

**SUPPORTING GROWTH-ORIENTED WOMEN ENTREPRENEURS  
IN  
ETHIOPIA, KENYA & TANZANIA**

**An Overview Report Prepared by**

**International Labour Office (ILO)  
SEED Programme  
&  
African Development Bank (AfDB)  
Private Sector Department (OPSD)**

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## List of acronyms and abbreviations

AAWBO	Association of Atlantic Women Business Owners
AfDB	African Development Bank
ACOA	Atlantic Canada Opportunities Agency
AEMFI	Association of Ethiopian Micro Finance Institutions
AMINA	African Development Fund Micro Finance Initiative for Africa
APEC	Asia-Pacific Economic Cooperation
AWE	African Women Entrepreneurs
AWEZA	Association of Women Entrepreneurs of Zanzibar
AWIB	African Women in Business
BDS	Business Development Services
BEST	Business Environment Strengthening for Tanzania
CEDAW	Convention on the Elimination of All Forms of Discrimination against Women
CSP	Country strategy paper
DMSED	Department of Micro and Small Enterprises Development in Kenya
EDS	Entrepreneurship development strategy
EWEF	Ethiopian Women Exporters' Forum
EYB	Expand Your Business
FAMOS	Female and Male Operated Small Enterprises
FAIDA	Dutch NGO
FAWETA	Federation of Associations of Women Entrepreneurs of Tanzania
FeMSEDA	Federal Micro and Small Enterprises Development Agency (of Ethiopia)
FIs	Financial institutions
GGS	Global Guarantee Scheme
GOWEs	Growth-oriented women entrepreneurs
GTZ	German Technical Cooperation Agency
IDWG	Inter-departmental Working Group
ILO	International Labour Organization
KWFT	Kenya Women's Finance Trust
MFIs	Microfinance institutions
MIT-SME	Ministry of Trade and Industry SME Section (Tanzania)
MLHRD	Ministry of Labour and Human Resource Development (Kenya)
MOLSA	Ministry of Labour and Social Affairs (Ethiopia)
MoTI-WAD	Women's Affairs Department, Ministry of Trade and Industry (Ethiopia)
MSEs	Micro and small enterprises
MSMEs	Micro, small and medium enterprises
MTI	Ministry of Trade and Industry
NASWoK	National Association of Self-Employed Women of Kenya
NATTET	National Association of Technology Transfer and Entrepreneurship
NGOs	Non-governmental Organizations
OCMU	Office Central Microfinance Unit
OECD	Organization for Economic Cooperation and Development
OPSD	Office of Private Sector Department
OWED	Office of Women's Enterprise Development

POPR	Policies and Operations Review (Department)
ReMSEDA	Regional MSE Development Agencies (in Ethiopia)
RMCs	Regional member countries
SACCOs	Savings and credit cooperative organizations
SBA	Small Business Administration
SIDO	Small Industries Development Organization (in Tanzania)
SIYB	Start and Improve Your Business
SMEs	Small and medium enterprises
TAFOPA	Tanzanian Food Processors' Association
TGAF	Technical Global Assistance Facility
TSPs	Technical service providers
UDEC	University of Dar es Salaam Entrepreneurship Centre
UNCTAD	United Nations Conference on Trade and Development
UNDP	United Nations Development Programme
UNIDO	United Nations Industrial Development Organization
VETA	Vocational Education and Training Authority
WAD	Women's Affairs Department
WEAs	Women Entrepreneurs' Associations
WEDGE	Women's Entrepreneurship Development and Gender Equality
WEEC	Women's Economic Empowerment Consort

# **Part One**

## **Background**

## **1. BACKGROUND**

### **1.1 BACKGROUND AND INTRODUCTION**

African women entrepreneurs are playing an increasing role in diversifying production and services in Africa economies. Fostering women's entrepreneurship development is crucial for the achievement of Africa's broader development objectives, including economic development and growth. However, many women entrepreneurs are operating in more difficult conditions than men entrepreneurs. The constraints that impede all entrepreneurs such as political instability, poor infrastructure, high production costs, and non-conducive business environment, tend to impact more on businesswomen than businessmen. In addition, women's entrepreneurial development is impeded by specific constraints such as limited access to key resources (including land and credit), the legal and regulatory framework, and the socio-cultural environment. Furthermore, the combined impact of globalization, changing patterns of trade, and evolving technologies call for skills that women entrepreneurs on the continent do not for a large part possess, as many more women than men lack the requisite level of education and training, including business and technical skills and entrepreneurship training.

It is within this framework that the African Development Bank (AfDB) and the International Labour Office (ILO) have been working to promote enterprise creation and growth by women entrepreneurs in several African countries.

### **1.2 The African Development Bank and Private Sector Development**

As part of the Bank's efforts to strengthen the role of SMEs in contributing to sustainable growth, in particular through empowering African Women In Business (AWIB), the Private Sector Window of the African Development Bank has taken an important step in furthering its understanding of the needs of African women in small and medium enterprises. It is within this framework that the AfDB initiated a programme involving a study of women that have progressed and grown beyond the micro level and are growth-oriented SMEs, hiring workers, and in some cases creating new products and engaging in exporting. The report based on this study was launched during the AfDB's Annual Meetings held in Kampala in May 2004<sup>1</sup>. In parallel, the OPSD has produced a film on the theme of "Enhancing Development in Africa – African Women in Small and Medium Business". To be used as an informative and promotional instrument, the film presents five success stories covering women entrepreneurs engaged in various sectors and regions of the continent. The film was first presented during the Bank's workshop on "African Women Entrepreneurs (AWE) and their growth prospects" held during the AfDB's Annual Meetings in Addis-Ababa (June 3rd

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<sup>1</sup> The Report is the third publication (along with Public-Private Partnerships and Franchising) that the AfDB's OPSD is preparing as part of its Series on "Enhancing Development in Africa".

2003). The workshop was attended by women entrepreneurs, policy makers and representatives of financial institutions who called on the Bank to play a more proactive role in supporting African women entrepreneurs, in particular those engaged in SMEs. The AfDB also invited a presentation from the ILO regarding its work in support of women entrepreneurs in Eastern and Southern Africa, and the joint actions undertaken and planned between the AfDB and the ILO are a direct result of the collaboration initiated during the Addis Ababa workshop.

In this regard, in parallel to this study and in order to strengthen the analysis and to better base concrete and actionable conclusions and recommendations on specific field work assessment, The AfDB's Private Sector Window established a collaboration with the International Labor Organization (ILO) to carry out an assessment of women entrepreneurs business environment for three East African countries (Ethiopia, Kenya and Tanzania).

While a great of attention has been paid to micro-enterprise development in Africa, especially among women, relatively little attention has been paid to the upgrading of the very small growth-oriented enterprises to small and medium, dynamic and growth-oriented enterprises. On the basis of its report study on African Women In Business, the AfDB designed its approach and Plan of Action to develop and support women entrepreneurs in Africa. The key orientations of the Plan of Action are articulated as four major axes:

**Axis 1:** Raise awareness among stakeholders and mobilize key players in the field of African Women Entrepreneurs' (AWE) promotion;

**Axis 2:** Reinforce business support provision by enhancing and promoting capacity building and networking among businesswomen's associations, which can support the emergence and growth of women-owned SMEs. Specific programmes need to be designed internally by the Bank for specific countries, and in co-operation with its major partners in the field;

**Axis 3:** Develop concrete forms of support to enterprise education and entrepreneurship development;

**Axis 4:** Develop specific programmes and initiatives for providing tailored and adequate financial and technical support for the development of women entrepreneurs in Africa.

The study by the AfDB on African Women in Business reflects, among other key issues, the critical difficulties that exist for them in accessing credit, as well as the lack of adequate financial services, and these are seen as largely gender specific barriers affecting women more than men. This is largely as a result of deep-rooted inequalities between women and men in the distribution of assets and access to property, including access to land and succession laws. These limit women's resources as well as their ability to access adequate and affordable



credit. Although micro-lending programmes are widely available for women in Africa (e.g. through women's micro-finance institutions and NGOs), these issues remain a major obstacle for many women-owned SMEs. The financing gap is exacerbated by the relative lack of business skills of many women entrepreneurs, scarce business linkages, and the weaknesses in the technical capacities of women's business associations. In this regard, conventional lending practices need to be revisited and revised. The AfDB believes that development partners have an important role to play to increase the availability of resources and ensure effective use of risk capital for SMEs, with a particular emphasis on meeting the needs of women entrepreneurs. It is also important to forge greater linkages between financial services and business development services (BDS) that target women entrepreneurs. This approach is consistent with the AfDB's framework for private sector development.

#### **THE AfDB's PRIVATE SECTOR FRAMEWORK TO DEVELOP SMEs IN AFRICA**

The growing role of the private sector in contributing to sustainable development and poverty alleviation is evident worldwide and recognized by the AfDB's Vision. Under this Vision, the Bank considers private sector development as a major objective of its development activities. *Private sector development in Africa* includes three key activities: i) improving the business environment and strengthening the underpinnings of markets; ii) building business capacity; and, iii) developing robust financial systems to support investment of private enterprises. *The AfDB's private sector framework* is articulated into four (4) axes: i) Fostering a Suitable Business Environment; ii) Promoting Entrepreneurship Development; iii) Supporting Technical Assistance and Business Development Services; and iv) Extending Adequate Financing Instruments. The AfDB designs specific interventions to target these four areas in an integrated way, or to focus on particular areas or niches.

##### **The AfDB's Private Sector window approach: Targeted support to SMEs**

Targeting support for **small and medium-sized enterprises** (SMEs) is particularly difficult in Africa, mainly because of the sub-optimal capitalization and capital structure of enterprises, poor management and technical skills, weak market linkages and alliances, and scarce business development services and associative networks. The overall result is an extremely high mortality rate of local enterprises, and an associated reluctance by local banks to finance SMEs.

Direct support to SMEs is articulated through specific mechanisms that take into consideration the local, regional and national contexts, always working together with active and experienced local partners. These are integrated actions, which build on the synergies that arise from bringing together existing instruments, whether it is in terms of financing, institutional, or business development services support to enterprises.

The approach is based on the promotion of public-private partnerships and a strong ownership by the potential beneficiaries as key elements of success as well as to effectively tackle the adverse risk perception of local banks vis-à-vis SME financing. The AfDB is currently working on three initiatives in this regard: i)

**Franchising development in Africa:** The AfDB launched a programme to finance franchisees which was approved by the board and is currently being piloted in South Africa in 2004; ii) **African Women Entrepreneurs (AWE):** aimed at developing specific targeted interventions in selected countries, promoting increased associative capacity and networking of AWE, as well as supporting and facilitating their access to credit and finance; and iii) Build up and strengthen **linkages** between business development services (BDS) providers and the local financial sector.

There are two fundamental reasons for selecting this approach. Firstly, the Bank within its catalytic role should be in the forefront of the search for solutions to development challenges in the continent. Once such solutions have been tested and proven, the Bank should encourage their full adoption by key stakeholders on a wider scale. Secondly, this approach, in which the scaling up is achieved through the market emulating the successful models, ensures that the catalytic role does not get tangled up in competition with the market.

### *The AfDB Group's technical assistance to Microfinance*

(i) The Bank's experience from its interventions in the financial sectors of some regional member countries (RMCs) has shown that targeting the use of resources for technical assistance for financial intermediaries, including microfinance institutions (MFIs), can improve their institutional performance and the socio-economic impact on the clients they serve. For MFIs, assisting them to improve their technical and managerial capacity can be more effective than providing them with funds for loan capitalization. Greater capacity allows MFIs to expand the outreach of needed financial and enterprise development services to the poor. Such assistance also permits the same institutions to become autonomous and financially self-sufficient. Outreach in providing MFI services such as loans, savings, leasing, money transfer and business development support are likely to increase the performance and growth prospects of the enterprises served, and, consequently, raise the incomes, social welfare and wealth of the poor.

(ii) Professional, well-managed MFIs that offer quality financial services create the public and investor confidence needed for them to mobilize capital from the public in the form of savings deposits, as well as capital investment from individual investors and commercial banks. They transform savings and investments thus mobilized into bankable loans for the benefit of the poor. Poor entrepreneurs have the opportunity to develop and prosper to the point where they no longer remain subsistence – they grow to where they can create much more wealth and many more jobs than if they remain in the informal economy. The MFIs that offer and provide the financial and business development services such entrepreneurs demand can themselves grow and increase their outreach to an even larger number of poor people. As a consequence, these MFIs are then better able to cover their operational costs including salaries, facilities rentals, equipment leases and raw materials, and provisions for loan loss. Financial costs such as interest on deposits and returns to investors are financed from revenues derived from loan interest and fees.

