goal is to direct micro

²⁹ More detail on Ethiopia's banks can be accessed from www.bds-ethiopia.net.

³⁰ Commercial bank borrowers have to offer 100-125 per cent collateral for the loan requested.

financing from its current poverty reduction objective to one of sustainable business development and growth, and the creation of employment in urban areas through business development and growth. Under the programme, MFIs and banks will be provided with capitalization funds for re-lending to SSIs, providing they follow international best practice in their lending operations.³¹ Micro-enterprises will be able to borrow up to Birr 50,000 under the MFF and small-scale manufacturing enterprises will be able to borrow up to Birr 500,000.³²

This initiative demonstrates an innovative donor approach to using new financing mechanisms to upgrade the MSE sector by removing constraints to growth.

9.3 Recommended actions – micro credit and growth financing

i) Raise the lending ceiling on micro-finance loans up to Birr 10,000

The first recommendation is to raise the lending ceiling of MFIs to at least Birr 10,000 so they can better accommodate larger start-ups and support MSEs to the next level of growth. The AEMFI should continue its lobbying efforts to raise this ceiling. In addition, MFIs should be able to systematically link their MFI clients to BDS and training services to help MSEs enhance their business management and technical skills.

This will require additional capacity building in existing MFI institutions, both in terms of the size of their loan portfolios and the number of qualified staff. Donors should be approached to provide support for additional MFI funds and staff training.

ii) Allocate a proportion of new micro-financing funds for women's enterprises

A portion of the funds from two new micro financing sources should be allocated for funding of women's enterprises. The first is the EU's proposed Micro-Finance Fund (MFF) of Birr 20 million (2 million Euro),³³ which is being implemented through banks and MFIs in Ethiopia, and targeted to small-scale industries in sectors such as food processing, textiles, leather, handicrafts, engineering, chemicals, metalwork, plastics, and tourism. Women are active in many of these sub-sectors.

The second is an initiative of the Development Bank of Ethiopia (DBE), which has entered into an agreement with the African Development Bank (AfDB) and the International Fund for Agricultural Development (IFAD) to make a US\$88 million fund available to MFIs, mostly in rural areas. The DBE will bear the credit risk. The same recommended action applies – a portion of this fund amount should be allocated for women's enterprises.

In terms of better serving the women's market, several key informants supported options of establishing women-targeted financial institutions; these are offered as recommendations to be considered for follow-up and action.

³¹ The EU project is in the process of issuing a tender for portfolio management information system (MIS) for the development of loan writing tools, standard decision criteria, and technology to approve loans in the field.

³² Project Support Unit, "Micro and Small Enterprises Development Programme, The European Development Fund Strategy Document," November 28, 2003, p. 41.

³³ Ibid.

iii) **Establish an MFI dedicated to support women-owned MSEs**

The first of these options is a recommendation to establish an MFI dedicated to serving the women's market. Donors should be approached regarding favourable funding for a proposal recently developed by MoTI-WAD. It may be useful to undertake discussions with the Kenya Women Finance Trust, an affiliate of Women's World Banking (WWB) in New York, regarding bringing the WWB approach to Ethiopia. The services of such an MFI for women in Ethiopia should also include BDS or facilitation services as a condition of the lending.

iv) **Establish a women's enterprise bank**

The second option is a recommendation to give serious consideration to establishing a Women's Bank in Ethiopia. The draft of a document laying out the terms of reference for such an institution has been prepared by the MoTI-WAD, the modalities of which are to be discussed at an upcoming WEDGE-Ethiopia Steering Committee meeting.

v) **Open government-donor-private sector dialogue on the financing of women's MSEs**

The third option is a recommendation to undertake government-donor-commercial bank discussions regarding innovative mechanisms that would enable banks to finance individual women-owned MSEs that are ready to grow beyond the micro level or from small scale to medium businesses. This might take the shape of a loan guarantee fund that will reduce the risk to banks in cases of women with good track records, credit histories, and business proposals, but limited collateral. More flexible lending terms should be applied to the guaranteed loans, for example, longer terms, provision for working capital, reduced collateral requirements, competitive interest rates, and flexible repayment schedules. This will aid in addressing the "missing middle" of financing for women with small, growth-oriented enterprises.

vi) **Within the banking sector open a "women's window" for small-scale enterprises**

In the meantime, commercial banks should be encouraged to open a "window" for small-scale enterprises, with special efforts to reach the women's market. Any new programmes or initiatives should be accompanied with gender sensitivity training for bank credit officers.

vii) **Pursue discussions with banks regarding an MSE loan guarantee programme**

It should be noted that banks need to be more generally sensitized to MSE lending. The government should also pursue discussions with banks regarding the implementation of an MSE loan guarantee to release more of their capital to this sector.

viii) **Publish a "Financing Guide for Women Entrepreneurs"**

Efforts should be immediately taken to publish a "Financing Guide for Women Entrepreneurs" for the purpose of creating more awareness of credit and access options among women-owned MSEs. This could be produced in cooperation with women's entrepreneur associations throughout the country and distributed through seminars with women's groups. Such a guide can also help to create greater awareness among women entrepreneurs and associations of women entrepreneurs about standard banking practices, and help women entrepreneurs when it comes to preparing business plans and feasibility studies.

10. Training and skills development

The objective of any training and skills development system is to impart knowledge and skills in three main areas: (i) technical; (ii) business management, and (iii) entrepreneurship. There is a variety of organizations, NGOs and associations that offer enterprise-related training in Ethiopia (see Table 5), but according to the EU Project Support Unit (2003), projects focused on helping MSEs grow their firms are small in number, limited in capacity, narrow in orientation, and lack overall coordination and integration. There is no coordinated strategy for offering training or for addressing training gaps (as each supplier is focused on their individual mandate), there is limited focus on “growth” training initiatives, and training offered to existing MSEs tends to attract a lower proportion of women.³⁴

10.1 Deficiencies in meeting needs of women-owned MSEs

Use of external, formal, managerial capacity building support by women entrepreneurs is very limited (ILO, 2003). For the most part, women entrepreneurs manage their enterprises with support from family and friends, both during start-up and expansion stages, with little take-up of training opportunities. Those who do participate in training indicated that they see results. During informant interviews, women made statements such as:

“Training has shown me how to diversify to get growth – open other businesses.”

“At training, I saw that my typing school would decline because I only had manual typewriters and I couldn’t afford to invest in computers. So I opened a beauty salon, and now I am growing.”

“Training opened my eyes to new possibilities for my business. It changed me.”

However, key informants indicated that the training system is deficient in meeting the needs of women entrepreneurs in several areas:

- Low outreach, due to limited capacity and poor access in rural areas, where many women entrepreneurs are located;
- Not customized to the needs of individual MSEs (delivered in group training workshops using generic materials);
- Limited follow-up to the standard one-week training programmes;
- Trainees are generally not provided with assistance back in their workplaces to help them implement what they learned during the training;
- The majority of trainers are men and many husbands do not feel comfortable with this (plus women often prefer women advisers);
- Most of the training is delivered on a “one-off” basis; not offered on a continuous basis.

³⁴ Half of the business start-up trainees in CEFE training programmes between October 2001 and March 2003 were women; this decreased to 37 per cent for programmes offered to existing MSEs (GTZ, 2003).

Table 7: Primary institutions offering entrepreneurship development training

Organization	Activities
The Women's Enterprise Promotion Centre (WEPC)	<ul style="list-style-type: none"> • Provides craft training & marketing support for women (Addis Ababa only).
FeMSEDA	<ul style="list-style-type: none"> • Provides staff training, develops training materials, delivers "training of trainers" programmes.
GTZ-MSE Development Programme	<ul style="list-style-type: none"> • Offers capacity building training to intermediary organizations, CEFE³⁵ Training of Trainers programmes, training in business and management skills. • Organizes exposure trips and study tours locally, as well as abroad. • Works with other partners who focus on women entrepreneurs.
International Labour Organization (ILO)	<ul style="list-style-type: none"> • Delivers capacity building programmes for women entrepreneurs' associations. • WEDGE-funded video "Ethiopian Women Entrepreneurs: Striding with Confidence and Poise" being used as a training tool. • Provides systematic trade fair support to women-owned MSEs (in association with the Micro Enterprise Development Forum (MEDF) and Women in Self Employment (WISE)). • Sponsors technical and entrepreneurship training for retrenched women. • Funded a pilot facilitator's training programme to train young women to deliver facilitation services to women entrepreneurs in Bahir Dar (partnership with Amhara Women Entrepreneurs' Association).
Enterprise Ethiopia	<ul style="list-style-type: none"> • Delivers entrepreneurial training workshops, training for trainers, workshops in time management, business planning, marketing and business management, and financial management. • Delivers training for business counsellors and extension officers. • Some training initiatives are offered specifically for women entrepreneurs.
Ethiopian Women Exporters' Forum	<ul style="list-style-type: none"> • Organizes training programmes for its members on business aspects of export trade.
UNIDO Micro and Small Enterprise Programme*	<ul style="list-style-type: none"> • Delivers capacity building programmes, train the trainers. • One-week refresher programme for women entrepreneurs <p>* This programme operates in two regions</p>
The Amhara Women Entrepreneurs' Association (AWEA)	<ul style="list-style-type: none"> • Delivers pre-trade fair workshops • Piloting the GTZ facilitation project with 45 women-owned MSEs in Bahir Dar, using three young women as facilitators.
Ethiopian Women's Development Fund Bureau (EWDF)	<ul style="list-style-type: none"> • Offers training programmes in business development, marketing, etc. to women in MSEs.
PROPRIDE	<ul style="list-style-type: none"> • Offers training to micro firms engaged in metal work, handicrafts, and other trades; the majority of their clients are women.