(iii) The Bank incorporated this experience of building the capacity of financial intermediaries in the preparation of the AMINA initiative in 1997 under the ADF-VII programme – the African Development Fund Micro Finance Initiative for Africa. AMINA, as a pilot programme, had grant resources for technical assistance to support capacity building and policy development in select RMCs. Assistance was targeted at strengthening MFIs in 10 pilot RMCs<sup>2</sup>. The use of these resources under AMINA was additional to Bank investments in the form of credit and microfinance components of Bank projects in support of agriculture and rural development, social services and poverty reduction. The AMINA programme focused on five priority areas: (a) building the capacity of qualified microfinance institutions; (b) strengthening dialogue with relevant government

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<sup>2</sup> The ten pilot countries were Burkina Faso, Cape Verde, Chad, Cameroon, Ethiopia, Ghana, Malawi, Mauritania, Mozambique and Tanzania.

authorities, central banks and microfinance stakeholders on creating an enabling environment for MFIs and client enterprise growth; (c) coordinating and leveraging resources with other funding agencies for technical assistance and capacity building; (d) training and orienting Bank staff in microfinance international best practices, and (e) supporting the collection of data on key aspects of the African microfinance sector and disseminating knowledge and best practices broadly across the region.

(iv) Mid-term and terminal reviews of AMINA activities noted that a significant institutional impact on the partner MFIs, their governing bodies, and other key stakeholders had been realized. Achievement was gauged in terms of self-sufficiency, outreach to the poor, and appropriate legislation adapted to the needs of microfinance. This was notwithstanding significant constraints on AMINA in accessing resources, the small size of its staff, the programme's temporary nature, and its lack of integration into the mainstream of the operations and corporate structure and culture of the Bank. Examples of some of the more notable achievements of AMINA are included in Annex 4.

(v) The AMINA programme ended in March 2002. This was simultaneous to the Bank approving the "ADF Strategy and Assistance in Microfinance to Regional Member Countries"<sup>3</sup>. The termination of AMINA coincided with the Bank Group requirement to assure that all RMCs of the Bank had the opportunity to benefit from interventions that favored the sustainable development of microfinance. The AMINA programme was limited to only ten RMCs. Within the Bank, AMINA was succeeded by the Central Microfinance Unit (OCMU), which operated through 2003.

(vi) The current activities to mainstream microfinance into Bank Group operations are now guided by the approved "Business Plan: Mainstreaming Microfinance into Bank Group Operations"<sup>4</sup>. This Business Plan provides for, among others, capacity building to microfinance institutions in all eligible ADF RMCs; assistance in developing the enabling environment in RMCs such as through the country strategy paper (CSP) instruments; orienting the existing portfolio of projects with credit and microfinance components towards standards of best practices; leveraging resources with our development partners to greatly expand the opportunities to build institutional capacity in microfinance; and the development of a Bank Group policy and strategic orientation on microfinance. The OCMU was transformed into the Microfinance Division, Policies and Operations Review Department (POPR) since January 2004.

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<sup>3</sup> ADF/BD/WP/2001/97/Add.5/Approved

<sup>4</sup> ADF/BD/WP/2003/157/Approved

### 1.3 The ILO's support for women entrepreneurs

The ILO's SEED Programme<sup>5</sup> and its WEDGE team in particular have been working on the theme of Jobs, Gender and Small Enterprises in Africa, with special reference to Ethiopia, Tanzania, and Zambia. During 2002, the ILO commissioned research studies in each country to examine the status of women entrepreneurs and the challenges they face in starting and growing micro and small enterprises (MSEs). The first set of research reports was based largely on a review of secondary information on gender, enterprise and women's entrepreneurship in each country (Zwede & Associates, 2002; UDEC, 2002; JUDAI & Associates, 2002); the second set of reports was based on field studies with approximately 120 women entrepreneurs in each country, and included the outcomes of national consultative processes relating to the preliminary research findings (ILO, 2003a; ILO, 2003b; ILO, 2003c). Each report proposed a set of specific recommendations for follow-up actions.

These reports documented the situation facing women entrepreneurs, with a particular emphasis on growth issues, such as expansion of their product base and markets; increase in employment; improvement in employment conditions; progression from "informal" to "formal" status; and growth from micro to small to medium size. The anticipated outcome of these research projects was to identify policies, programmes and actions which could have a direct and positive impact on creating new enterprises and new jobs in both new and existing women-owned enterprises. The ILO has prepared a synthesis report that provided an overview of the whole project, its findings and issues arising from the study.<sup>6</sup>

In addition to the research studies and based on the key findings, with funding provided by Development Cooperation Ireland the ILO's WEDGE team has carried out the following related activities in support of women entrepreneurs in the Eastern and Southern African region:

- (i) a set of videos on women entrepreneurs has been produced in Ethiopia, Tanzania and Zambia;
- (ii) a capacity-building programme for women's entrepreneurship development was provided in each country;
- (iii) capacity building for women entrepreneurs' associations was conducted in Ethiopia, Tanzania and Zambia;
- (iv) seed funding was given to develop a radio programme aimed at women entrepreneurs in Ethiopia;
- (v) support was provided to promote enterprise creation among retrenched women workers in Ethiopia;
- (vi) systematic support was provided for women's participation in trade fairs in all three countries;
- (vii) the "Month of the Woman Entrepreneur" was supported in Ethiopia during March 2004;

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<sup>5</sup> ILO's Programme on Boosting Employment Through Small Enterprise Development (SEED)

<sup>6</sup> Richardson, Howarth & Finnegan, 2004 (forthcoming)

- (viii) sponsorship was provided for a study tour to Ethiopia by ten Zambians to participate in the Month of the Woman Entrepreneur;
- (ix) in Tanzania, support has been provided for an innovative “service quality check” to ensure gender equality issues are incorporated into the support services of government and business development service (BDS) providers.

#### **1.4 Collaboration between the ILO and AfDB**

On the basis of the initial conclusions of the AfDB study on African women entrepreneurs, as well as the major conclusions of a workshop on the same topic held in Addis Ababa on June 3<sup>rd</sup>, 2003, the International Labour Office (ILO) and the AfDB agreed to jointly explore possibilities for supporting growth-oriented women entrepreneurs in a number of pilot countries, including Kenya – where the Bank already has extensive contacts – as well as Ethiopia and Tanzania, where the ILO had already carried related research and supportive actions. More particularly, the AfDB intends to cooperate with the ILO and other key partners in developing an integrated solution to support financing for growth-oriented “very small” (VS) and small and medium enterprises (SMEs) owned by women. This will be achieved with the Bank addressing funding needs and the ILO providing technical support through its team working on Women’s Entrepreneurship Development and Gender Equality (WEDGE).

Since 2002, the ILO has produced several reports on women entrepreneurs in Ethiopia, Tanzania and Zambia<sup>7</sup>, and their findings have informed a range of supportive actions in those three countries. In June 2003, the ILO was invited to present its findings from its “Going for growth” papers at the AfDB’s Annual Meetings in Addis (June 2003), whereupon the two organizations began to pursue collaborative actions in support of women entrepreneurs in Africa.

##### *AfDB-ILO collaboration on growth-oriented women entrepreneurs (GOWEs)*

Following the AfDB’s workshop in June 2002, the African Development Bank and the ILO agreed to carry out a joint assessment of the enabling environment for growth-oriented women entrepreneurs in three countries – Ethiopia, Kenya and Tanzania. The ILO financed the assessment of Ethiopia and Tanzania, where it has implemented its WEDGE programmes with the support of the Government of Ireland. The AfDB financed the corresponding assessment of Kenya where the Bank is considering support for financing growth-oriented women entrepreneurs. The ILO and AfDB invited a team of Canadian consultants to carry out field research to assess the strength of existing policy and programme support in favour of women entrepreneurs in these three countries. Based on the findings and recommendations from the field visits<sup>8</sup>, the ILO will consider the merits and

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<sup>7</sup> See the various ILO reports referenced in the bibliography.

<sup>8</sup> The field visits were carried out by two Canadian consultants, Ms Annette St-Onge and Ms Lois Stevenson, during November-December 2003. The ILO (Mr. Gerry Finnegan) and AfDB (Ms Leila Mokadem) accompanied the consultants and authors of this report as part of their mission to Kenya, December 2003.

feasibility of extending its WEDGE activities to Kenya, and the AfDB will determine opportunities for piloting a financing mechanism to support and accelerate the growth of women-owned enterprises.

This report presents observations and findings from field visits to Ethiopia, Kenya, and Tanzania undertaken in November-December 2003 to assess the environment for growth-oriented women entrepreneurs. It includes recommendations in several key areas to strengthen support for women's enterprise development and growth. This research was jointly commissioned by the International Labour Office (ILO) and the African Development Bank.

### **1.5 Presentation of the report**

This report is divided into two parts and six main sections. Part One covers the background information to the ILO-AfDB country-level studies on growth-oriented women entrepreneurs in Ethiopia, Kenya and Tanzania. The first section provides the overview of the previous work of the AfDB and the ILO in support of women entrepreneurs and MFIs, and gives the origins of the current collaboration. The second section discusses the context for a growing global interest in the phenomenon of women entrepreneurs. It also provides an introduction to the investigative process and details of the methodology used in gathering information for the report, and presents a summary of key outcomes. The third section gives an overview of the situation facing women entrepreneurs in each of the three study countries.

Part Two presents the findings and recommendations resulting from the application of the analytical integrated framework in the three countries. Section four presents an adapted and modified integrated framework which provides a systematic methodology for assessing key factors that can contribute effectively to women's entrepreneurship development policies and programmes. This framework is based on earlier assessment experiences from Canada. The enhanced framework is used to systematically assess the supportive environment for women entrepreneurs in Ethiopia, Kenya and Tanzania. It also provides an overview of the findings from the three country visits, including an assessment of the environmental conditions for the development of women's enterprises and the degree to which individual components of the integrated framework are in place. It elaborates "good practices" in policy and programme support, highlights remaining "gaps", and summarizes recommendations for action (all of this information is provided in greater detail within the respective country reports). The fifth section gives particular emphasis to good practices identified at the country level. The sixth and final section provides some general conclusions based on the entire assessment process.

Details of the Canadian process upon which this integrated framework has been modelled are provided in Annexes 1, 2 and 3, and some selected comparative macro-economic statistics on the three countries are provided in Annex 5. A final

element of the report is a detailed bibliography of the documents and reports consulted during the study assignment.

## 2 GLOBAL INTEREST IN PROMOTING WOMEN ENTREPRENEURS

### 2.1 Global Early Actions

The state of women in enterprise development – the starting and growing of individual enterprises – is a major concern among governments in most countries. However, much of this interest is relatively recent. One of the global impetuses in developing countries was the United Nations Decade for Women (1976-1985). In 1979, the General Assembly of the United Nations adopted the International Convention on the Elimination of All Forms of Discrimination Against Women (CEDAW), and this paved the way for greater government attention everywhere on the role of women in development programmes and on strategies for eliminating discriminatory practices against women. During the Decade for Women, women's contributions to family income and their roles as producers of goods were documented, and evidence provided that economic development policies often failed to benefit women and, in many cases, even hurt them (Yudelman, 1987).<sup>9</sup> During the 1980s, the question of how to integrate women effectively into development projects was more systematically researched, and the objective of development policies became more focused on how to increase women's access to education, skills training, credit, land and other productive resources to enable them to participate fully in economic activity. At the same time, there was a growing recognition that prevailing patriarchal structures and stereotypical attitudes towards women's roles in society impacted negatively on the ability of women to function as economic agents in society. Peterson and Weiermair (1988) argued that women had been wrongly perceived as a marginal economic group, rather than as a positive socio-economic force. As entrepreneurs they had significant untapped potential as wealth creators.

The Beijing Platform of Action, adopted in September 1995, was a key event in influencing governments to adopt National Gender Policies and to put into place further mechanisms to ensure that women and men had the same rights, obligations and opportunities in all areas of life, including economic activity. Nevertheless, women in developing countries are still too often subject to the persistent burden of poverty; unequal access to resources and participation in economic policy-making; inequality in access to education, skills development and training; unequal access to health and related services; and inequality with men in the sharing of power and decision-making.

#### *Early actions in the United States*

The first developed country to make an extensive examination of the state of women's business ownership was the United States. In 1978, the US President set up a Task Force on Women Business Owners, which released its

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<sup>9</sup> Discussed in Stevenson (1988).



comprehensive report in 1979.<sup>10</sup> The government responded to the recommendations arising from that study by establishing an Office for Women's Business Ownership within the Small Business Administration, an office that would act as a focal point for the promotion and development of women entrepreneurs. In 1988, the US Congress set up the National Women's Business Council, a bi-partisan Federal Government Council, to serve in an advisory capacity on legislative and regulatory issues affecting women business owners. And in 1997, an Inter-agency Committee on Women's Business Enterprise was established to work across government agency lines to foster the growth and development of women's businesses.