Since women are engaged in flexible enterprise activities to meet their income generating needs and multiple domestic responsibilities, they are often unable to attend week-long training initiatives, particularly when they are offered outside the local area. In some cases, women have to obtain their husband's permission to travel and this is also a barrier to their participation in training. Many women in rural areas require training delivered in Amharic or their local language. This is not often offered. Key informants also indicated that many women lack motivation to take training, so the importance of it has to be promoted through outreach activities. The bottom line is that training programmes for women must be tailored to their needs, flexible in delivery schedules, reach them in rural communities (in the local languages), offer a post-training follow-up component, and include more women as trainers.

³⁵ The CEFE acronym stands for "Competency-based Economies through Formation of Enterprises" but in some documentation is said to refer to "Creation of Economies through Formation of Enterprises".

10.2 Training providers

GTZ is the primary provider of BDS in Ethiopia and a major donor in support of MSE development (GTZ Micro and Small Enterprise Development Programme). Its main priorities are:

1. Providing BDS services, primarily through delivery of Training the Trainers workshops in which they train partner organizations (ReMSEDAs, Chambers, NGOs, WEAs) to deliver entrepreneurship training using CEFE Entrepreneurship Development Training materials;
2. Capacity building, where the focus is building the organizational development capacity of partners and helping organizations to network through the building of associations;
3. Advocacy, which includes efforts to facilitate the exchange of “good practice” in BDS.³⁶

One-week CEFE entrepreneurship training programmes were introduced by GTZ in the late 1990s. After delivery of a number of Train the Trainer workshops, partner organizations now deliver this training to MSEs in certain regions (Addis Ababa, Amhara, and Tigray). The CEFE Manual for Trainers is available on the Ethiopian Business Development Services Network CD-ROM and the SME Internet portal at www.bds-ethiopia.net). From October 2001 to March 2003, 1,336 new entrepreneurs (49.5 per cent women) and 936 existing MSEs (37 per cent women) were reported to have received this training (GTZ, 2003). However, lack of follow-up to CEFE courses has been problematic – not only is there a lack of data about the impact of this training in terms of “started businesses” or “improved performance of existing businesses”, but trainees were not benefiting from any post-training BDS.

GTZ and its partner network have since taken actions to pilot a new “facilitation” model to address this lack of follow-up (see Box 3 for outline of the approach). A hundred facilitators have been trained and each of them is working with 15 MSEs to help deal with their specific problems or weaknesses over a five-month business cycle.³⁷ This approach allows for the development of 3,000 MSEs per year, limited only by the number of trained facilitators. Thirty-seven per cent of the operators served in the second business cycle of this programme (Amhara, Tigray and Addis Regions) were women (256 out of 698) (GTZ, 2003). However, no further gender-based analysis has been undertaken on these clients, for example, differences in sectors, needs assessment, BDS activities performed, or impact of these interventions on the operator/enterprise. Such analysis based on gender issues still needs to be carried out.

In preparation for the 3rd cycle of training BDS facilitators, GTZ trained three young women as facilitators (part of the ILO Women Entrepreneurs’ Development Project) and in December 2003, these young women started offering facilitation services to a set of 45 women-owned MSEs through the Amhara Women Entrepreneurs’ Association. If this woman-focused pilot proves effective, it should be expanded to other regions, as it enables more women to benefit from facilitation services and, thus, improves the performance of their enterprises.

³⁶ A comprehensive inventory of BDS does not exist, nor is there an inventory of “good practice” innovative approaches in building associations.

³⁷ More information can be obtained from www.bds-ethiopia.net/documents.html.

GTZ has also been working with the ILO-WEDGE team in Ethiopia to help WEAs identify value-added services that they can deliver to their members, including the facilitation service,³⁸ and has made a number of suggestions for strengthening WEAs. These include funding them to hire qualified staff to overcome their capacity and leadership constraints; promoting the sharing of experience and exchange of any “good practices” in organizational development among WEAs; and convincing PROGYNIST and PROPRIDE to deploy a facilitator to WEAs to provide facilitation services to their micro-finance members.

Box 3: GTZ promotes new facilitation service for MSEs to promote growth³⁹

The business services delivery cycle for this approach includes six phases:

- a) **Needs assessment phase:**
 - Advisers/facilitators (e.g., ReMSEDA), identify a number of MSEs in the region and carry out semi-structured discussions about their situation, their main problems and proposals and document this information in a situation analysis matrix.
- b) **Action planning phase:**
 - Draft an action plan matrix in discussion with the operator on the basis of the main problems and proposals identified in the situation analysis matrix, identifying self-help initiatives of the operator and complementary support of BDS providers.
 - Agree on a five-month execution period and time schedule for each action plan; Identify the main actors and service providers for each problem and enterprise.
- c) **Self-help and business services delivery phase:**
 - Operators embark on the actions agreed upon and contact the facilitator, if necessary.
 - The adviser/facilitator supports the operator to approach the institutions, NGOs and persons who can help solve their problems, and intervenes in favour of the operator in the case of blockade.
 - If several operators have common problems and solutions, the BDS provider organizes workshop programmes and courses, so both individual advisory and group trainings are possible.
- d) **Monitoring and evaluation phase (activity and impact monitoring):**
 - Facilitators and their organisations (on each level) document all realized promotion activities and classify them according to the type of intervention (credit, vocational training, marketing).
 - Quantitative statistics are reported according to: regions, trades, gender and fields of intervention (vocational training, financing, marketing, etc.).
 - Regular case studies are developed on a number of users. Did the documented activities contribute to increased income, strengthen the viability of the enterprise, increase employment?
- e) **Synthesis and information dissemination phase:**
 - Strengthen the BDS network by documenting and disseminating the situation analysis and action plans and their quantitative and qualitative results (e-mail, Internet, CD-ROM).
 - Document and distribute approaches to needs assessment and action planning as well as lessons learned; disseminate information and organise meetings on the BSD cycle approach.
- f) **Outsourcing of services from facilitating agencies towards BDS providers:**
 - ReMSEDA facilitators introduce approach to other final business service providers, provide support to regional facilitators and supervise regional and local facilitators' activities.
 - Quarterly activity reports of the regional/local facilitators are discussed at network meetings and lessons learned are disseminated.

³⁸ One of the GTZ initiatives was a workshop on “How to Make Ethiopian Women Entrepreneurs’ Associations Sustainable”, August 2002.

³⁹ Source: Taken from “Training module on demand driven needs assessment approach on operators’ level,” Ethiopian Business Service Providers Network CD-ROM.

Enterprise Ethiopia (EE), established in 1999, promotes the entrepreneurial capacity of MSEs through the provision of training, post-training seminars and business development services (see Box 4). EE received its start-up funding through a US\$2 million donor contribution to the Ethiopian government.⁴⁰ One of the donor requirements was that 40 per cent of their training be delivered to women. However, the key informant from EE indicated that they have difficulty in attracting women to their programmes. One reason may be the cost. During 2003, they offered two training sessions specifically for women and were able to fill the seats but had to waive the training fees. EE officials suggest that women-owned MSEs need more counselling and training, more exposure to business opportunity information (“so women don’t just start a business like the one their neighbour has”), and financial management skills (e.g. costing, pricing, and cash-flow management).

Box 4: Enterprise Ethiopia

Enterprise Ethiopia (EE) was established in 1999 as a joint initiative of the Ethiopian Government, UNDP, UNCTAD and the Enterprise Africa Regional Office. EE is an affiliate of Empretec, an international network of entrepreneurship trainers (www.empretec.net). All graduates of EE programmes become members of the Empretec Society. EE operates with a staff of six, using 14 external trainers to deliver its programmes in 13 towns. It is entrusted with raising funds from donors, but its major goal is to develop sustainability through a client user system of paying.

Its objectives are to:

- Promote the entrepreneurial capacity of MSEs through provision of training, post-training, and business development services;
- Foster local, regional, and global business linkages for the MSE sub-sector;
- Organize forums to facilitate policy dialogue between the private sector, the public sector and opinion leaders to create awareness of MSE needs;
- Provide special programmes to women entrepreneurs.

Enterprise Ethiopia offers the following training targeted to exporters, MSEs and women entrepreneurs who have the potential to grow and diversify:

- 10-day entrepreneurship training workshop to introduce learners to the entrepreneurial competencies for business start-up and growth and help them develop a diagnostic analysis of their strengths and weaknesses;
- 2-day workshop on financial management – the basics;
- 3-day marketing workshop to create awareness of marketing strategies;
- 2-day business diagnostic workshop;
- 3-day business planning workshop;
- time management workshop;
- workshops on developing linkages with large firms;
- workshops on negotiation skills (from January 2004).

After group training is completed, EE provides one-on-one counselling services to each client. In 2003, EE trained 1,882 MSEs owners; 29 per cent were women.

EE also offers a 12-day workshop on counselling skills for BDS providers to improve their capacity to serve the MSE market with facilitation and counselling services.

UNIDO also supports training for women entrepreneurs. There is provision for Women’s Entrepreneurship Development training within the Entrepreneurship Development component of its Integrated Micro and Small Enterprise Programme (2002-

⁴⁰ Only US\$725,000 had actually been allocated to Enterprise Ethiopia as of December 2003.