### *Early actions in Canada*

In Canada, the first published research on women business owners did not appear until the early 1980s, after which time government interest in the development of women entrepreneurs began to grow. Women were identified as a target group for tailored policy and programme support in the Federal Government's National Policy on Entrepreneurship in 1989; the objective being to increase the percentage of women business owners in the country. Since that time, several initiatives have been funded to address the challenges and barriers faced by women in accessing the resources necessary to start and grow enterprises (St-Onge, 1999; Stevenson & Lundstrom, 2002). However, even with over a decade of business support, in 2002 the Canadian Prime Minister deemed it necessary to create a Task Force on Women Entrepreneurs to examine the unique challenges still faced by women entrepreneurs, and to provide advice on how the Federal Government could enhance the contribution of women entrepreneurs to the Canadian economy.<sup>11</sup>

### *Developments elsewhere*

Other countries and regions also began to examine the needs of women's enterprises. The OECD began a serious effort to focus attention on women entrepreneurs in 1997 by organizing an international conference (OECD, 1997), and a second conference took place in December 2000. The Asia-Pacific Economic Cooperation (APEC) funded its first study on the state of women's business ownership in APEC countries in 1999 (APEC, 1999), and nine economies participated in the review. The UNCTAD released studies on the African and Asian women entrepreneurs in 1999 and 2000 (UNCTAD, 1999; 2000). The European Union funded a review of support programmes for women entrepreneurs in 2000 (Centre for Enterprise and Economic Development Research, 2000), and held its first conference on female entrepreneurship in March 2003. The Inter-American Development Bank commissioned a review of current knowledge about women's entrepreneurship in Latin American countries

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<sup>10</sup> *The Bottom Line: Unequal Enterprise in America*, President's Task Force Report on Women Business Owners, U.S. Department of Commerce, Washington, DC, 1979.

<sup>11</sup> *The Prime Minister's Task Force on Women Entrepreneurs: Report and Recommendations*, Government of Canada, October 2003 ([www.liberal.parl.gc.ca/entrepreneur/](http://www.liberal.parl.gc.ca/entrepreneur/)).

in 2001 (Weeks and Seiler, 2001). The African Development Bank (AfDB) organized its workshop on African Women Entrepreneurs (AWE) as part of its Annual Meetings in June 2003, and at its Annual Meetings in Kampala (May 2004) it released a major study on women entrepreneurs in Africa (AfDB, 2004).

In developed economies, women are generally under-represented in the population of business owners as compared to men. Reynolds et al. (2002) report that men in developed countries are two to three times more likely to be involved in business ownership as women. In the majority of OECD countries, women's share of self-employment (a proxy for business ownership) is a quarter to one-third of the total, but this ranges significantly from a low of 13 per cent in Turkey to a high of 40 per cent in Portugal.<sup>12</sup> In Latin America and the Caribbean, women comprise between a quarter and a third of the formal sector population, a share that has been increasing over the past twenty years (Weeks & Seiler, 2001). In developing economies, the situation changes somewhat. Reynolds et al. (2002) note, for example, that the participation level of women in entrepreneurship is almost equal to that of men in a number of developing countries (South Africa, Mexico, China, Thailand).<sup>13</sup> Reynolds (2004) makes the point that in the developing country context, one of the most critical structural improvements that can be made by governments is to provide special assistance to women entrepreneurs.<sup>14</sup>

The challenge of developing women's enterprise is, therefore, different in developed versus developing countries. In developed countries, the initial challenge is to increase women's share of business ownership by encouraging more women to start businesses, removing impediments, and improving their access to economic resources (e.g. credit, business advice, entrepreneurship training). The secondary challenge is to address their growth barriers, that is, to increase the percentage of women-owned enterprises that grow rapidly. In developing countries, a higher percentage of women are often found in the micro-enterprise sector, particularly among informal enterprises, so the challenge (in the short-term) is less about trying to increase the number of women entrepreneurs and more about how to legitimize and strengthen the base of their activity so they can grow their enterprises.

Apart from differences in the numeric share of women's enterprises in the micro and small enterprise (MSE) population among countries, the situation of women relative to men in the MSE sector in both developed and developing countries is similar in many ways. Regardless of the country, relative to the men women start smaller businesses, are less likely to employ hired workers, grow more slowly (if at all), are less likely to borrow from a bank, are more likely to access personal networks for advice and support, and tend to dominate the lower growth sectors

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<sup>12</sup> *OECD Small and Medium Enterprise Outlook*, OECD, Paris, 2002, p. 10.

<sup>13</sup> Reynolds et al., 2002, p. 26.

<sup>14</sup> Reynolds, 2004 includes this among a list that also enumerates: expanding, both general and specific entrepreneurial, education; systematizing recognition of property rights; enhancing access to institutional finance; improving efficiency of government; reducing corruption; and lessening the regulatory burden on new and small firms.

of the economy. In all countries, it appears that the larger the enterprises, the fewer women one will find. Even in the most developed countries, women-owned enterprises are seriously under-represented among technology and export-oriented firms. Among the list of priority barriers to women's entrepreneurship in all countries are lack of access to: (i) credit; (ii) formal business networks; and (iii) opportunities to gain management experience and exposure; as well as (iv) the limitations of combining household and family care responsibilities with those of running an enterprise. So the end game in both developed and developing countries is the same – improving the conditions under which women operate businesses; increasing their access to credit, training, business support and information and other necessary resources; and enhancing the level of cultural support for women's role as entrepreneurs.

In addition to the US and Canada, a number of governments have established presidential, prime ministerial or appropriately high-level commissions on women entrepreneurs, one of the most recent examples of which is the United Kingdom.<sup>15</sup> Some governments, such as in the US and Korea<sup>16</sup>, have passed acts governing assistance to women entrepreneurs and set up institutional structures to advance women's participation in enterprise development (APEC, 1999). Lessons learned from these examples demonstrate that change can be affected when serious efforts are made to improve the environment for women entrepreneurs by addressing the specific socio-economic, cultural and institutional barriers they face when trying to start and grow enterprises. However, this requires a sustained commitment, an integrated approach to both policy and programme support, and continued and sustained effort.

The remainder of this report describes the processes and outcomes of the joint ILO-AfDB study in Ethiopia, Kenya and Tanzania, as conducted during November-December 2003. It discusses the context for women's entrepreneurship in the three countries, assesses policy and programme support against the integrated framework, and highlights the results of the field visits to all three countries.

## **2.2 Introduction to the study in Ethiopia, Kenya and Tanzania**

Based on the interest and commitment from the AfDB to work in partnership with the ILO to provide targeted support for growth-oriented women entrepreneurs in Kenya, an additional secondary research report was commissioned by the ILO on the support environment for women entrepreneurs, as preparation for the field research by the team of consultants (Gakure, 2003).

The ILO and the AfDB arranged field visits in Ethiopia, Kenya and Tanzania to assess the extent to which an integrated framework existed for supporting the

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<sup>15</sup> Strategic framework for women's enterprise, Stevenson & St-Onge, 2003

<sup>16</sup> In the US, it is the National Women's Business Ownership Act of 1988; in Korea, it is the Act on Assisting Women Entrepreneurs of 1999.

development and growth of women's enterprises, and to identify opportunities for policy and programme interventions.

### *Fieldwork Objectives and Operations*

The fact-finding missions to the three countries were carried out in November-December, 2003. The mission's objectives, as agreed by the ILO and AfDB, were to:

- Review recent ILO reports based on the SEED-WEDGE research in Ethiopia and Tanzania, recent related research in Kenya, and other recent economic reports relating to the growth prospects for women entrepreneurs in the three countries;
- Using the paper, *Creating an Entrepreneurial Environment to Foster the Start-up and Growth of Women-Owned Enterprises: Best Practice from Atlantic Canada*,<sup>17</sup> as a template for an integrated framework, to map out key areas of the business environment in the three countries that merit further inquiry, as appropriate, in contributing to an enabling environment for growth-oriented women entrepreneurs;
- Consult with key informants involved in national policy-making, promotion and support of women entrepreneurs, actors in trade, investment and economic development, and ILO colleagues and partner organizations, and carrying out the work in association with local partners and resource persons at the country level;
- Review the components of the enabling environment (regulatory, financial and non-financial support, etc.) with particular reference to the formal (legal, regulatory, implementational, etc.) and informal (traditional, cultural, attitudinal, etc.) barriers and constraints affecting women entrepreneurs at the macro, meso and micro levels, as well as at the stages of start-up, growth and expansion into exports, etc;
- Map out the components of the enabling environment that appear to be working well or not so well, to highlight "good practices", and identify gaps in support provision.

The consultants were requested to prepare a final report on the outcomes of their field visits, to include comments on the effectiveness of efforts to create an enabling environment for growth-oriented women entrepreneurs in each of the three countries, to identify gaps in the existing provisions and components of the enabling environment, and to make recommendations for further actions that can be addressed by both the ILO and AfDB, by their implementing partners and others, as appropriate.

The Tanzania mission was coordinated by the ILO office in Dar es Salaam, in cooperation with the SME Section of the Ministry of Industry and Trade (MIT-SME Section) and in association with a consultant from the University of Dar Es

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<sup>17</sup> St-Onge & Stevenson, 2003.

Salaam Entrepreneurship Centre (UDEC). In Ethiopia, the mission was coordinated by the ILO Sub-regional Office in Addis Ababa, and the ILO's National Expert for the WEDGE programme, in concert with the Women's Affairs Department of the Ministry of Trade and Industry (MoTI-WAD). The Kenyan field visit was organized by the Department of Micro and Small Enterprise Development (DMSED) of the Ministry of Labour and Human Resource Development (MOLHRD), under the guidance of the ILO's WEDGE team (Geneva) and the Private Sector Department of the AfDB. In each country, the consultants met with representatives of government, regional development agencies, donor organizations (e.g., UNIDO, GTZ, the EU, UNDP), women entrepreneurs' associations, NGOs, micro-finance institutions, employers' organizations, workers' organizations, micro-enterprise associations, Chambers of Commerce, business support providers, educational and training organizations, and financial institutions including commercial banks and MFIs<sup>18</sup>.

Over the six-week period of the mission, a total of almost 120 key informants provided inputs regarding various aspects of programmes, support and initiatives targeted towards women entrepreneurs during the three country visits (Table 1). The discussions elicited many views on what needs to be done to create a more favourable environment for the growth of women's enterprises. The majority of this input was gained through a process of individual interviews and was supplemented by two focus groups in Ethiopia (Addis Ababa and Bahir Dar) and one in Nairobi, Kenya. Interviews were structured to collect information and insights on the current state of affairs affecting the environment for the emergence and growth of women entrepreneurs. Questioning focused on the extent to which activities in the particular country were addressing components of the Stevenson & St-Onge (2003) integrated framework. During the focus groups, representatives were given the opportunity to comment on the consultants' observations arising from the field visits, and to engage in dialogue regarding appropriate recommendations to address gaps in support for women entrepreneurs in their country.

**Table 1: Key Informants Consulted in Each Field Study**

<b>Key informants</b>	<b>Ethiopia</b>	<b>Kenya</b>	<b>Tanzania</b>
Government	10	6	10
Donor organizations	7	-	3
MFIs and banks	3	10	3
NGO and other private sector	6	14	2
Women entrepreneurs	12	25	8
<b>Total</b>	<b>38</b>	<b>55</b>	<b>26</b>

Based on the earlier work carried out in Atlantic Canada (see Annexes 1 to 3 for details), the two originators of the integrated framework adopted for that context

<sup>18</sup> For lists of contacts, refer to the appendices at the end of the three country reports.

– Lois Stevenson and Annette St-Onge – were commissioned by the ILO and AfDB to apply the same framework, with necessary adaptations, to the contexts of Ethiopia, Kenya and Tanzania. This process took place during November-December 2003. Preparation for the mission involved pre-reading relevant research and documentation on the state of economic development in particular for Kenya, the general environment for MSE development, the status of women entrepreneurs in the economy, and the barriers to their growth and development.

Additional reports, studies, and programme information were obtained from several informants during the field visit and these, together with insights gained from the interviews, meetings and a focus group with a representative group of women entrepreneurs, formed the basis of analysis for an assessment of the policy and programme support for development of women entrepreneurs in Kenya, with a particular focus on fostering growth, the key findings from which were also considered in the consultants' overall assessment. The overall findings and recommended actions are presented in this country report.