2004).⁴¹ They have developed entrepreneurship training modules for Entrepreneurship Development training, Women's Entrepreneurship Development training, and BDS training that is being unfolded through Train the Trainers workshops in Regions.⁴² With this training, trainers are expected to offer the one-week training programmes to MSEs. Over 700 MSEs, both start-up and existing operators, have participated in this re-training to date (December 2003). Thirty to forty of these MSEs are being tracked at six-month interludes to measure the impact of the training. UNIDO has now launched the training materials and planned several courses towards the end of 2004.

The UNIDO key informant did not know how many women had participated in this training or if any were among the enterprises included in the impact studies.⁴³ She did note that about one-third of the trainees in a recent project targeting start-ups were women. At the time of the interview, only one women-focused training programme has been offered so far, but as indicated above several more were scheduled for late 2004.

EU-MSEDP: The European Commission has recently entered into a Financial Agreement with the Government of Ethiopia to deliver an **EU-funded Micro and Small Enterprise Development Programme (MSEDP)**. The overall objective of the 7 million Euro programme is to contribute to "higher country-wide growth of Micro and Small Enterprises by creating favourable conditions for their development and facilitating their access to financial and business development services".⁴⁴ The focus of this development effort is on urban manufacturers and tourism development in seven cities. This programme has three components, identified as major areas of deficiency in MSE support: capacity building of intermediaries; business development services; and a Micro Finance Fund (see Table 6 for summary details). A call for proposals under each of these programme elements has been issued; contracts were awarded in the last quarter of 2004 and some support is being provided for associations of women entrepreneurs.

The WED Component is a small piece of the overall programme. When asked if other efforts would be made to ensure women-owned MSEs were reached by other components, the key informant responded, "we want to emphasize fast growth and development so we will go with the MSEs who are the readiest".⁴⁵ Explaining why the women's component is not larger, the key informant answered, "If they (men) see us doing things for women, they will scream and say, what about us, and that could cause problems". However, it should be noted that one of the rated criteria in the selection process for successful bidders is "gender equity from assistance requested" (30 points of the 100 points allocated).

⁴¹ The Entrepreneurship Development Component is a relatively small part of the overall MSEP. An even smaller part of that component is focused on women. The other five major components deal with Agricultural Industries, Conformity to International Standards, Investment Promotion, Cleaner Production, and Capacity Building and Upgrading of Ethiopian Industries.

⁴² To reduce overlap and duplication with other donors, and as part of a synergetic alliance agreed between several major SME donors, UNIDO is concentrating its efforts in the two Southern Regions of the country, while GTZ covers some of the other regions with its own Entrepreneurship Development Training approaches.

⁴³ UNIDO did not include a disaggregated male-female analysis in their impact studies.

⁴⁴ Project Support Unit, EU Micro and Small Enterprise Development Programme, 2003, p. 25.

⁴⁵ The criteria for evaluating project proposals is biased towards more established, mature, and financially stable organizations, which may prejudice associations of women entrepreneurs that do not have the same longevity of other BDS suppliers in Ethiopia.

Table 8: Components of the EU Micro and Small Enterprises Development Programme, 2004-2009

Component	Objective	Elements
1. Capacity building of Intermediaries	To strengthen the human resources, physical assets and operational facilities of intermediary organizations to enable them to fulfill their duties, responsibilities and plans effectively and efficiently (e.g., staffing, facilities, equipment, basic supplies, and training, including tours, seminars and workshops).	<p>a. Support for Women in Business (Birr 1.8 million) – to develop business support organizations for women to provide representation, advocacy, and business support.</p> <p>b. Advocacy and legal services (Birr 1.4 million) – to develop a consortium of lawyers and legal counsel to provide advisory and other services to MSEs (on a subscription/retainer basis).</p> <p>c. Business Training (Birr 1.5 million) – to provide “on-the-job” training and counselling/advisory services to existing MSEs.</p> <p>d. Manufacturing Advisory Services (Birr 1.5 million) – to reduce the productivity gap between Ethiopian-owned enterprise and foreign multi-nationals by providing manufacturing and technical advice for upgrading of production technologies.</p> <p>e. Market Research and Product Development (Birr 1.5 million) – to assist MSEs in identifying markets.</p>
2. Business Development Services (20 million Birr over three years)	To increase the delivery of BDS ⁴⁶ to MSEs in certain sectors (food processing, textile, leather, engineering, chemicals, metal works, plastics, wood works, handicrafts, and tourism sub-sectors).	This component will include such projects as bringing in international experts to assess how MSEs are being brought together to identify the services they need; exploring the “voucher” system as a mechanism for improving MSE access to training and counselling services; and making use of the British Executives Services Overseas (BESO) programme to develop strategic plans for sector development following a review of the regulatory barriers, gender issues, and opportunities in each sector. Part of this initiative will be development of support programmes for businesses and clusters of MSMEs.
3. Micro Finance Fund (MFF)	To increase delivery of financial services to MSEs, for equipment acquisitions, investment, modernization, and working capital.	This MFF will be delivered through existing MFIs and banks.

The Technical and Vocational Educational Training (TVET) network is also a potential player for integrating entrepreneurship skills with technical/trades training, since they have contact with thousands of young Ethiopian women and men on an annual basis, and the majority of these TVET graduates will end up in self-employment. Since 2000, 25 Skills Development Centres (SDCs) have been added to this system. The GTZ-MSE Project has entered into a collaborative arrangement with TVET to ensure that young women and men gain the skills they need to join the private sector (Melles, 2003). The two programmes collaborate in the inclusion of CEFE training into the curriculum of the Skills Development Centres and have started some local network initiatives in some parts of the country, notably in Amhara and Tigray regions.

The objective of the TVET network is to enable skilled trainees to enter the private sector workforce. The strategy adopted by the TVET and the GTZ-MSE Project is to bring together all stakeholders that work in collaboration with the two Ethio-German Programmes and devise viable ways of linking skills training to employment in the MSE

⁴⁶ Includes management and technical training, project studies, market research, information systems, distribution channels, exhibitions and other services.

sector. However, women are disadvantaged in terms of access to vocational education because most skills training programmes require 10+ years of schooling. Most women are unlikely to be educated to this level and therefore will not be able to benefit from the entrepreneurship training.

The ReMSEDA has done entrepreneurship awareness training with 750 instructors from 20 Vocational and Technical Colleges in Amhara Region. This year, every graduating student will develop a business plan with coaching from ReMSEDA officers. When they graduate they will have a real business plan to start a business. Initiatives like this should be extended throughout the country and special efforts should be made to include young women graduates.

Associations of women entrepreneurs, although young and struggling to develop capacity (see section 12 below), are attempting to offer value-added training to their members, and government is supporting this approach. A good example is demonstrated by the **Amhara Women Entrepreneurs' Association (AWEA)** in offering training to prepare women for participation in trade fairs (e.g., product quality, packaging and presentation, signage, brochures and business cards, etc.) and post-trade fair debriefing sessions to reflect on lessons learned. During the key informant interviews, AWEA mentioned the lack of training, market opportunity information, self-confidence (need to be empowered to have “larger visions” for their enterprise activity), and role modeling as the major barriers to growth of their members.

10.3 Recommended actions – training and skills development

The existing training network has considerable strengths, in terms of quality programmes and materials, but it lacks capacity and outreach. Only a nominal number of women-owned MSEs are participating in formal training or advisory services on an annual basis, yet their need for training in a broad range of areas is great.

i) Develop national strategy for the training of women entrepreneurs

It is recommended that a national strategy be developed for the training of women entrepreneurs, that donor funding be sought for its implementation, and that capacity be built within WEAs to partner with training suppliers to improve women’s access to the skills and knowledge they need to build more sustainable and growth-oriented enterprises.

The following training initiatives should be made available to women-owned MSEs:

- “Businesses opportunity” seminars – to help them identify higher growth potential ideas;
- Augmented training in marketing/promotion skills and preparing for and participating in trade fairs;
- Workshops on improving product quality;
- Training on dealing with credit institutions, borrowing mechanisms, and negotiating strategies.

ii) Expand the Amhara region “women facilitator’s pilot programme”

To respond to the expressed need for women-owned MSEs to receive some of their BDS services from women, it is recommended that the Amhara Region “women facilitators” pilot be expanded.

More young women should be involved in the next Facilitators’ Training Programme. To further their knowledge of BDS services, it is also recommended that these facilitators be provided with the opportunity to “job-shadow” for short periods of time in MFIs and ReMSEDA. This would enable them to provide more effective referrals when advising their women clients how to solve their problems.

iii) Conduct gender-based impact evaluation studies of mixed training programmes

Existing mixed training programmes (women and men) should undertake more systematic evaluations of the impact of training interventions on the performance of the enterprise, with gender comparisons. These results should be reported and actions taken to address significant differences. Presently, gender statistics are reported on training participants but very little impact analysis is done.

iv) Implement longer-term “managing for growth” training initiatives for women

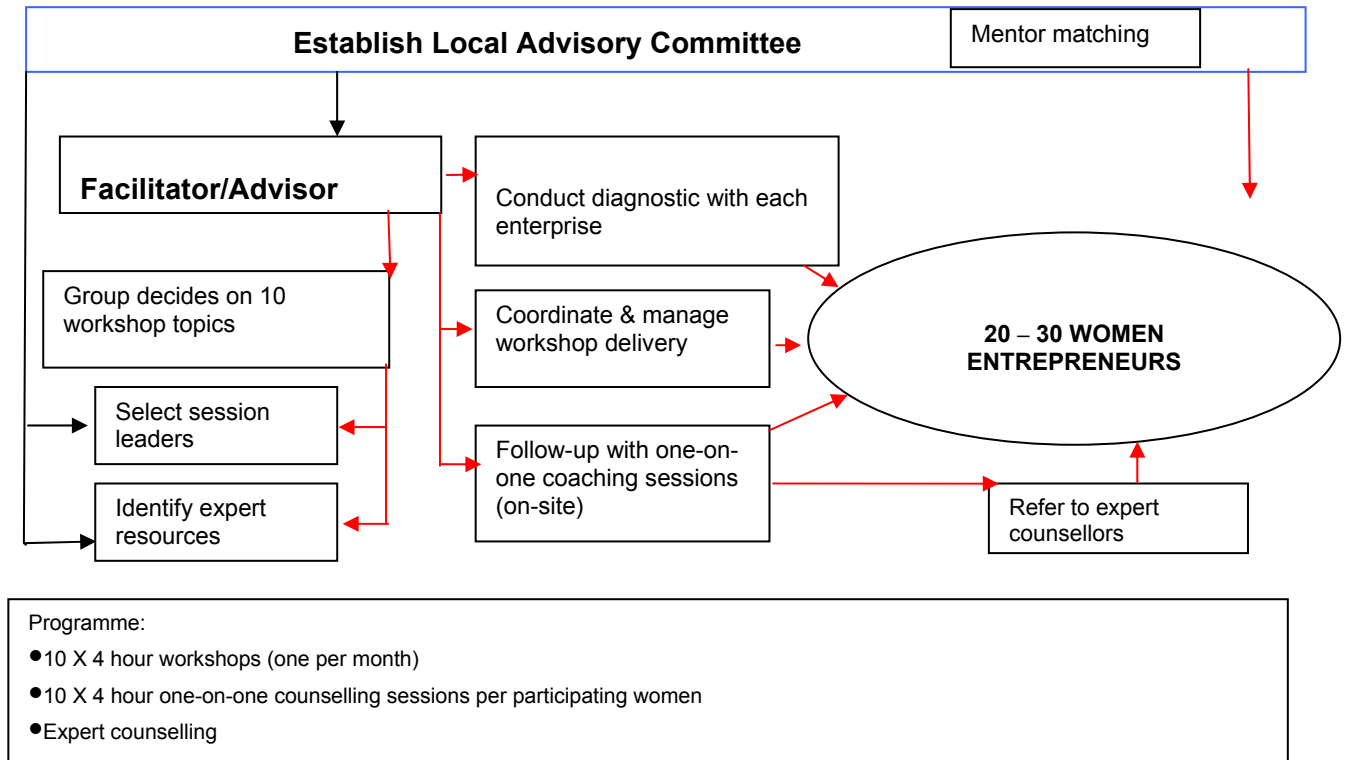
As a priority, a series of longer-term “managing for growth” training initiatives should be implemented throughout all regions and targeted to women with higher potential small enterprises. The capacity of trainers to deliver these growth-training programmes should be developed.

A model for this is a 10-month “growth-training” programme implemented in Canada (Stevenson & St-Onge, 2003). For each 10-month programme, a facilitator/adviser (woman) was hired to recruit 20-30 participants, identify training needs, and co-opt experts to lead each of the identified training sessions. The group training consisted of a workshop series based on identified learning needs, specific to the learner’s stage of business development. Not only did women learn from experts brought in to lead each of the monthly training sessions, but also had the advantage of learning from each other. The formation of strategic alliances among the participants was frequently reported. Each workshop formed the foundation point for monthly one-on-one counselling interventions with each client, at her place of business, to help with implementation of lessons learned in the monthly workshop. In cases where the woman required more technical expertise, the facilitator/adviser referred her to a professional consultant. Mentors (successful women business owners) were also assigned to each of the women in the programme. Serving as a role model and coach, the mentor shared her experiences with the participant and helped her work through the knowledge transfer process. The framework for this programme model is presented in Figure 3.

v) Use ‘Top 20’ and ‘award’ winners to mentor the ‘up and coming’ women entrepreneurs

Successful women entrepreneurs should be encouraged to provide woman-to-woman mentoring services.

Figure 3: Going for growth: Training and capacity building programme model



11. Business support and information

The ILO's report (2003) concluded that Ethiopian women entrepreneurs lack access to business development services, but noted the concerted efforts of organizations such as GTZ, UNIDO and Enterprise Ethiopia to redouble their efforts in this regard. Women have a low level of awareness about service providers, there is a limited range of services specifically tailored to meet the needs of women, and women are not accustomed to seeking out such support services.⁴⁷ There are issues of both reach and capacity of the BDS and training suppliers, especially in serving rural MSEs. Most women-owned MSEs are not making use of any external BDS providers.

To address this market failure in provision of BDS, a key informant from the ReMSEDA in Amhara Region shared their plan to encourage graduates from technical and vocational colleges to become MSE consultants and facilitators. A target group of these graduates would be offered courses in accounting, business management, facilitation skills, etc., and then encouraged to provide BDS to MSEs in local communities. "Over time, this will create a larger private-sector BDS system."

Women-owned MSEs consistently reinforce the need for greater access to information about markets and growth opportunities. WEAs and other business support providers state the need for improved access to premises, appropriate technologies, trade fairs, and linkages with larger firms. All of these needs must be addressed.

The recently developed Ethiopian Business Development Services Network CD-ROM and MSE web-portal is an excellent effort to improve MSE access to business information. However, most women's enterprises do not have computers or Internet access, so in the short-term, other mechanisms have to be found to reach women with this information.

11.1 Recommended actions – business support and information

i) Establish a coordinating office for BDS services for women-owned MSEs

It is recommended that a coordinating office for BDS services for women entrepreneurs be established.⁴⁸ This could take the form of a network of Women's Enterprise Centres in regions across the country, or the appointment of a dedicated women's officer in each of the ReMSEDAs.⁴⁹ The role of this office/officer would be to streamline needs-based services to women entrepreneurs, with the specific objective of upgrading the level of their enterprises by improving their access to BDS. Outreach services would be provided to make women more aware of existing laws, regulations, BDS services, financing options, marketing information, training opportunities and WEA services (e.g., through a series of regional seminars). The office would also offer gender-

⁴⁷ ILO, 2003, p. 56.

⁴⁸ This recommendation is consistent with that made by Zwede & Associates, 2002, p. 63.

⁴⁹ It was noted that regional Women's Affairs Office may dedicate some of their resources to promoting access to services among women-owned MSEs, but these offices also occupy themselves with other issues affecting women that often take priority (e.g., harmful practices against women, health, education) and are poorly resourced.

mainstreaming sessions to the BDS network to ensure more effective reach to the women's market.

ii) **FeMSEDA window for Women's Enterprise Development**

FeMSEDA's efforts to open a window for Women's Enterprise Development should be accelerated as a priority.

iii) **Disseminate business information through WEAs**

WEAs should be supported in their efforts to disseminate marketing and other business information through their membership networks.

iv) **Train technical college graduates to become BDS providers in the women's market**

To increase women's access to BDS, the Amhara Region concept to train technical college graduates to provide business advisory services to MSEs should be fully developed and implemented across the country. A contingent of these graduates should be focused on the women's market. The training programme should be augmented with internships in MFIs, BDSs, regional agencies, etc.

12. Women Entrepreneurs' Associations and capacity building

Institutional strengthening of private and MSE-oriented associations is noted in the MoTI MSED Strategy as being a critical element of the MSE support framework.⁵⁰ The government recognizes the necessity for appropriately restructured business associations and Chambers to make effective and efficient interventions to support the MSE sector. Yet existing associations, like Chambers, are still weak. Following the years of the socialist regime, Chambers are now making a slow adjustment to the realities of a market economy.⁵¹

Awareness of, and membership in, business and industry associations is low among women. While a number of women do belong to Chambers of Commerce, most women are not members of any business associations. One issue around "mixed" association membership is the "cultural limits" imposed by Ethiopian society – women do not traditionally use the same networks as men.⁵² Thus, women need their own associations and networks, not only to learn from each other and gain access to business support and information, but also to create a "voice" that represents their specific concerns and needs.

Key informants agreed that it was important to encourage the formation of WEAs. Some of them stated that women are often neglected in policy and programme delivery considerations even though it is widely recognized that income to women trickles down to the family (i.e. women reinvest their income in family subsistence and the education of their children). Most expressed the view that women need to congregate in associations to gain "collective power" in order to influence public policy in their favour. Others felt it was important to build the capacity of WEAs to deliver BDS type services to members through a broad membership base. This is seen as being one of the most effective ways to reach women with the services they need.

12.1 Women Entrepreneurs' Associations (WEAs)

The MoTI-WAD, supported by the ILO-WEDGE, GTZ, UNIDO, ReMSEDA and other organizations, has been promoting the development of regional associations of women entrepreneurs. Capacity building workshops have been offered to representatives of WEAs, through the ILO-WEDGE Programme, to assist them in developing governance structures and action plans. Twelve women business owner's associations have recently been formed, two with a national mandate, five in regions, and five in towns. Chief among these are the Ethiopian Women Exporters' Forum (EWEF), the Addis Ababa Women Entrepreneurs' Association (AAWEA), the Amhara Women Entrepreneurs' Association (AWEA) and the Organization for Women in Self-Employment (WISE).⁵³ These new and fledgling organizations are critically important. They have an opportunity to become the platform required to increase the visibility of

⁵⁰ Ministry of Trade and Industry, 1997, p. 36.