### **2.3 The integrated framework for supporting African women entrepreneurs** (adapted from the original by Stevenson & St-Onge)

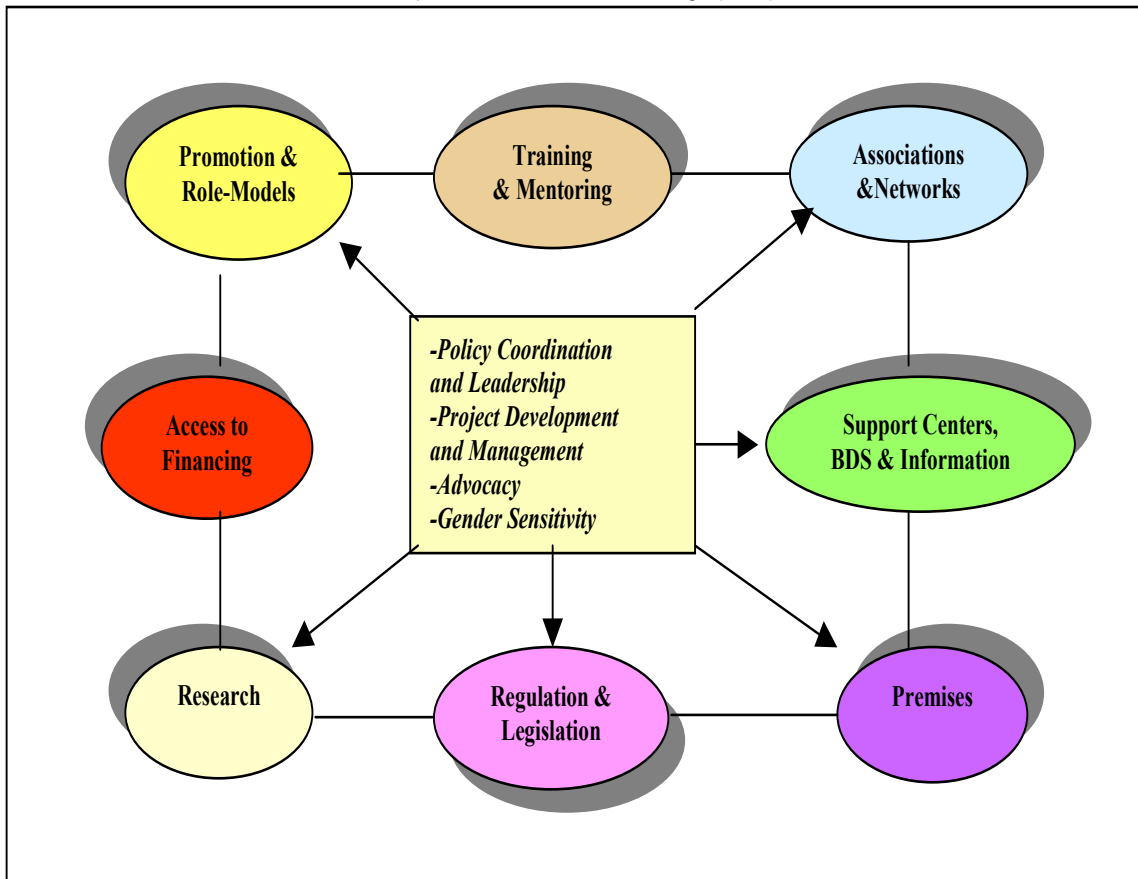
The application of the Stevenson & St-Onge (2003) integrated framework within the context of the three study countries gave rise to several adaptations and modifications. Within the context of these three countries, and as part of policy coordination and leadership, there is a much greater need to include gender sensitivity as a primary function of relevant focal points for women entrepreneurs. Patriarchal attitudes and institutional structures in favour of men are deeply embedded in the East African culture. These social, cultural and economic barriers impose a greater burden on women trying to start and grow enterprises. In addition, two new areas were added to the original integrated framework – premises and regulations/legislation.

Since developed countries have more infrastructure in place to support private sector business development, proper business premises are more readily accessible than in developing countries. Although a large number of people in countries like Canada and the US initially start their business from a home base, many options exist for them to move or graduate to rented premises or incubators, or to construct their own premises as they grow. This is not generally the case in Ethiopia, Kenya and Tanzania. Women have an even more difficult time accessing premises because many of them cannot afford high rents especially at start-up, they have difficulty negotiating with authorities for the limited number of adequate market stalls, and they tend to lack the collateral security to borrow money to build their own premises.

On the regulatory and legislative side, women in East Africa are more disadvantaged than in developed countries. Land and property ownership rights and matrimonial laws often deny women the possibility of taking title – a situation that prevents them from establishing proper premises and accessing financing.

Barriers to the registration and licensing of enterprises and difficulties in meeting the regulatory standards in certain industry sectors (e.g. food processing) pose particular problems for women entrepreneurs who are heavily represented in micro-enterprises and the informal economy, live in rural areas, and lack capital and proper business premises. Many well-intended regulatory and legislative actions are taken without due consideration of the implications that they have for women and men respectively, and mechanisms for assessing the specific impact on women's enterprises rarely exist. Gender-based inequalities are perpetuated in the laws and regulations of each of the countries, and these need to be addressed if the full potential of women's entrepreneurial activity is to be realized. (See Figure 1 for a schematic of the modified framework.)

Adapted from Stevenson & St-Onge (2003)



**Matrix of Actions: Overview of Gaps and Recommendations  
An Integrated Framework for Women's Enterprise Development**

<b>Major Findings – Gaps</b>	<b>Major Recommended Actions</b>
<p><b>Policy Development and Coordination:</b> Women are identified as a target group in the MSE policy/strategy documents of the three countries. But there is limited evidence of a strategic policy framework and concrete measures to address their start-up and growth challenges. Even where a focal point on women's enterprise exists within the government (Ethiopia is the good practice example), few resources are dedicated to its mandate. There is limited policy-oriented knowledge on the state of women's enterprise. Existing targeted initiatives are not well known. There is limited inter-ministerial focus on the issue and limited sharing of any good practices.</p>	<p><b>Policy Development and Coordination:</b> In Kenya and Tanzania, the governments should establish a focal point for women's enterprise development within the MSE policy area. It should be empowered to work with other government departments and donors to develop a coordinated approach to support the growth of women's enterprises, and to ensure enforcement of gender equality objectives in MSE and other policy documents. An Office of Women's Enterprise Development (OWED) should be established. In Ethiopia, more resources should be allocated to the Women's Affairs Department, Ministry of Trade and Industry. Research on the state of women's enterprise and an inventory of existing initiatives should be compiled. These would underpin advocacy positions to improve the operating conditions of women entrepreneurs. ILO-WEDGE activities should be expanded in Ethiopia and Tanzania and implemented in Kenya.</p>
<p><b>Promotion of Women Entrepreneurs:</b> Strategic efforts of government, in cooperation with ILO-WEDGE, to create more awareness of women's enterprises and promote women's entrepreneurship exist in Ethiopia and Tanzania (videos and role-models), but not in Kenya. The stereotypical images of women entrepreneurs and their firms are limiting. Intensive and on-going efforts are required to change public perception of their potential to contribute to economic growth.</p>	<p><b>Promotion of Women Entrepreneurs:</b> Promotional activities in Ethiopia and Tanzania should continue and rolled-out nationally. Kenyan should examine good practice activities of Ethiopia, and implement a strategy to profile its women entrepreneurs. The three countries should establish awards programmes to recognize and raise the profile of women entrepreneurs, publish success stories, and host regional and national Women Entrepreneurs' conferences. To challenge the prevailing stereotype of women entrepreneurs as "micro-enterprisers", each country should profile their "Top 20 Women Entrepreneurs".</p>
<p><b>Access to Credit:</b> The growth of women's enterprises is seriously impeded by lack of access to credit. Women are limited to informal sources of capital, which includes their savings, money from family and mutual guarantee loans. Barriers faced by women include: stereotypical attitudes about the size and scope of women's enterprises; poor availability of credit in rural and some urban areas; low micro-finance lending limits incompatible with MSE growth aspirations; lack of interest and capability of commercial banks to serve the MSE market - few clients are women entrepreneurs); prejudicial treatment of women regarding property rights, which limits women's access to collateral security for bank credit; and women's lack of knowledge about financing options and financial administration. There is a need to address the "missing middle" of financing – to create a bridge between micro-finance and commercial bank credit so women's firms have the opportunity to grow.</p>	<p><b>Access to Credit:</b> Efforts should be made to increase the supply of credit for the development and growth of women's enterprises. Although the situation varies in the three countries, generic solutions include: i) raising the lending limits of existing Micro-finance Institutions and ensuring that the proportion of women-owned MSE credit recipients reflects their proportion in the MSE population; ii) establishing dedicated MFIs to support women entrepreneurs (modeled after the Kenya Women's Finance Trust); iii) implementing a Women's Loan Guarantee Programme as a partnership between governments, Development Financial Institutions, and the African Development Bank. This should be linked with provision of BDS and technical assistance to women clients who are pursuing growth; and iv) initiating government-commercial bank-donor dialogue on measures to target loan funds to women entrepreneurs (e.g., "women's window", gender sensitivity training for credit officers, and research to examine women's access to financing relative to that of men). Training programmes should be implemented to enhance women entrepreneurs' capability to obtain financing (e.g. publish a "Financing Guide for Women Entrepreneurs" outlining credit options and "how-to" information, and seminars and workshops for women, perhaps offered through WEAs).</p>



Major Findings – Gaps	Major Recommended Actions
<p><b>Access to Entrepreneurial and Growth Training:</b> There is entrepreneurial training in all three countries, mostly provided through donor funding. However, the training tends to be class-room based, concentrated in week-long sessions, focused in urban locations, lacking follow-up advisory support services, and to given by male trainers. Even if women could afford to pay for the training, many cannot travel to training sessions, nor be away from their families and enterprises for several days, and their husbands often object to training offered by men. Training is too general in scope and does not offer a growth-strategy orientation. Technical training offered to women does not provide sufficient focus on entrepreneurial, business and management skills, thus graduates are left with limited ability to establish and grow their enterprises.</p>	<p><b>Access to Entrepreneurial and Growth Training:</b> To address the training gaps, efforts are needed to: i) improve the scope and quality of affordable, accessible entrepreneurial and management training targeted to women (e.g. use women trainers; include focus on marketing, trade fair participation, product quality, business opportunity identification); ii) deliver “managing for growth” seminars for women with growth potential, that includes facilitation services (e.g. the Amhara WEA’s Facilitation pilot) and mentoring by successful women entrepreneurs; iii) build capacity of educational institutions to integrate entrepreneurship in training and degree programmes: there should be special effort to attract women students and train women as facilitators and BDS providers; iv) monitor the take-up of existing training programmes by women and implement measures to expand the female client base offering targeted training initiatives. Training providers should be required to ensure their services meet the needs of women in rural areas and provide after-training follow-up.</p>
<p><b>Access to BDS and Information:</b> The MSE infrastructure in each country is underdeveloped; and access to BDS and information is a problem. There is a “missing middle” in BDS services to women: i) donor-supported BDS is often not available in rural areas where many women MSEs exist; ii) many women entrepreneurs cannot afford the services of professional consultants; iii) there are few women advisers, the preference of many women entrepreneurs; iv) women have limited access to business information as they are rarely part of business networks and do not access the Internet. These hinder the growth of women’s enterprises.</p>	<p><b>Access to BDS and Information:</b> A coordinating and BDS outreach office should be set up in each country to service women entrepreneurs. This could be a network of regional Women’s Enterprise Centres, staffed by women BDS providers and facilitators. In Ethiopia and Tanzania, a window for Women’s Enterprise Development could be opened in FeMSEDA and SIDO, respectively. This would improve reach to women clients. The capacity of WEAs should be built (see recommended actions below) to offer BDS and information services to their members. Technical college and university graduates should be offered the opportunity for careers as BDS providers – thus addressing the capacity issue in these countries.</p>
<p><b>Women Entrepreneurs’ Associations:</b> Women’s membership in mainstream business associations is low. Women traditionally form savings and mutual guarantee credit groups: the trend of forming WEAs is recent. Some WEAs exist in each country, but they are mostly young, fledging, resource-poor, local or regional in scope, and collectively represent a fraction of the women entrepreneurs in any country. There is evidence of recent gains and achievements in some WEAs, particularly in Ethiopia and Tanzania where the ILO-WEDGE programme implements its WEA capacity-building initiative to increase the prevalence of WEAs and strengthen their ability to expand their reach and member services.</p>	<p><b>Women Entrepreneurs’ Associations:</b> The ILO-WEDGE capacity-building programme to mobilize and strengthen WEAs should be continued in Ethiopia and Tanzania and extended to Kenya. This should include sharing of good practice in governance and member services. Seed funding should be provided to WEAs so they can hire staff to promote membership, deliver value-added services, and be effective partners with governments and donors in developing women’s enterprise. Existing and new WEAs should be networked into a national, umbrella association to give “voice” to women entrepreneurs and advocate on their behalf with governments on a range of issues (goal is to achieve “strength in numbers”). WEAs should meet the needs of women entrepreneurs at different stages of growth, including groups oriented towards growth firms. A conference for leaders of WEAs in the each country should be held to share experiences and lessons learned.</p>
<p><b>Access to Premises:</b> The lack of suitable and affordable premises to establish and expand women’s enterprises is a challenge to their growth. Many women-owned MSEs have limited options to move beyond their home base, and are impeded by lack of market access and adequate production facilities. The Jua Kali in Kenya have been successful in negotiating with government to allocate market stalls for their members. This is true of the lobbying of the Amhara WEA in Ethiopia. More should be done on behalf of women entrepreneurs.</p>	<p><b>Access to Premises:</b> Local governments in each country should work with WEAs to allocate land and/or premises for women-owned enterprises. WEAs should follow the good practice examples of the Amhara WEA and the Zanibar WEA. Incubators and technology centres should be established in sectors where women entrepreneurs are dominant, so they have access to production premises and technologies to expand their enterprises.</p>