⁵¹ Information obtained from key informants during the field visit. An 'old' Chamber model was based on the system of state-owned enterprises and government-driven. The 'new' Chamber model is business and private sector driven.

⁵² Viewpoint reinforced by key informants.

⁵³ WEAs also exist in the Southern Region, Dire Dawa, Adama, Ambo, Jimma, Oromia, and Mekele (from Woldelul, 2002).

women business owners' contribution to the Ethiopian economy among government organizations and key stakeholders, as well as to provide much needed services.

However, a substantial challenge lies ahead in addressing the needs of these associations for capacity building, leadership development, and financial resources to employ qualified staff. Low membership fees limit their ability to provide infrastructure and membership services. The need for practical membership services requires immediate attention in order to maintain the level of interest among existing members. In addition, efforts are needed to promote affiliate linkages among these WEAs so the collective voice of women entrepreneurs can be represented at the policy table. In due course, the concept of an umbrella Ethiopian Women Entrepreneurs' Association needs to be further advanced.

Given that the demographic profile of existing WEAs differs by type and level of women's enterprises, work will be required to design the appropriate structure for a formal alliance at the national level. Examples of the Ethiopian Women's Exporters' Forum and the Amhara Women Entrepreneurs' Association (AWEA) will serve to illustrate this difference, as well as highlight good practice in efforts of WEAs to meet the specific needs of their members.

The Ethiopian Women Exporters' Forum (EWEF) was started by a group of women exporters who wanted to become more organized as a force in the Ethiopian economy (see Box 5). "We wanted to show that women can compete with men who do most of the exporting." As exporters, these women play a significant role in the business community both as employers and as role models. Their exports include a diversity of products, including coffee, spices, cereals, oil seeds, textiles, handicrafts, flowers, agricultural products, and leather. The number of employees in individual member's companies number as high as 170. Members of the Forum tend to be highly educated (2 or 3 diplomas), speak English, are free to travel, come from entrepreneurial family backgrounds, have supportive husbands, and are active participants in short training courses such as those offered by Chambers of Commerce, Enterprise Ethiopia, and technical training institutes. One of the current barriers to export activity is air cargo – "there is no fast air transport". And in spite of the success of their companies, they still have difficulty accessing the flexible financing they require for expanding their business operations. With regard to growth, officials from the Forum also emphasized the importance of leadership training.

Now three years old, the Forum is not without challenges. Forum officials reported that they depend on their own volunteer time and resources to run the affairs of the Forum, and they lack capacity to expand membership and services. External financial support is required to build their membership nationally and to fully implement their mandate. Their forward plan is to expose more women to international information, markets, marketing courses, and the 'how-to' of doing international business.

Box 5: The Ethiopian Women Exporters' Forum (EWEF)

EWEF was established in January 2000. The Forum is an innovative approach in forging a strong bond among women engaged in export trade. As of December 2003, there were 22 members, all exporters registered in the MoTI database. The monthly membership fee is Birr 50.

The aim of the Forum is to bolster the organizational and technical capacity of members, and to arm members with the entrepreneurial capacity to stand up to the challenges of international trade and commerce so they can excel in their export activity. Its goals will be realized through various strategies like providing training, consulting, business advice and information. Members participate in one meeting per month to discuss trade policy and other issues. They also organize trade fairs in Addis and participate in Pan-African exhibitions.

The Amhara Women Entrepreneurs' Association (AWEA) was formed four years ago. After a rocky beginning, the association revitalized itself early in 2003 and now has chapters in four cities with about 1,600 members (see Box 6). Chapters are asked to report on a quarterly basis on their planned activities and the information is shared between groups. To join AWEA, women must have licensed or registered enterprises and be willing to pay a monthly membership fee of Birr 3 (not much, but it's all the women can afford). The demographic make-up of AWEA members is quite different from those of the EWEF. They are mostly sole traders (with family members who help), or women who own tiny cafes and shops. Through results-oriented responses to the needs of women-owned MSEs in the community, AWEA is making considerable progress in building the relevance of the association. As in the case of other associations, AWEA lacks the financial resources required to grow the organization and maintain and grow membership services. In order to enhance the level of activities and to become a lobbying voice, the organization will require paid resource persons capable of facilitating the process. As the AWEA President commented during an interview, *"We want the association to be self-sufficient. In the long term, if we have a strong office, then we could pursue opportunities to develop enterprises to export Ethiopian grain to the Sudan. Why not?"*

Box 6: The Amhara Women Entrepreneurs' Association (AWEA)

Based in Bahir Dar, the AWEA is governed by a Board of six Executive Committee members. It shares a small office in the premises of the Bahir Dar Chamber of Commerce and is assisted by the volunteer services of one of its members. Its objective is to help women develop their enterprises and to advocate on their behalf with government agencies. Over the past eighteen months, the AWEA has grown from around 40 to over 1,600 members, and has licensed branches in three more cities.

To determine how best to attract new members with relevant services, the President and Executive Committee worked through a process of identifying the needs of women-owned MSEs in the local community. When asked about their major problems, local women stated: (i) the lack of premises; (ii) the lack of start-up finance, and (iii) the lack of markets (buyers). The association deliberated on actions they could take to alleviate these problems. One of the new board's inaugural activities was the organization of a five-day trade fair for women entrepreneurs in the area. Sixty of them participated. Not only did this event serve as a membership recruitment vehicle and substantially raise awareness in the community about its women entrepreneurs, it also generated excellent rewards for the participating women. According to post-trade fair reporting, participant's sales for the five-day period, in many cases, exceeded their total sales for the previous year. The trade fairs have been repeated on three more occasions in Bahir Dar and other business towns, and most recently in Bahir Dar as part of the Month of the Woman Entrepreneur in March 2004. AWEA plans to organize regular community street fairs on holidays during the year to create marketing opportunities for members.

To deal with the premises issue, AWEA in Bahir Dar negotiated the use of town land for the erection of permanent sheds (market stalls) for women. Identified as the "space" initiative, AWEA is now seeking donor funding to build the sheds. AWEA will generate modest revenue from the initiative by charging a small rental fee to each woman tenant.

Plans are underway to roll out the "space" initiative and seasonal street fairs to other centres, thereby embedding the culture of women's enterprise in the community.

12.2 The role of WEAs

There was much discussion during informant interviews about the role of WEAs in delivering BDS to their members and their capacity to do so. According to officials at GTZ, there are a number of constraints in making use of WEAs to deliver BDS to their members. Primary among these is the fact that, at the present time, the associations are organizationally weak. They do not have funding beyond the revenue generated from membership fees,⁵⁴ they cannot afford paid coordinators, their volunteer board members are busy operating their own businesses, and the offering of services to members is in the infancy stage.

Government and donors want WEAs to become prominent players in the MSE support environment, but there is little evidence of any strategic efforts to develop workable models based on projections of scale, cost, sustainability, etc. The ILO has provided training in capacity building for WEAs, and the Amhara WEA is one of the associations that appears to have benefited from ILO support. Membership fees are unlikely to be sufficient to sustain the medium-term viability of these associations. They will require external funding if they are to develop and deliver BDS to members, and members will have to be able to afford the BDS services offered. Expecting WEAs to offer BDS services, for which members must pay, to attract paying members, may be a flawed logic model.

Canadian experience with building women entrepreneurs' associations confirms that it takes time to grow an association. It is difficult for associations to become self-sufficient based on membership revenues alone. Local chapters require a considerable amount of development support, and efforts have to be made to coordinate inter-chapter networking. A professional staff is required to support development efforts and carry out the association's work plan under the board of directors. In developed countries, governments have often supported the development efforts of WEAs by funding some of their project activity and providing capacity building support. Women's champions in government agencies, banks and other support organizations provided professional and organizational assistance to these associations in order to build effective partnerships. The associations were seen as an important mechanism for reaching the women's market with information and services that otherwise would be difficult. As well, government needed a way to gain the policy input from women entrepreneurs. The best way to get this was through established WEAs that can represent the collective voice of this segment of the MSE population.

12.3 Recommended actions – associations and networks

i) Assess progress towards the development of WEAs

Insights and recommendations from the August 2002 Workshop on "How to Make Ethiopian Women Entrepreneurs' Associations Sustainable" (Woldelul, 2002) should be reviewed and an assessment made of the extent to which identified gaps have been addressed.

⁵⁴ The monthly membership fee of the Amhara Women Entrepreneurs' Association is Birr 3.

ii) Encourage and assist WEAs in areas of good governance, planning, membership services, and networking exchanges

In the meantime, existing WEAs should be encouraged to:

- establish Regional Advisory Committees to gain benefit from the expertise of community leaders in support of their objectives and action plans;
- deliver responsive services to members, recognizing the needs of members at different levels of growth;
- identify and exchange ‘good practice’ in membership services and approaches;
- develop operating manuals for new branches;
- publish newsletters profiling association activities and other related information;
- distribute information on BDS to women;
- develop capacity to present positions regarding issues for women-owned MSEs (e.g. access to credit, BDS) to relevant bodies;
- participate in further capacity building workshops/conferences;
- foster affiliation among WEAs within Ethiopia and with other countries to expand networks, exchanges and trade.

iii) Provide seed funding to strengthen WEAs

As part of capacity building for young WEAs, funding should be provided so they can hire qualified staff to help build their organizations and develop and deliver projects that will achieve association objectives and serve members.

iv) Expand the ILO-WEDGE capacity building element

Continue support for the ILO-WEDGE capacity building project for WEAs.

Develop an inventory of “good practices” in the development of women entrepreneurs’ associations, including board structures and governance, services to members, and other innovative association activities, including services to members and advocacy efforts. Use this information as a basis for upcoming workshops on WEAs’ capacity building.

v) Network WEAs into a national Ethiopian Association of WEAs

Facilitate networking across Ethiopian WEAs to help promote a “collective voice”. This is important, given that the demographic make-up of their memberships differs dramatically (i.e., the needs and concerns of the sole traders in Bahir Dar are quite different from those of the members in the Ethiopian Women’s Exporters’ Forum).

vi) Create Leaders' Forum for "Top 20 Women Entrepreneurs of Ethiopia"

Form the "Annual Top 20" of the nation's women entrepreneurs into a Leaders' Forum to serve as a network group for women in growth firms and to offer mentoring support to women-owned MSEs through the activities of WEAs.

13. Premises issues

13.1 Lack of business premises

Over 40 per cent of the women respondents in the ILO report (2003) cited lack of working space as their overall major constraint to growth.⁵⁵ Lack of appropriate business premises tends to force many women to operate their businesses from home or resort to unsuitable and sometimes unsanitary working conditions.⁵⁶ Most Ethiopian MSEs face challenges in accessing plots of land and facilities to produce and market their products, but women entrepreneurs quite often report harassment by the police when attempting to conduct their business activities on street corners.

Under Ethiopia's land tenure system, the government owns all land and provides long-term leases to the tenants; this system continues to hamper growth for SMEs as entrepreneurs are unable to use land as collateral for loans to construct premises.

Key informants advised that street vendors are often faced with road congestion, a high number of traffic accidents, and safety concerns and that the Addis Ababa City Administration had evicted street vendors from the city's streets and allocated 30 open spaces for these vendors to sell their products. Subsequently, as part of its efforts to resolve the issues of business premises, the city Administration provided lock-up "container" premises for a large number of traders, including a significant number of women with disabilities.

Sixty-five to 75 per cent of the street vendors are women, many of whom come to Addis Ababa to escape from rural poverty and have little education or training.⁵⁷ These new sites however, are not widely known among the public and present a big challenge for street vendors trying to develop the required market infrastructure and business services.

Donors are also focusing on the issues pertaining to premises. Minutes of the 4th Donors SED Networking Meeting hosted by UNIDO in October 2003, mentioned problems caused by high rental prices, as well as the building of temporary sheds based on permission from the Kebele level, which were later torn down by city administration authorities. Minutes of the meeting listed the following recommendations: (i) donor or government construction of premises; (ii) incentives for entrepreneurs/investors to construct premises; (iii) creation of common facility centres; and (iv) rental reduction.⁵⁸

To deal with the premises issue, AWEA in Bahir Dar negotiated the use of town land for the erection of some 200 permanent sheds (market stalls) for women. Identified as the "space" initiative, AWEA is now seeking donor funding to build the sheds. AWEA will generate modest revenue from the initiative by charging a small rental fee to each woman tenant.

⁵⁵ ILO, 2003, p. 19.

⁵⁶ ILO, 2003.

⁵⁷ World Bank, 2003 Global DM, Finalist Proposal Brief,

⁵⁸ UNIDO, 4th Donors Networking Meeting, October 28, 2003, Meeting Minutes.

13.2 Recommended actions – premises

- i) Allocate government land to meet the demand of women-owned MSEs for premises

To address the need for premises, as consistently expressed by women entrepreneurs, local governments should be encouraged to set aside land for the location of women's enterprises.

- ii) To support women in their efforts to expand businesses, **fully equipped business incubator units should be established in key sectors**, for example, textiles, food-processing, etc., so they have access to production premises and appropriate technologies.
- iii) Extend initiatives to **provide premises for women on a lease basis** thereby reducing the capital costs of growth – all regions.
- iv) Governments should continue to **support the development of WEAs so they can work with them on behalf of their members to address the issue of premises.**

14. The regulatory environment

The MoTI, in consultation with Regional Governments, is the primary institution responsible for the formulation, coordination and monitoring of national policies related to MSEs. The Ministry is responsible for assistance to be given to the regional agencies or the designated regional organs⁵⁹ to provide common services. The government is committed to identifying and applying appropriate regulations, and has engaged in a consultation process. Existing and proposed legislation pertaining to business registration and licensing has been a focus. The objective has been to establish a user-friendly environment for the simplification and standardization of business registration and licensing processes. Key informants reported that government has implemented changes to the process and that a simplified and faster service has been the outcome. However, many women in micro-enterprises are unaware of the procedures for formalizing their enterprises and are intimidated by the system. More needs to be done to inform women of the steps to take in doing this.

One of the most critical areas for reform in the regulatory and legal environment is in relation to women's property rights. The reasons for this have been elaborated in other sections of this report. But until women have equal access to the ownership of property, they will encounter difficulties trying to grow their businesses.

14.1 Recommended actions – the regulatory environment

- i) Review practices affecting women's right to property title.
- ii) Assess the legal and regulatory barriers facing women in starting and growing their enterprises.

⁵⁹ The designated regional organs are those regional organs that assume the roles and activities of regional MSE development agencies, where these agencies are not established.

15. Research

There are serious gaps in the state of knowledge about women in the Ethiopian MSE sector. Among these are:

- There is limited countrywide data on the number, make-up, size and economic/social contributions of women in micro, small, medium and large enterprises. Since the 1997 CSA Survey, there has been dynamic growth in the MSE sector; however, there is no way to even estimate how much of that growth might have been contributed by a growth in the number and size of women's enterprises.
- No data exists on their business entry, survival and growth rates.
- There is no comprehensive demographic profiling of women who own enterprises or of the enterprises they own.
- No evidence exists of comparative studies of women and men in MSEs.
- There are limited studies on the factors affecting the start-up conditions of women-owned MSEs.
- No comprehensive studies exist on women and business growth.
- There is inadequate research/data on the financing of women's enterprises at different stages of growth.
- There is an absence of research on the differential impacts of micro-finance, BDS and training initiatives on women versus men.
- There is incomplete gender breakdown (e.g. information disaggregated by sex) of micro-finance borrowers.

In addition, there is limited sharing of lessons learned and "good practice" in improving the performance of women's enterprises.

Having said that, what data and information does exist (1997 CSA Survey, Zwede & Associates, 2002; ILO, 2003) paints a consistent picture of the challenges, obstacles and barriers that women micro and small enterprisers face. Further and more comprehensive research is direly needed on this sector of the economy, both to inform policy actions and to create more awareness of this segment of the MSE sector among donor groups, service providers and the public at large.

15.1 Recommended actions – research agenda

Pertinent to the above, it is recommended:

- i) ***That robust sex-disaggregated data on MSEs be collected and made available on a continuous and regular basis (MoTI-WAD with appropriate statistical agency of the Ethiopian Government).***

This data could form the basis of a regular (annual) *Report on the State of Women in MSEs in Ethiopia*.

- ii) **That a strategic, collaborative research agenda be developed to fill gaps in knowledge about women in MSEs** and that funding be sought to implement the research programme (MoTI-WAD, ILO, WEDGE-Ethiopia Steering Committee, donors).

As a starting point for the research agenda, it is proposed that a comprehensive nationwide primary study on women entrepreneurs in Ethiopia be completed to extend the exploratory research funded by ILO. The study would also include a comprehensive analysis of the financing challenges and practices of women at each stage of growth to better inform all actors in the financing sector, and provide some comparative analysis of the MSE experiences of women and men. The findings of the research should be published and disseminated broadly among relevant organizations and stakeholder groups, including women entrepreneurs' associations.

- iii) **That impact/case studies of initiatives targeted specifically to women-owned MSEs be undertaken** and the results shared with NGOs, donors, BDS providers, and other relevant parties, to accelerate the transfer of the lessons of good practice in supporting the development of women's enterprises.

- iv) **That efforts be made to build the research capacity of the Ethiopian university community in the area of MSEs and women's entrepreneurship** as a complement to the government/donor efforts to enhance the knowledge base necessary to inform appropriate policy actions.

This capacity does not appear to exist at the moment. To engage the university community in this work and to generate interest, **it is proposed that a Women's Entrepreneurship Research Symposium be held**, to which international and Ethiopian national scholars would be invited, and where approaches to researching women entrepreneurs would be discussed.

16. Concluding comments

The majority of Ethiopian women operate their MSEs under very adverse conditions. Not only is it difficult for them to find premises, find markets for their products, and access information and credit, but they also have limited access to training and BDS support, especially in rural areas. Their education levels are low, they have responsibility for all domestic chores, and they often have to seek permission from their husbands to travel to trade fairs or for training. Even if they do want to grow their enterprises, they hit the “micro-finance ceiling” after five or six rounds of borrowing and are stuck!