Major Findings – Gaps	Major Recommended Actions
<p><b>Regulatory and Legislative Environment:</b> Three sets of regulatory or legislative issues affect the growth of women’s enterprises in each three country: i) gender bias in the regulatory and legal system, specifically in interpreting and enforcing gender equality policies; ii) prejudicial practices with respect to women’s property rights (affecting their ability to access credit); iii) complex and costly procedures for registering a business and meeting certain sector requirements. A large proportion of women entrepreneurs operate as informal enterprises, and thus are unable to access proper business premises, obtain credit, or access markets.</p>	<p><b>Regulatory and Legislative Environment:</b> These actions underpin women’s ability to access economic resources and business opportunities. Gender-mainstreaming workshops should be offered to policy and regulatory officials to create awareness of adverse effects of the regulatory environment on women-owned MSEs. The ILO’s FAMOS Check, piloted in Tanzania, should be applied to all regulatory, legal, and MSE policy frameworks. Impediments to the development of women’s enterprises should be removed. All laws pertaining to women’s land and property ownership, inheritance and matrimonial rights should be reviewed, gender biases removed and women’s property rights enforced. Business licensing and registration processes in each country should be streamlined (this work is in hand in Tanzania and Kenya), and registration barriers faced by women in informal enterprises addressed (e.g. information and outreach services).</p>
<p><b>Research on Women-owned MSEs:</b> There is a lack of timely, comprehensive, and sex disaggregated data on firms in the MSE sector; many gaps in the knowledge base on women entrepreneurs and their firms (characteristics, start-up and growth experiences, challenges, needs and access to resources); absence of research on women entrepreneurs; limited studies on women entrepreneurs’ take-up of BDS, training and credit services, and their impact on firm performance; and weak capacity of researchers in this field.</p>	<p><b>Research on Women-owned MSEs:</b> Efforts should be undertaken to: i) collect robust gender-disaggregated data on MSEs and to make this information available on a regular basis (through governments’ statistical offices); ii) seek donor funding to implement a strategic, collaborative research agenda to fill gaps in knowledge about women entrepreneurs and their enterprises and share results; iii) undertake impact studies of initiatives targeted to women entrepreneurs; iv) build capacity of researchers by hosting a Symposium on Women’s Entrepreneurship to share international approaches and experiences and transfer competence.</p>

### **3 THE STATE OF WOMEN'S ENTERPRISE IN ETHIOPIA, KENYA AND TANZANIA**

#### **3.1 The Micro and Small Enterprise (MSE) Development Context**

The three countries in this review all fall within the definition of developing economies, and are striving to meet Millennium Development Goals agreed following the UN Millennium Summit (2000).<sup>19</sup> Kenya is the most economically developed of the three countries (see Annex 4), as it has a higher GDP per capita, a much higher literacy rate among both women and men, and less dependence on agricultural output. However, more than half of the population in each of these countries is reported to be living below the poverty line, and each government is faced with the significant challenge of poverty reduction.

These three countries are at various stages of making the transition from state-controlled or state-dominated economies to market-led economies. The journey for both Tanzania and Kenya has been stepped up since the early 1990s, and Ethiopia became a democracy in 1994 after several years of socialist regime. Governments in each country are working diligently, with the help of donors and international agencies, to implement the structural reforms necessary to strengthen the private sector base of their economies, including steps such as privatization; trade and investment liberalization; banking system reforms; modern infrastructure development; regulatory and competitive framework reviews; and industrial productivity improvements.

With a significant lack of capacity in the public sector and large-scale private enterprises to absorb new entrants into the labour force, the three governments are increasingly recognizing the importance of the micro and small enterprise sector, where the majority of employment is being created. For example, of the 700,000 Tanzanians who enter the labour force each year, only about 40,000 can expect to find paid employment in the formal economy. Faced with no alternative ways to make a living and few social safety nets, people are often "forced" into entrepreneurship out of necessity. The only option open to most new labour force entrants is to become self-employed.

At present, each government is seeking to encourage MSE development as a strategy for poverty reduction and, increasingly, for employment creation. But these efforts are relatively recent. Kenya has the longest history in prioritizing small enterprise development as an important element of its national growth strategy (since around 1986), but while some progress has been made in legitimizing certain aspects of the informal economy (referred to in Kenya as the "Jua Kali"), constraints to MSE development persist. The Kenyan government is in the process of drafting a new and more comprehensive micro and small

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<sup>19</sup> See <http://devdata.worldbank.org>. Millennium Development targets have been set for each country in the areas of: poverty eradication, universal primary education, gender equality, child mortality, maternal health, HIV/AIDS reduction, environmental sustainability, and partnership development (for debt reduction, youth employment, pharmaceutical development and information and communications technologies).

enterprise development policy, based on draft Sessional Paper released by the government in late 2003 and submitted for parliament's endorsement in mid-2004, the objective of which is to bring MSE development into the "national economic grid".<sup>20</sup>

Ethiopia adopted its first micro and small enterprise development strategy in 1997. Tanzania released its national Small and Medium Enterprise Development Policy in 2003, a process it had been working on since 1998. Government structures in support of MSE development are also relatively new and their officials often have limited experience in dealing with MSEs, and they depend heavily on the transfer of know-how and knowledge from donor governments and international agencies.

Because the relevant legal and regulatory frameworks in these countries were not developed with the explicit objective of supporting the emergence of indigenous small, independent enterprises, new and micro-enterprises are often forced to operate outside the formal economic system. The cost and complexity of registering enterprises makes it difficult for most MSEs to comply, and – even if they could do so – the lack of appropriate business premises means they are unable to find suitable and affordable work space away from the home, or cannot provide evidence of a fixed business address for registration purposes.<sup>21</sup> Therefore, to a great extent MSEs are forced to operate as "informal enterprises", marginalized in the economic milieu and reportedly vulnerable to harassment by local government and tax officials. They lack access to most of the necessary resources required to function as proper businesses, such as adequate sources of capital; business development services; adequate technical and management training; and access to markets and market opportunities.

At this point it can be said that each of these three countries appears to have an underdeveloped enterprise culture. During one period in the late 1960s to mid-1970s, the Tanzanian government even ran a public campaign to discourage private sector entrepreneurial activity. The former socialist regime in Ethiopia did not encourage a market-led economy or private business initiatives. As a consequence, there is a strong need to rekindle and revitalize a private sector enterprise culture that has suffered from decades of suppression, and to promote entrepreneurial activity and endeavour as valued contributions to the economy and to society.

Furthermore, the infrastructure for MSE and entrepreneurship development appears to be more advanced in Kenya than in Ethiopia and Tanzania. Not only does Kenya have a higher level of economic development (measured in GDP per capita), but since the Government has been focusing on development of a

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<sup>20</sup> Ministry of Labour and Human Resource Development, "Draft Sessional Paper on Development of Micro and Small Enterprises for Employment Creation and Poverty Reduction," (Draft 22 October, 2003), Republic of Kenya, Nairobi, renamed in its revised form as "Draft Sessional Paper on Development of Micro and Small Enterprises for Wealth and Employment Creation" (December 2003).

<sup>21</sup> Recent developments in Kenya and Ethiopia seek to alleviate some of these barriers.

private sector for a longer period of time, it has had more time to develop the infrastructure necessary for the development of the MSE sector – entrepreneurship education and training programmes, BDS services, one-stop business service centres, etc. The need to further promote an entrepreneurial culture in Kenya has been reinforced in Government policy documents in 1992 and 2003-2004, although these policies have not yet been implemented in an integrated fashion.

### **3.2 The Role of Women in the MSE Sector**

Entrepreneurship and enterprise development by women has to be placed in context. It emerges within an environment that has its social, cultural, economic and even political boundaries. It also evolves within the overall policy and programme framework for development of the micro and small enterprise sector. The importance of women entrepreneurs to the economies of Ethiopia, Kenya and Tanzania is reinforced in various micro and small enterprise policy documents of the respective governments. Women make up a significant share of the micro-enterprise population and are considered critically important to poverty reduction strategies. Each government's MSE policy makes particular reference to the importance of addressing gender-based inequalities in access to credit, business services and information, training and technology. However, there is little evidence of specific concrete policy measures or programmes to address the particular barriers faced by women-owned MSEs, and virtually no provisions has been made for facilitating growth-oriented women entrepreneurs. Although several donor programmes include a women's enterprise development component, these are often dwarfed by larger MSE initiatives, and are rarely part of an overall coordinated government-donor strategy to strengthen women's enterprises. Women-specific programmes that do exist often fall into the category of social welfare and poverty alleviation. Among the exceptions are the activities undertaken by the ILO's WEDGE programme in both Ethiopia and Tanzania.

### **3.3 The "Missing Middle" in financing for Women Entrepreneurs**

Slightly different criteria are used by governments in these countries to define the MSE sector. Nevertheless, it is evident that micro-enterprises with fewer than 10 employees constitute over 99 per cent of their micro, small and medium-sized enterprises. Although the lack of comprehensive and up-to-date national statistics on the MSE sector makes it very difficult to make precise estimates, the share of women in micro and small enterprises is reported to be approximately 65 per cent in Ethiopia (1997 statistics<sup>22</sup>), 48 per cent in Kenya (1999 statistics<sup>23</sup>), and 43 per cent in Tanzania (2003 estimates) – see Table 2. However, the vast majority of women's enterprises employ only the owner, and very few fall into the small and medium-sized categories. Most women-owned enterprises start at the micro-level and do not grow beyond five employees, if

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<sup>22</sup> Central Statistical Authority, Addis Ababa, 1997.

<sup>23</sup> Central Bureau of Statistics, Nairobi, 1999.

they grow at all. This is true for the MSE sector in general, but is even more evident among women-owned enterprises – the larger the firm size, the fewer women one will find. For a number of reasons outlined in the three country reports and enumerated by the ILO (2003a; 2003b), Gakure (2003) and the AfDB (2004), it is difficult for African women entrepreneurs to access the skills and resources necessary to move out of the informal economy and beyond the micro-enterprise level.

**Table 2: Women's Share of MSE in Ethiopia, Kenya and Tanzania**

	<b>Ethiopia (1997)</b>	<b>Kenya (1999)</b>	<b>Tanzania (2003)</b>
Per cent of MSEs with fewer than 10 employees	99.4%	99.3%	n.a.
Share of MSE employment in firms with fewer than 10 employees	88.2%	93.2%	n.a.
Total number of micro and small enterprises (MSEs)	586,644	1,283,575 <sup>24</sup>	1,700,000 (to 2.8 million) <sup>25</sup>
Number of women-owned MSEs	380,710	612,848 <sup>26</sup>	730,000 (to 1.15 million) <sup>27</sup>
Percentage of women-owned MSEs	64.8%	47.7%	43.0%
Employment in women-owned MSEs	n.a.	946,600	n.a.
Percentage of women in MSE employment	n.a.	40.1%	n.a.
Average employment in women-owned MSEs	n.a.	1.54 persons	n.a.

Women entrepreneurs in each country face a number of similar and serious barriers. The majority of women operators own micro-enterprises; live in rural areas; and they have limited access to markets, credit, information, training of any kind, business development services, technology, business networks and proper business premises. Most operate below the micro-finance ceiling; very few grow to be a small business, and even fewer to become medium or large-scale enterprises. They face gender-based barriers in society as well as in their households. They function within male-dominated, patriarchal, and tradition-oriented societies where socio-cultural dynamics determine the status of women and their differential participation in the public sphere. Dependency on male relatives, male-based policies and male-dominated markets are among the women-specific barriers to enterprise development.

These obstacles are deeply rooted in “given” perceptions of a woman’s role in society and they often find their way into the legal system, leading to the uneven application of the laws, or to the discriminatory implementation of various policies

<sup>24</sup> By 2002, the number of MSEs had grown to 2.8 million; if women’s share is still 47.7 per cent, the number of women-owned MSEs could be as high as 1.3 million.

<sup>25</sup> Extrapolation of figures from the 2003 Swisscontact report suggests there could be as many as 2.8 million MSEs in Tanzania, but the figure reported by the Ministry of Trade and Industry is 1.7 million.

<sup>26</sup> Another 1.9 million people are categorized as “invisible workers”, among which are included a large number of women (as high as 75 per cent of the total) who operate informal micro-enterprises from a home base.

<sup>27</sup> The number of women-owned MSEs could be as high as 1.15 million, depending on the base number of MSEs used in the calculation. This discrepancy is discussed further in the Tanzania report.

and programmes. Persistent gender-based biases exist. Women have less access to education and skills training, are often restricted from holding title to property (which impacts on their ability to borrow from banks without the consent of their husbands), and are restricted in their mobility due to child-care and household responsibilities, as well as the practice of having to gain permission from their husbands to travel. In some cases, women are further restricted from networking with men in a business environment, and this seriously impedes their ability to access information, markets and business services. Even in cases where gender equality policies exist, enforcement of these policies is weak and cultural practices often prevail.

Two of the most serious barriers to the growth of women's enterprises in Ethiopia, Kenya and Tanzania are these gender-based inequalities in the systems associated with the legal, matrimonial, and cultural institutions, coupled with the prevailing stereotypical images of the "African woman entrepreneur".

All of this points to a significant "missing middle" in the financial support available to enable women entrepreneurs to grow beyond the informal and micro level of enterprises, to become small and medium enterprises.

### **3.4 Gender Equality and Women's Entrepreneurship**

Attention to gender equality issues is gaining momentum in all three countries. 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.<sup>28</sup> To implement the policy, the Government of Ethiopia established a Women's Affairs Department in all government organizations at the department level. The role of these Women's Affairs Departments, among other things, is to create favourable conditions for effective implementation of the policies relating to women's affairs as issued by the government organizations, and to assess whether policies, programmes, and development plans have given due consideration to safeguard the benefits to women.<sup>29</sup>

In Tanzania, gender mainstreaming is a key theme within all Government departments and programmes and a gender policy has been adopted since 2000.<sup>30</sup> Gender mainstreaming merits particular attention in the national SME Policy, adopted in 2003.<sup>31</sup> During 2003-2004, the ILO's WEDGE team in association with the Ministry of Industry and Trade SME Section (MIT-SME) has been implementing training to ensure equal access of women and men to

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<sup>28</sup> "National Policy on Ethiopian Women", Office of the Prime Minister, The Transitional Government of Ethiopia, Addis Ababa, September 1993.

<sup>29</sup> Ibid. pp. 39-41.

<sup>30</sup> Government of the United Republic of Tanzania (2000), Women and Gender Development Policy, Ministry of Community Development, Women's Affairs and Children, Dar es Salaam

<sup>31</sup> Government of the United Republic of Tanzania (2003), Small and Medium Enterprise Development Policy, Ministry of Industry and Trade, Dar es Salaam

opportunities, resources, and assistance within the new Policy, so they may overcome the challenges they face in starting, managing and growing their enterprises. This approach is known as the FAMOS Check – standing for “Female And Male Operated Small enterprises” – and the approach systematically assesses the appropriateness and effectiveness of various business support components in relation to how they address the needs of both female and male entrepreneurs in the country.

Although the Kenyan MSE support infrastructure may be better developed than in Ethiopia and Tanzania, there is little evidence that the role of women entrepreneurs in the MSE sector in Kenya is more advanced. According to Kinyanjui & Munguti (1999), the Kenyan government must undertake concerted efforts to address gender equality issues in the cultural and legal environment. They recommended that specific attention must be paid to changing laws pertaining to land ownership and inheritance which are prejudicial to women, as well as to educating and informing women about their human rights, and eliminating negative social-cultural practices and attitudes towards women. These authors also stress that while the government has committed itself to a gender-sensitive policy, gender disparities continue to exist in relation to women’s access to and ownership of land, jobs, education, and financial resources, as well as their participation in decision-making. As a consequence, it is necessary to build capacity for effective gender mainstreaming within the Government, in the private sector and within communities by legislating a national policy on gender.<sup>32</sup>

### **3.5 The Stereotyping of African Women Entrepreneurs**

Women in the MSE sector suffer dramatically from stereotypical images. Richardson, Howarth & Finnegan (2004) discuss how these generalizations are problematic. The vivid picture of African women’s businesses painted in previous research is as follows:

*“(They are) informal entities based on limited ideas, within marginal sectors, and micro in size because of women’s lack of resources. The profiles also refer to women entrepreneurs’ limited motivation and their focus on local markets. These labels are not necessarily unique to or typical of women entrepreneurs, and one can apply many of these descriptions to men in business. However, they are strongly associated with women and as such promote a predominantly inferior profile of women’s businesses as having fewer ingredients for success ... and being marginal and weak when compared to those of men” (Richardson et al., 2004 forthcoming, p. 26).*

A woman entrepreneur in the African context conjures up the image of a poor, uneducated woman, with few if any of her own assets, and limited means of

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<sup>32</sup> Kinyanjui & Munguti, 1999, p. 153.



accessing necessary resources from others. She has been portrayed as someone with limited or no experience of formal employment and business, limited networks, especially business-related networks, and is not highly or positively motivated towards business ownership.<sup>33</sup> Her business is likely to be informal and micro, with inappropriate premises, in a “feminized sector”, operating in restricted locally-based markets, undercapitalized with limited profits, making minimal use of new technology and with limited potential for growth.

However, women entrepreneurs are far from an homogeneous group. Qualitative research descriptions of women who own micro as opposed to small or growth-oriented enterprises suggest at least three distinctive profiles (UDEC, 2002; Richardson et al., 2004).

- (i) Women who operate in the micro-enterprise sector tend to have lower education, are less formal, have little prior work experience, and are initially driven into self-employment by economic necessity. Many are also “heads of households”, so they do not have a husband’s income or complementary asset base.<sup>34</sup>
- (ii) Women who operate small enterprises (with more than five employees) tend to be better educated (at least the secondary or diploma level credentials), are more likely to have had previous management experience or prior enterprises, are likely married to husbands who support their entrepreneurial undertakings (often lending them the start-up capital for their enterprises), and in many cases grew up in entrepreneurial families where they were exposed to business from an early age. This means that their level of exposure to entrepreneurial skills, business dealings and networks, as well as self-confidence, is much greater than for the micro-enterprise group.
- (iii) Women with medium and large enterprises are more likely to have grown up in an entrepreneurial family; to be university educated (often abroad) and travelled; have experience working in a large corporation or a previous venture; to be married to a supportive and successful husband, and have munificent networks. Thus, they have more of the assets and resources necessary to start and grow businesses.

This stratification of different segments of women entrepreneurs in the MSE sector was also evident in each of the three countries covered by this paper and is discussed more fully in respective country reports. This is not meant to say that a woman in the micro-enterprise sector cannot make the transition of her enterprise to the SME sector. But being born into a certain socio-economic class within the African context, may contextually limit the possibilities open to her. Indeed, overall it can be seen that women face many obstacles and constraints

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<sup>33</sup> Richardson, Howarth & Finnegan, 2004 forthcoming, pp. 20-21.

<sup>34</sup> According to UDEC, 2002, 56% of Tanzanian women entrepreneurs in the MSE sector are heads of households.

that impede their efforts to grow beyond the micro stage. During the field visits, meetings were held with women entrepreneurs in all of the three enterprise segments illustrated above. From their case histories, it was evident that women take different paths to growth, often growing “horizontally” rather than “vertically”, owning more than one business simultaneously. Unable to secure financing beyond the ceiling imposed by micro-finance institutions or the capacity of their ‘savings group’, women in the micro-enterprise sector often incrementally pursue a number of tiny ‘niche’ opportunities identified within their own community in order to increase their revenue base. (An example would be the Ethiopian micro-finance success story as illustrated in Box 1 of the Ethiopian report.) It should be noted that some women expressed their preference for growing “horizontally” as a specific business growth strategy for diversifying risk: if things are not going well in one business, they have another business to rely on.

Richardson et al. (2004) concluded that the phenomenon of women entrepreneurs in “growth” enterprises challenges the predominant stereotypical image of African women entrepreneurs as being “micro”, “informal sector”, and “subsistence operators”.<sup>35</sup> Although the prevalence in the three countries is low, and the visibility of their firms even lower, clearly examples of women in growth enterprises exist. The key challenge for governments and development partners (including the ILO and AfDB) is to help more women grow beyond the micro-enterprise level into small and medium-sized firms. In the short term, the target group with the greatest growth potential may be those women who are already operating micro, small and small-to-medium enterprises and who have demonstrated some business growth characteristics, such as formal registration, employment expansion, export experience, and so on. An additional target group is young women currently in the post-secondary education system (university or technical institute programmes) with the human capital base to start enterprises with higher growth potential.

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<sup>35</sup> Richardson, Howarth & Finnegan, 2004 forthcoming, p. 63.

## Part Two

### Application of the Integrated Framework

#### **4. IDENTIFYING POLICY/PROGRAMME MEASURES TO SUPPORT WED**

The main objective of the field visits to Ethiopia, Kenya and Tanzania was to obtain information that would enable an assessment of the strength of the support environment for the development of women's enterprises, particularly to promote future growth. The application of the integrated framework (Figure 1) was guided in its application by a list of questions for each of the framework's component: namely, policy coordination and leadership; promotion; financing; training and mentoring; business support and information; associations and networks; premises; regulatory and legal environment; and research (see Annex 3). The lists of questions that were developed served to highlight where gaps existed and where further actions would be required. It should be noted that it was not expected that any one individual government would be able to answer "yes" to all of the questions in the list, and several might have to qualify the extent to which actions were being implemented in particular areas. Nevertheless, the list provides a useful template for assessing the degree to which women are taken seriously as a target group for MSE support, and the extent to which integrated actions are already underway and in place.

The outcome of this assessment is a series of recommendations and good practices specific to each of the three countries, and these have been itemized in detail in the respective country reports. What follows is a discussion of the overall observations of the activities found in all of the three countries as they relate to each of the framework components, along with a summary of the recommended actions.

It is important to remember that the framework's components are interconnected, and that actions may be necessary in each area to affect the desired changes in the environment for women entrepreneurs generally, and for growth-oriented enterprises specifically.

##### **4.1 Policy Coordination and Leadership**

The list of questions in Box 1 can be used to assess the strength of policy coordination and leadership in support of women entrepreneurs. Based on international experiences and best practices, essential to the implementation of an integrated framework are: (i) the specification of women as a target group in the government's MSE or entrepreneurship policies, and (ii) the presence of a focal point for women's enterprise development within government.

The focal point mechanism can take different forms. In the case of the United States, it is the Office for Women's Business Ownership within the US Small Business Administration (SBA). In fact, support for women entrepreneurs is protected under an act of the US Congress, the Women's Business Ownership Act (1988). As stated earlier, other countries have also passed acts to ensure provision of special programmes and services to meet the needs of women-owned firms. In the United Kingdom, women's entrepreneurship is led by the

**Box 1 Checklist for Assessment of Policy Coordination and Leadership**

- ❑ Have women entrepreneurs been identified as a specific target group in the government's MSE policies?
- ❑ Is there a focal point within government for women's enterprise development?
- ❑ 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?
- ❑ 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?
- ❑ Are regular meetings of partner organizations (e.g., government, NGOs, donors, BDS providers, lenders) convened to share good practices, review progress, and identify areas for coordinated action?
- ❑ Are the views of women entrepreneurs actively sought regarding the development of MSE policies in the country?
- ❑ Are women entrepreneurs' associations represented on government MSE advisory and other bodies?
- ❑ Are performance measures in place to monitor progress in development of the women's enterprise sector?
- ❑ 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?

Ref: Stevenson & St-Onge, 2003

Women's Unit of the Cabinet Office, and support programmes are delivered by the Small Business Service of the Department of Trade and Industry under the guidance of the policy framework (2003). The higher the level of the focal point on women's entrepreneurship within government, the more serious any government's efforts will be to capitalize on the economic contributions of women-owned firms.

There are some strengths and several weaknesses in the area of policy coordination and leadership in the three study countries (see Table 3). Only one government has a dedicated focal point on women's MSEs – the Women's Affairs Department within the Ethiopian Ministry of Trade and Industry (MoTI-WAD). The Head of MoTI-WAD reports directly to the State Minister and has a mandate to ensure that the Ministry acts in favour of women entrepreneurs. Although Ethiopia is the best practice example in this area, MoTI-WAD is weakly resourced with only two employees, and is in need of additional resources to fully implement the range of initiatives necessary to improve the operating environment for women entrepreneurs.

In Tanzania, women entrepreneurs' projects and gender issues are

managed by an officer located in the SME Section of the Department of Industry (Ministry of Industry and Trade) – an officer who has responsibilities for other files and tasks. Women have been identified as a target group in Tanzania’s SME strategy, but there is limited evidence of specific measures for addressing women’s enterprise development in various drafts of the SME policy implementation plan. Nevertheless, the ILO’s WEDGE project in Tanzania has been working with the Ministry to enhance the implementation and application of the SME policy to both female and male operated small enterprises.