Not all women entrepreneurs in Ethiopia are at the same level. Better-educated women entrepreneurs tend to have larger enterprises and more growth potential. However, more research needs to be done to develop a national profile of women entrepreneurs, along with their needs and challenges at each level of development. Regardless of the outcome of that research, it is clear that the whole sector would benefit from significant upgrading of financial and non-financial supports aimed at helping each group of women-owned MSEs move to the ‘next level’.

They need to be better organized into WEAs, helped to identify higher-potential business opportunities, develop markets for their products, improve product quality and marketing skills, practice good financial management (e.g., costing and pricing) and secure better premises. They need better access to credit, including new mechanisms to enable them to secure financing above the micro-finance limit. They also need a more favourable environment, one that does not stigmatize them as only being able to function at the informal economy level, but an environment that empowers them.

With the considerable help of donors with extensive experience in MSE development, the basic MSE support structure in Ethiopia exists, but it is relatively new, lacks capacity and needs time to better coordinate itself, especially in the areas of entrepreneurship training and BDS. Women have to be more effectively brought into the support infrastructure to improve their access to the benefits of services. However, in order to make a significant impact on the upgrading of women’s enterprise activity, an integrated approach must be formulated and adopted.

As the members of one WEA stated, *“There’s no point in coming to talk to us about growing our businesses if there’s no financing. We learned about growing fast, but we didn’t have access to any credit, so we couldn’t implement!”*

A number of impressive initiatives are currently underway. Of note are the activities being supported by the MoTI-WAD and ILO’s WEDGE-Ethiopia project (funded by Development Cooperation Ireland). This work involves the promotion of credible role-models, capacity building of WEAs, facilitation services for women-owned MSEs, support for market fair participation, and working to prepare retrenched women for entrepreneurship. These activities should be consolidated and expanded.

Donors support women’s enterprise development as components of larger MSE development programmes, but they tend to be small components and very little impact analysis is done. Women in growth firms have not been targets of these programmes. Donors, government organizations and NGOs need to get together to develop an overall strategy for improving the circumstances of these women, including programmes to fill the “missing middle” of credit access, as well as the other recommended actions specified in this report.

In the long run, for future generations of women entrepreneurs, two of the most important things are to improve women's access to education, and effect changes in the cultural, socio-economic environment to accord them higher status and ensure more control over economic resources.

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Annex 2: Background to the Canadian experience in promoting women entrepreneurs

Researchers first started exploring the phenomena of women entrepreneurs in Canada in the late 1970s. At that time, there was very little awareness of the characteristics and behaviours of women entrepreneurs and even less knowledge about the nature of their enterprises. In 1977, about one in five enterprises was owned by women, and almost 90 per cent of these businesses clustered in retail trade and services sectors. Women owned just over seven per cent of manufacturing enterprises, largely a male domain.⁶⁰ The focus on women in self-employment became an issue during the 1970s and 80s, when in response to changing social and cultural norms (the women's movement) and economic imperatives (pressure for dual-income earning families), increasing numbers of women entered a labour force where the supply of labour exceeded demand. Unable to find employment, many of these women were forced into self-employment activity. In this domain, they encountered a series of challenges similar to the ones faced by many African women today – stereotypical and negative attitudes towards their role as entrepreneurs; limited access to financing; a paucity of management and business experience; limited access to mainstream business networks; lack of credibility among bankers, suppliers and landlords; and often a lack of support from their husbands and family members.

During the 1980s, women entrepreneurs began to form associations and networks, while at the same time researchers heightened the level of knowledge about the nature of women entrepreneurs and brought attention to their needs and challenges. In addition, isolated corners of the business support environment started to take notice of the growing phenomena. The National Film Board of Canada launched the country's first video documentary on women entrepreneurs in cities across the nation (1987)⁶¹; several of Canada's banks started to offer special seminars to attract women entrepreneurs as borrowers; and provincial governments began to explore ways of increasing the number of women-owned enterprises as a job creation and rural development strategy. The work of legitimizing the role of women as entrepreneurs in Canada was on its way.

As mentioned earlier, women were first identified as a target group in Canadian national SME policy and programme support in 1989. However, lack of a national coordinating mechanism for the implementation of policy and programme measures meant that efforts to promote women's entrepreneurship were largely regionalized. The one piece of national glue was the Business Development Bank of Canada⁶² (then the Federal Business Development Bank), who took seriously the challenge of addressing the business development needs of women. They funded research studies, sponsored national and regional conferences for women entrepreneurs, and initiated a number of women-focused entrepreneurial training programmes. They also participated in the joint organization of two national policy forums on women entrepreneurs.⁶³ As input to these national policy forums, research (FBDB, 1992), discussion papers (Stevenson, 1992) and inventories of best practice economic support programmes for women entrepreneurs (Doyle, 1991) were commissioned.

⁶⁰ Data from Statistics Canada, Labour Force Historical Review 1998, as reported in St-Onge, 1999.

⁶¹ "Enterprising Women", National Film Board of Canada, video documentary, 1987.

⁶² The Business Development Bank of Canada is a Crown Corporation owned wholly by the Government of Canada for the express purpose of supporting the SME sector (www.bdc.ca).

⁶³ The 1991 Policymaker's Forum on Women as Entrepreneurs, hosted by the Atlantic Canada Opportunities Agency, the Entrepreneurship and Small Business Office (Industry, Science and Technology Canada) and the Federal Business Development Bank of Canada, Moncton, New Brunswick, October 1991; the 1992 National Policymaker's Forum on Women as Entrepreneurs: Focus on Growth, hosted by the Federal Business Development Bank, the Entrepreneurship and Small Business Office and the Atlantic Canada Opportunities Agency, Dartmouth, Nova Scotia, October, 1992.

Implementing an integrated framework for the development of women entrepreneurs in Atlantic Canada

The Atlantic Canada Opportunities Agency (ACOA), a Federal Government agency with a mandate for SME development in Canada's four most eastern provinces, identified women as a target group in its 1990 Entrepreneurship Development Strategy (EDS). Having formulated an integrated framework for the development of entrepreneurs as part of its overall EDS,⁶⁴ ACOA determined that support for women entrepreneurs and other target groups, such as young people, needed a tailored integrated approach within that overall framework.

The specific needs of women entrepreneurs were identified as being:

- 1) Improved access to financing;
- 2) Enhanced strategic entrepreneurial and management competencies;
- 3) Stronger business networks;
- 4) Opportunities for trade development;
- 5) Exposure to higher potential business opportunities;
- 6) Technology enhancement; and
- 7) Sustained promotion of entrepreneurship.

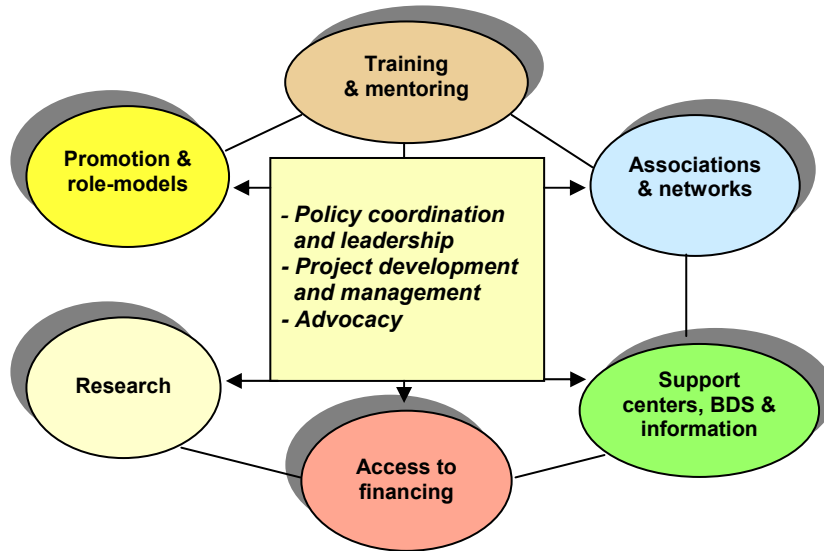
Based on research – which must provide the underpinning of any effective policy platform – it was obvious that in order to foster the growth and development of women entrepreneurs, many things were needed. First of all, women had to be more aware of the entrepreneurship option and more motivated to explore it. Further, they had to: (i) have access to opportunities to gain the knowledge and skills necessary to start and grow a viable enterprise; (ii) be exposed to networks of other women entrepreneurs to learn from their experiences, and gain moral support and encouragement; (iii) have access to information and professional business development services to help develop their management and production capacity; (iv) be able to source financing to support their ideas and plans; and (v) be recognized for their achievements, both individually and collectively. What was happening at the enterprise level also had to be supported by the meso and macro environments in which they operated, so actions had to be taken to ensure the existence of favourable attitudes and conditions for both enterprise creation and growth. This would require coordinated policy action as well as better integration of public and private sector programme activities.

The framework described in Stevenson and St-Onge (2003)⁶⁵ outlines the elements of the practical, integrated approach for supporting the start-up and growth of women-owned enterprises as implemented during the 1990s (see Figure 1.1). For an abbreviated description of some of the concrete approaches implemented within the framework, refer to Annexes 2 and 3.

⁶⁴ See OECD, 1996 for a description of the framework and a discussion of ACOA's experience in implementing it.