In Kenya, various draft MSE policy documents produced during 2003 and 2004 state that efforts will be made to contribute to women’s equal access to finance and other resources, but there is little evidence of concrete strategies to do so, and as yet there is no dedicated focal point on women’s enterprise to ensure that this will be done. Since the new MSE policy framework for Kenya has not yet been ratified (at the time of writing), there may still be an opportunity to develop an integrated approach to ensure and enhance the greater contribution of women to the government’s MSE and economic growth strategies.<sup>36</sup>

**Table 3: Observed Country Conditions – Policy Coordination and Leadership**

Framework Category	Ethiopia	Kenya	Tanzania
• Focal point for women entrepreneurs	MoTI-WAD – dedicated focal point, but weakly resourced	Not evident – but a Gender Unit existed previously	Weak (part of one SME Section officer’s time)
• Women identified as target group in MSE policy	Yes	Yes	Yes
• Concrete measures specified to develop women’s enterprise	Some	Nothing substantial	Weak – some underway
• Measures focus on stimulating growth in women-owned MSEs	Not evident	Not evident	Not evident
▪ Inter-ministerial mechanisms for monitoring support for women-owned MSEs and the gender impact of policies	Yes	Not evident	Not evident
▪ Gender mainstreaming a priority of government	National Policy on Women; WADs in each ministry monitor the impact of government policies on women	Not evident	National Policy on Gender; Workshops are delivered to gender mainstream SME policies. Use of ILO’s FAMOS <sup>37</sup> Gender Audit

<sup>36</sup> The ILO’s WEDGE team has made several inputs into the MSE policy formulation process, and where possible these have been incorporated by the DMSED

<sup>37</sup> FAMOS is the acronym for Female And Male Operated Small enterprises, a gender audit tool developed out of the work of the ILO-WEDGE project in Tanzania. This has been adapted from the ILO’s Gender Audit toolkit, as developed by the ILO’s Gender Bureau.

			Tool.
<ul style="list-style-type: none"> <li>▪ Women entrepreneurs represented on government MSE advisory committees</li> </ul>	Yes	Yes	Limited
<ul style="list-style-type: none"> <li>• Government, donors, NGOs meet regularly to share good practices and gaps in programme efforts</li> </ul>	WEDGE-Ethiopia Steering Committee	No mechanism in place	On an ad hoc basis

Clearly, the presence of the ILO-WEDGE Programme in Ethiopia and Tanzania has stimulated an accelerated momentum around the issue of women's enterprise development. The research that has been commissioned by the ILO in these countries has raised the level of awareness of the situation facing women entrepreneurs at all levels of their development, and it has helped to build the foundation for further concerted efforts and support actions in favour of women entrepreneurs, as indicated in Table 3 above. It would be beneficial for the ILO's WEDGE team – with continuing support from Irish Government funding – to develop a programme and partnership with the Kenyan Government in terms of focusing efforts on supporting Kenya's women-owned MSEs.

In terms of recommendations (see Table 4), the Government of Ethiopia is advised to add three to five staff members to the existing and important MoTI-WAD complement, and governments in Tanzania and Kenya are advised to establish focal points for women-owned MSEs by creating Offices of Women's Enterprise Development (OWED). The OWEDs would be tasked with all issues pertaining to the development of women's enterprise development in the country, including research; advocacy efforts on behalf of women-owned MSEs with other ministries and departments; negotiation with donors for strategic support in favour of the development and growth of women-owned enterprises; and fostering an enabling environment to alleviate the barriers women face in their MSE activities. The OWED would also be responsible for spearheading initiatives to ensure gender mainstreaming (and monitoring and evaluation) in all MSE policies, programmes and networks.

Ethiopia stands out in terms of its inter-ministerial process for monitoring the impact of all government policies on the situation of women (e.g. having Women's Affairs Departments of each ministry), and in the conduct of a public-private sector forum for discussing issues relevant to the development of women's enterprise, the ILO WEDGE-Ethiopia Steering Committee. This 13-member group is chaired by the State Minister of Industry and includes representatives of the ILO, MoTI, Ministry of Labour and Social Affairs (MoLSA), trade unions, employers' organizations, NGOs, women's associations and women entrepreneurs' associations. The Committee meets quarterly to review work plans and progress reports and to discuss future actions and strategies. In

addition in Ethiopia, the GTZ's<sup>38</sup> MSE programme also organizes an annual event to review aspects of women's entrepreneurship development in Ethiopia.

Governments in Kenya and Tanzania should establish similar inter-ministerial committees to work across the lines of government agencies and donors so as to foster the growth and development of women's businesses, and advocate at all levels of government to ensure that the implementation of the gender equality policies is laid out in their respective MSE policies.

An important part of coordinating women-sensitive policy efforts in the three countries is gender mainstreaming, a priority of the ILO's WEDGE programme. In this respect, the ILO's WEDGE activities in Tanzania are more advanced. As part of efforts to offer gender mainstreaming workshops for government officials, NGOs, and other members of the MSE support environment, ILO-WEDGE Tanzania has developed a gender audit tool, known as the "Female and Male Operated Small enterprises" (FAMOS) Check, that can be used to monitor how specific interventions are reaching and impacting on both women and men. It is a service quality check for business support agencies to enable them to check (for themselves) how well they are serving the needs of female and male operated small enterprises – FAMOS. Use of the FAMOS Check should be adopted by governments and support agencies in both Ethiopia and Kenya, and efforts made to implement a series of gender mainstreaming workshops for various MSE stakeholder groups.

Each of these three countries suffers from a lack of systematic data and research on the state of women in the MSE sector, as well as a lack of information on support initiatives targeting women's enterprise development. "Fact sheets" and reports outlining the contributions of women-owned MSEs to the economy, as well as the barriers they face in trying to grow their enterprises, are important tools in advocating for changes within other sections of government and within other agendas of the donor community. An inventory of current initiatives, whether implemented by donors, local governments or NGOs, would be useful to all parties when attempting to develop longer-term, strategic and coordinated approaches to increasing the percentage of growth enterprises led by women. In addition, this inventory would be useful in identifying good practices, sharing what works and what doesn't, and highlighting significant gaps. The end result would be reduced overlap and a more cohesive programme effort.

Finally, women entrepreneurs and their associations need to be consulted during the process of developing MSE policies, and they should be represented on government MSE advisory boards and committees. In some cases this is happening, particularly in Ethiopia. But in Tanzania, women entrepreneurs' associations are not represented on the National Business Council and, unless the appropriate advocacy efforts are put into place, women-owned MSEs may end up being under-represented on the proposed new SME Forum.

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<sup>38</sup> The German Government's technical cooperation support agency that deals with MSEs



**Table 4: Policy Coordination and Leadership: Summary of Recommended Actions**

<b>Ethiopia</b>	<b>Kenya</b>	<b>Tanzania</b>
<p><b>i) Employ additional staff in the Women's Affairs Department of the Ministry of Trade and Industry (MoTI-WAD). ***</b> Lead: MTI</p>	<p>No existing focal point and no resources allocated.</p>	<p><b>i) Staff a position responsible for women's enterprise</b> to develop a work plan to foster growth-oriented women entrepreneurs and work with partners on implementation. *** Lead: MIT</p>
	<p><b>i) Establish a government Office of Women's Enterprise Development (OWED). ***</b> Lead: MoLHRD</p>	<p><b>ii) Establish a government Office of Women's Enterprise Development (OWED). **</b> Lead: MIT</p>
<p>(The mechanism for an inter-ministerial committee already exists through the Women's Affairs Departments on each ministry.)</p>	<p><b>ii) Establish an inter-ministerial committee on women's enterprise</b> to ensure implementation of the gender equality policies laid out in the various drafts of the 2003 Sessional Paper. Lead: DMSSED (of MOLHRD).</p>	<p><b>iii) Establish an inter-ministerial committee on women's enterprise</b> to ensure implementation of the gender equality policies laid out in the 2003 SME Implementation Framework. Lead: MIT-SME Section.</p>
<p><b>ii) Report on the state of women's enterprise in Ethiopia. ***</b> Distribute widely among stakeholder groups to create more awareness of the needs and concerns of women entrepreneurs and help shape coordinated strategic actions. Lead: MTI with Central Statistics Authority; funding provided by donors.</p>	<p><b>iii) Conduct systematic research on the state of women in the MSE sector. ***</b> To underpin advocacy positions geared to improving the operating conditions of women-owned MSEs and to foster their growth.  Lead: DMSSED with the Central Bureau of Statistics; donor funding.</p>	<p><b>iv) Conduct systematic research on the state of women in the MSE sector. ***</b> To underpin advocacy positions geared to improving the operating conditions of women-owned MSEs and to foster their growth.  Lead: MIT with the government's statistical agency; donor funding.</p>
<p><b>iii) Prepare an inventory of initiatives targeted to women-owned MSEs. ***</b> Lead: MoTI-WAD with donor funding.</p>	<p><b>Compile an inventory of initiatives targeted to women-owned MSEs. ***</b> Lead: DMSSED.</p>	<p><b>Compile an inventory of initiatives targeted to women-owned MSEs. ***</b> Lead: MIT-SME Section.</p>
		<p><b>v) Ensure participation of women entrepreneurs on the National Business Council and the SME Forum. **</b> Lead: MIT-SME Section; FAWETA.</p>
<p><b>iv) 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. ***</b> Lead: MoTI-WAD, WEDGE Steering Committee.</p>	<p><b>iv) Hold donor-government meetings to discuss women's enterprise development as a strategic priority. **</b>  Lead: DMSSED, ILO, AfDB</p>	<p><b>vi) Set up a Donor Advisory Committee (DAC) Sub-group or as part of BEST, on the issue of women's enterprise development as a strategic priority. **</b>  Lead: MIT-SME Section.</p>
<p>Broadly share the good practice outcomes from the ILO-WEDGE Programme with all regions of Ethiopia with a view to replication at the local level. *** Lead: WEDGE Steering Committee; ILO Regional Office.</p>	<p><b>Extend ILO's WEDGE support to Kenya.</b>  Lead: ILO's WEDGE team &amp; DMSSED</p>	

\*\*\* = immediate priority; \*\* = short-term priority; \* = medium-term priority

## **4.2 Promotion of Women as Entrepreneurs**

The overall entrepreneurship culture in the three countries is considered weak. Although MSEs are acknowledged as being important to the economic development of the country, most small-scale entrepreneurs start their enterprises out of necessity – if they could find employment, they would prefer to have the security of a paid job. Therefore, although there is a strong need to promote the role of entrepreneurship for women and create more awareness of their contributions to the economic base, there is an equivalent need to promote entrepreneurship in general as a feasible, viable and attractive employment activity, one that is suitable for both women and men.

At the present time, the more sophisticated forms of entrepreneurship are viewed more as a male domain, and women's entrepreneurship in the three countries is subject to negative stereotypes. When one speaks of the "woman entrepreneur", the immediate image that comes to mind is a woman selling vegetables in a market stall. One rarely imagines a woman entrepreneur in a growth-oriented firm, creating employment for others, and producing quality products and services for international markets. Basically, women's enterprise is associated with poverty reduction at a subsistence level. Women's contribution to entrepreneurship is not only undervalued and overlooked, but it is often invisible. There is very limited awareness of credible role models of growth-oriented women entrepreneurs. For this reason, the ILO's WEDGE team has produced a set of video films on women entrepreneur role models in Ethiopia, Tanzania and Zambia (as well as in Pakistan), and these are a welcome contribution in this respect. In addition, the high profile "Month of the Woman Entrepreneur" in Ethiopia (March 2004), which was assisted as part of the ILO's WEDGE-Ethiopia project, has also made a significant contribution to promoting a more positive image of women entrepreneurs among policy-makers, support agencies, the media, the general public and even among women entrepreneurs themselves.

Activities to support the broad-based promotion of women entrepreneurs in Ethiopia, Kenya and Tanzania are in the infancy stage; much work of an imperative nature remains to be done. Questions used in assessing this challenge appear in Box 2.

**Box 2 Checklist for Assessment of Promotion of Women as Entrepreneurs**

- ❑ Is there broad-based public awareness of and support for the role of women entrepreneurs in the economy?
- ❑ Is entrepreneurship considered a feasible, viable and attractive option among women?
- ❑ Are women entrepreneurs valued for their contributions to the MSE sector?
- ❑ Is there a high level of awareness of women entrepreneurs in growth enterprises?
- ❑ Is there a supply of women entrepreneurs who can act as credible role models? Are these promoted?
- ❑ Are there initiatives in place to recognize and celebrate the achievements of women entrepreneurs?
- ❑ Is the media used to stimulate interest in and promote the activities of women entrepreneurs?