⁶⁵ Stevenson, Lois and Annette St-Onge (2003), "Creating an Entrepreneurial Environment to Foster the Start-up and Growth of Women-Owned Enterprises: Best Practice from Atlantic Canada", presented at the World Conference of the International Council of Small Business (ICSB), June 16-19, 2003, Belfast, Northern Ireland

Figure 1.1: An integrated framework for the development of women entrepreneurs (original Canadian version)



Stevenson & St. Onge (2003).

The implementation of measures according to the integrated framework produced favourable results in Atlantic Canada over the 1990-1997 period. It also laid the groundwork for ongoing government and private sector support in favour of the development of women entrepreneurs and the growth of their firms, which continues today. In fact, in 2002, the Government announced a \$17 million Women Entrepreneurs' Initiative for the region that included a financing programme, support for women entrepreneurs' associations, funding for women's enterprise centres, promotion activity, and skills development components.

The applicability of the integrated framework to other developed economies proved useful in categorizing support for women's enterprise development and identifying "good practice" policy and programme measures in a broader 10-country study undertaken by Stevenson & Lundstrom (2002).⁶⁶ Depending on the range and extent of policy and programme measures in support of women entrepreneurs as a target group, Stevenson and Lundstrom were able to categorize the ten countries in their study into high, medium, and low support countries. One of the major observations was that countries in the "high level of support" category (Canada and the United States) were also the ones with the highest percentage of women entrepreneurs in the SME sector. Conversely, countries with the weakest support for women entrepreneurs as a target group had the lowest proportions of women in the SME population. The conclusion reached was that comprehensive targeting of women with tailored policies and programme measures leads to a higher level of performance of women-owned enterprises.

⁶⁶ Stevenson & Lundstrom, 2002, pp. 164-176.

Annex 3: List of questions for assessing gaps and identifying further policy/programme measures in support of women's enterprise development⁶⁷

To assess the strength of policy and programme measures in support of women entrepreneurs, a list of questions in each area of the integrated framework serves to highlight where gaps may exist and where further actions might be helpful. Not any one government would be able to answer "yes" to all of these questions and several others would qualify the extent to which actions were being implemented in each of these areas, but it is a useful template for assessing the degree to which women are taken seriously as a target group and the extent to which integrated actions are underway.

1) *Policy coordination and leadership*

- a) Have women entrepreneurs been identified as a specific target group in the government's MSE policies?
- b) Is there a focal point within government for women's enterprise development?
- c) Is there a strategic framework for the development of the women's enterprise sector, including provision for both start-up and growth of their enterprises?
- d) Are regular meetings of partner organizations (e.g., government, NGOs, donors, BDS providers, and lenders) convened to share good practices, review progress, and identify areas for coordinated action?
- e) Are the views of women entrepreneurs' activity sought regarding the development of MSE policies in the country?
- f) Are women entrepreneurs' associations represented on government MSE Advisory and other bodies?
- g) Are performance measures in place to monitor progress in development of the women's enterprise sector?
- h) Is gender mainstreaming a priority of the government and are efforts in place to provide gender-mainstreaming workshops to sensitize officials in government, NGO, BDS, and business association networks?
- i) Is there a mechanism for advocating the interests and concerns of women entrepreneurs and their enterprises among relevant government departments and other levels of government?

2) *Promotion of women as entrepreneurs*

- a) Is there broad-based public awareness of and support for the role of women entrepreneurs in the economy?
- b) Is entrepreneurship considered a feasible, viable and attractive option among women?
- c) Are women entrepreneurs valued for their contributions to the MSE sector?

⁶⁷ © Stevenson & St-Onge, 2003.

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- d) Is there a high level of awareness of women entrepreneurs in growth enterprises?
 - e) Is there a supply of women entrepreneurs who can act as credible role models? Are these promoted?
 - f) Are there initiatives in place to recognize and celebrate the achievements of women entrepreneurs?
 - g) Is the media used to stimulate interest in entrepreneurship and to promote the activities of women entrepreneurs?

3) Access to financing

- a) Do women have equal access to sources of financing for the start-up of new enterprises?
- b) Do special financing programmes exist to help overcome the barriers women face in accessing credit (e.g., lack of collateral)?
- c) Are women able to access business financing as “individual” entrepreneurs, and not just on a peer, mutual-guarantee lending basis?
- d) Are women able to access financing beyond the micro-finance lending limit?
- e) Are there multiple sources and types of financing available to meet the needs of women’s enterprises at each of the stages of growth and development?
- f) Is financing equally available in rural and urban areas?
- g) Are efforts made to ensure women have access to information about the available sources and types financing and the criteria used to make lending decisions?
- h) Are efforts made to improve women’s skills in negotiating for financing?

4) Training and mentoring

- a) Is there a needs assessment of the entrepreneurial training and business development needs of women entrepreneurs at each stage of growth and development?
- b) Do women have adequate access to entrepreneurial training opportunities on a local basis?
- c) Are there examples of entrepreneurial training programmes targeted specifically to women?
- d) Are efforts made to recruit women for entrepreneurial training programmes and training approaches tailored to meet their needs?
- e) Is there an adequate supply of women trainers, advisers and mentors to work within the women’s market?

5) Business support and information

- a) Is information available on the take-up of government business support and information services by women entrepreneurs?
- b) Is there a dedicated system of business support for women entrepreneurs (e.g., women’s desk in government MSE agencies; women’s enterprise or business resource centres)?
- c) Are organized vehicles in place for ensuring women have access to information about business support services?

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- d) Is there an adequate supply of women advisers and trainers in the BDS network?
 - e) Are business support services linked to the provision of micro-finance for women?

6) *Women Entrepreneurs' Associations (WEAs) and women's access to business networks*

- a) Do women have access to the networking activities of mainstream business and industry associations?
- b) Is there data on the representation of women entrepreneurs in generic business and industry associations?
- c) Do these organizations adequately represent the needs and concerns of women entrepreneurs?
- d) Have women entrepreneurs joined together to form their own associations?
- e) Do these women entrepreneurs' associations exist in many parts of the country?
- f) Do sizeable percentages of the population of women entrepreneurs have the opportunity to belong to WEAs?
- g) Do WEAs organize regular meetings for members so they can network, learn from each other, and develop cooperative activities?
- h) Are WEAs actively involved in creating heightened awareness of women-owned enterprises in their communities and promoting the successes and contributions of members?
- i) Do WEAs have the capacity to represent the needs of women entrepreneurs to local, regional and national policymakers on issues related to lack of premises, access to financing and business support, and a favourable regulatory and legislative environment?
- j) Do WEAs have adequate capacity to deliver business support, information, and entrepreneurial skills programmes to their members?
- k) Do WEAs have adequate capacity to promote their services broadly within the community of women entrepreneurs?
- l) Are initiatives in place to help build capacity in WEAs through training on association development, governance, planning, project management, marketing, and advocacy?
- m) Are there opportunities for WEAs to exchange good practice and learn from each other's experiences?
- n) Does government view WEAs as partners in the objective of strengthening the environment for women entrepreneurs, encouraging more women to start enterprises and improving their performance and growth outcomes?
- o) Are WEAs financially supported by governments, large corporations or donors to further their mutual aims and objectives (i.e., project-related support)?
- p) Do WEAs play a role in lobbying local regional and national governments in favour of policies, programmes and services to improve the operating environment for women entrepreneurs?

7) Access to Premises

- a) Do women entrepreneurs have access to adequate and affordable premises to run their enterprises?
- b) Is attention paid to ensuring women producers have access to adequate production premises and up-to-date commercial technologies?

8) Regulatory and legal environment

- a) Is there a national gender policy that secures the rights of women in society and the economy?
- b) Is there a process for enforcing the implementation of gender policies?
- c) Is there a process for assessing the gender impact of existing and new regulations and legislation on women's enterprises?
- d) Is there a process for reviewing the impact of the implementation of regulations and legislation on women's enterprise development?
- e) Is there a streamlined process for women to register their businesses and obtain business licenses at the local level?
- f) Is information readily available to women regarding the process and benefits of formalizing their enterprises?
- g) Does the government have policies in place to ensure women have access to the economic resources necessary to start and grow enterprises on an equal footing with men (i.e., credit)?

9) Research

- a) Is there national survey data on the population of MSEs in the country, from which gender disaggregated data can be derived, including the number of enterprises?
- b) Is there profile information on the population of women-owned enterprises, including the distribution of enterprises by employment size, location, sector, and age?
- c) Is there a demographic profile of the women who own these enterprises (e.g., age, education level, work experience, years in business, family background)?
- d) Is national information available on the similarities and differences between the profiles of women versus men?
- e) Is national information available on the similarities and differences between enterprises owned by women and those owned by men?
- f) Have reports on the similarities and differences between male and female entrepreneurs and their enterprises been produced and made widely available within the country?
- g) Are there qualitative studies of the start-up experiences and behaviours of women entrepreneurs, illuminating start-up motivations, start-up processes (e.g., how they developed the idea, obtained financing, identified markets, organized production, gained management skills, used business and personal networks, accessed business development services), major barriers and strategies for overcoming them, and limitations faced by their enterprises in the early development phases?
- h) Is there knowledge of how women's start-up experiences, challenges and access to resources and support differ from that of men?

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- i) Is there national quantitative data on the growth of women-owned enterprises compared to those owned by men?
 - j) Are there studies of the growth experiences of women entrepreneurs, including their orientation towards growth, motivations, strategies, use of resources and constraints?
 - k) Have links been built between university researchers and the government's MSE policy unit to encourage policy-oriented research studies on the topic of women as entrepreneurs?