Ref: Stevenson & St-Onge, 2003

The influence of credible role models is widely recognized as an important factor in one's propensity to start an enterprise (Reynolds et al., 2002). The closer the role model matches the profile of the group to be influenced, the more effective role modeling becomes. Women are more likely to be influenced by the experiences of other women, and need to see positive images of women entrepreneurs reflected in mainstream media, as well as stories of their strategies and successes in overcoming obstacles. There are a number of ways to portray these positive images – through video documentaries; newspaper features and other forms of print publications; through radio and television media; and through high profile public events, such as conferences, awards and recognition programmes, and "Month of the Woman Entrepreneur" events. The purpose of these promotional activities is not just to influence the behaviour and attitudes of other women, but also to

challenge societal stereotypes and to affect changes in public and cultural support in favour of women as entrepreneurs.

In the good practice countries identified in earlier research in developed countries, a range of measures is employed to promote women's entrepreneurship (Stevenson & Lundstrom, 2002). In countries where there is a significant amount of public promotion of women entrepreneurs, the environment for women entrepreneurs tends to be more munificent. This supportive environment is extremely important in enabling women entrepreneurs to mobilize the resources and networks they need to create and grow viable enterprises. Public messages reinforcing the role of women as entrepreneurs and the promotion of role models serve to raise the visibility, credibility and legitimacy of women's economic activity.

The most advanced of these three countries in terms of promoting women entrepreneurs is Ethiopia (see Table 5). With support from ILO's WEDGE team, the MoTI-WAD has produced and launched a documentary film on women entrepreneurs (*Ethiopian Women Entrepreneurs: Striding with Confidence and*

*Poise*), together with a companion guide; supported the launch of a weekly radio programme, “Setoch Be-Nigd Amba”<sup>39</sup> to feature information, interviews, and phone-in elements relevant to women-owned MSEs; and inaugurated a Women Entrepreneurs’ Month in November 2002, during which time conferences, workshops, and trade fairs were held to create a greater profile for women entrepreneurs and their products and services. This event was taken to a much higher level of activity during March 2004 as the “Month of the Woman Entrepreneur” in Ethiopia, and it is planned that this should become part of the MoTI-WAD’s annual activities.

**Table 5: Observed Country Conditions - Promotion and Role Models**

Framework Category	Ethiopia	Kenya	Tanzania
• Cultural support for women’s entrepreneurship	Weak	Weak	Weak
• Efforts are in place to create awareness of women in SME sector and to promote role-models	Yes	Not evident	Yes
• Video documentaries on women entrepreneurs	<i>Striding with Confidence and Poise (ILO-WEDGE)</i>		<i>A Women’s Golden Hands (ILO-WEDGE)</i>
▪ Media is used to promote women’s entrepreneurship	Weekly radio programme, “Setoch Be-Nigd Amba” Addis Ababa pilot (assisted by ILO-WEDGE)	Not evident	Not evident
▪ National day/week/month of recognition	Declaration of Month of the Woman Entrepreneurs; several national trade fairs to promote women’s products	Not evident	Not evident, but women assisted in trade fair participation
▪ National/regional conferences	Regional events during first Women Entrepreneurs’ Month (November 2002) and during March 2004		National conference organized by ILO and UDEC, November 2002.
▪ Profiles of Success publications	Produced for March 2004 events, with extensive media coverage; GTZ web-based profiles of Wes	Not evident	Not evident

<sup>39</sup> Setoch Be-Nigd Amba translates as “Women in the Business Arena”.

• Awards programmes for women entrepreneurs	Not evident	Not evident	Not evident
• Newsletters profiling women's enterprises	Yes	Yes, but not widely disseminated	Yes, but not widely disseminated

In Tanzania, too, the ILO has produced a video, *Tanzanian Women Entrepreneurs: A Woman's Golden Hands*, which will be launched along with a companion guide in 2004. But, these promotional efforts are very recent and will require sustained commitment over time to produce the desired result of changing the cultural environment for women entrepreneurs. There is no evidence of any systematic efforts in Kenya to promote women entrepreneurs; officials can learn valuable lessons from Ethiopian and Tanzanian experiences in the production of a documentary video on women entrepreneurs, the weekly radio programme (in Ethiopia), and the "Month of the Woman Entrepreneur" (Ethiopia, March 2004).

Several actions are recommended in the area of promoting women entrepreneurs (see Table 6). To significantly raise awareness of the contributions women are making to the economy through their MSE efforts, and to recognize their achievements, an annual awards programme for women entrepreneurs should be implemented in each country. Such national programmes in Canada, the US and a number of other countries, combined with gala awards events and conferences for women entrepreneurs, have proven very effective in achieving these objectives. The African Women Entrepreneurs' awards programme could be sponsored by various governments (e.g. President's award), in partnership with women entrepreneurs' associations (WEAs), local governments, donors, and even the corporate sector.<sup>40</sup> A call for nominations for different categories of awards would be made through local MSE networks in all parts of a country. Finalists could be celebrated at the regional (sub-national) level, and winners announced and recognized at a national event. Profiles of finalists and winners can be used as credible role models, and the women themselves can be identified as mentors to assist novice women entrepreneurs.

Because there is very little evidence of an inventory of women entrepreneurs in the three countries, and the challenge of "breaking the stereotypical image" of the African woman entrepreneur is so severe, it is recommended that an initiative be undertaken to identify the "top 20 women entrepreneurs" in each country and to publish their profiles on an annual basis. To illustrate this point, published lists of the Top 100 Canadian Women Entrepreneurs and Top 100 Women Business Owners in the US have significantly changed the public perception of women's role in entrepreneurship in these countries.

Conferences for women entrepreneurs should be organized to transfer knowledge and skills, facilitate networking and promote the exchange of

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<sup>40</sup> It is noted that the magazine, African Entrepreneur, has designated awards to successful women entrepreneurs.

experiences among women. These could be partnered with (national and local) WEAs, and combined with trade fairs so members have the opportunity to create a greater profile for their enterprises, as well as generate sales.

Modelled after the good practice in Ethiopia, both Kenya and Tanzania should examine the merits of declaring a “Month for Women Entrepreneurs” and engage a range of partners in hosting events and activities to celebrate the achievements of women entrepreneurs in many parts of the economy.

**Table 6: Promotion of the Entrepreneurship of Women - Summary of Recommended Actions**

Ethiopia	Kenya	Tanzania
<p>i) <b>Continue</b> current promotion activities and expand across the country. ***</p> <ul style="list-style-type: none"> <li>• <b>Replicate the Addis radio programme in other regions</b> (with WEAs);</li> <li>• <b>Develop a series of ‘success profiles’ featuring women entrepreneurs</b> from a broad cross-section of enterprise situations.</li> <li>• <b>Use the <i>Women Entrepreneurs: Striding with Confidence and Poise</i> video as a training tool</b> in technical colleges and universities to orient young women towards entrepreneurship.</li> </ul> <p>Lead: MoTI-WAD under WEDGE Steering Committee in partnership with WEAs and donor organizations.</p>	<p>i) Produce a video on women entrepreneurs in Kenya based on the <b>experiences of Ethiopia and Tanzania</b>. ***</p> <p><b>Lead: DMSD, with the ILO-WEDGE Programme and the AfDB in cooperation with WEAs.</b></p>	<p>i) <b>Launch <i>Women Entrepreneurs in Tanzania: A Woman’s Golden Hands</i> video at a major press conference in Dar es Salaam</b>. ***</p> <p>Distribute copies of the video across the country for use as an educational and training tool.</p> <p>ii) <b>Develop new initiatives to profile women entrepreneur role models.</b></p> <ul style="list-style-type: none"> <li>• publish print profiles of women who have been able to secure other sources of financing and achieve growth;</li> <li>• develop a radio programme modeled after the Ethiopian pilot initiative.</li> </ul> <p>Lead: MIT-SME Section with the ILO-WEDGE Programme in partnership with WEAs.</p>
<p>ii) <b>Establish an annual awards programme for women entrepreneurs</b>. ***</p> <p>Lead: MOTI-WAD, in concert with donors, private sector organizations and WEAs.</p>	<p>ii) <b>Institute an annual awards programme to recognize its women entrepreneurs</b>. ***</p> <p>Lead: DMSD in concert with donors, private sector organizations and WEAs.</p>	<p>iv) <b>Establish an annual awards programme for women entrepreneurs</b>. ***</p> <p>Lead: MIT-SME Section, in concert with donors, private sector organizations and WEAs.</p>
<p>iii) <b>Publish profiles of the “Top 20 Women Entrepreneurs of Ethiopia”</b>. ***</p> <p>Lead: MOTI-WAD with support from the WEDGE Steering Committee, WEAs, and leading business associations.</p>	<p>iii) <b>Publish profiles of the “Top 20 Women Entrepreneurs in Kenya”</b>. ***</p> <p>Lead: DMSD with WEAs and leading business associations.</p>	<p>v) <b>Publish profiles of the “Top 20 Women Entrepreneurs of Tanzania”</b>. ***</p> <p>Lead: MIT-SME Section with WEAs and leading business associations.</p>
<p>(A “Month of Women Entrepreneurs” project is already underway in Ethiopia.)</p> <p>Lead: MoTI-WAD with WEAs</p>	<p>iv) Organize a series of conference for women entrepreneurs in regions; declare a “Month of Women Entrepreneurs” modeled after the good practice in Ethiopia. **</p> <p>Lead: MOLHRD and DMSD in partnership with FeMSEDA, ReMSEDA, and WEAs with support from donors.</p>	<p>iii) <b>Organize a series of conferences for women entrepreneurs in regions; declare a “Women Entrepreneurs Month” modeled after the good practice in Ethiopia</b>. **</p> <p>Lead: MIT-SME Section in partnership with SIDO and WEAs with support from donors.</p>

\*\*\* = immediate priority; \*\* = short-term priority; \* = medium-term priority

### 4.3 Access to Financing

The list of questions used to assess the extent of the “missing middle” of MSE financing for women is presented in Box 3. Based on the consultants’ integrated framework, Table 7 presents an overview of observed country differences in women’s access to financing in all three countries. Barriers to access of financing exist in each of them.

First of all, women-owned MSEs report a low level of awareness of micro-finance and other financing options. In Ethiopia, there is a number of micro-finance points of service, but over 90 per cent of loan activity is done in rural areas (with a large emphasis on the agricultural sector); in Kenya and Tanzania, most of the micro-finance is urban-based and rural MSEs have very limited access.

#### **Box 3 Checklist for Accessing Women’s Access to Financing**

- Do women have equal access to sources of financing for the start-up of new enterprises?
- Do special financing programmes exist to help overcome the barriers women face in accessing credit (e.g., lack of collateral)?
- Are women able to access business financing as “individual” entrepreneurs, and not just on a peer, mutual-guarantee lending basis?
- Are women able to access financing beyond the micro-finance lending limit?
- 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?
- Is financing equally available in rural and urban areas?
- 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?
- Are efforts made to improve women’s skills in negotiating for financing?

Ref: Stevenson & St-Onge, 2003

Secondly, although donor-funded micro-finance programmes exist, contrary to popular impression, women-owned MSEs are not the major recipients. Women’s share of micro-finance clients ranges from a low of 38 per cent in Ethiopia (where women are estimated to own two-thirds of the informal and micro-enterprises) to 40 to 45 per cent in Tanzania (Table 8).

Thirdly, women report that the ceiling on micro-finance loans is too low to be of much value when they want to do more than operate at a subsistence level. In fact, many women entrepreneurs indicate that low micro-finance ceilings, coupled with the lack of availability of any sources of financing to bridge the gap to conventional bank financing, is a major impediment to the growth potential of their enterprises (ILO, 2003a; 2003b). In other words, the majority of women-owned MSEs are not able to graduate beyond the micro-finance level because there is a “missing middle” of financing options.

Micro finance programmes are delivered to MSEs through a group,



mutual guarantee system, credit and saving scheme and other SACCO system often with a forced or voluntary savings requirement. This is how the overwhelming majority of women access credit. Because they do not have the resources (property, collateral) to act on an individual basis, women are forced to participate in these lending groups, and very few are individually able to access financing. Banks in general do not give favourable attention to MSE financing because of high transactions costs and perceived higher risk, plus they generally lack experience in MSE lending. In addition, women are not encouraged to go to banks for financing because they lack “track records” and are often unable to meet the bank’s collateral security requirements. This means that any growth objectives they have are impeded.

**Table 7: Observed Overall Country Conditions - Access to Finance**

<b>Framework Category</b>	<b>Ethiopia</b>	<b>Kenya</b>	<b>Tanzania</b>
<b>• Overall Access to Financing</b>			
• Start-up and micro level	Yes	Yes	Yes, but demand substantially exceeds supply.
• Growth Stage (missing middle)	No	Limited	No
• Developed Stage	Minimal, if client can meet collateral requirements.	Minimal, if client can meet collateral requirements.	Minimal, if client can meet collateral requirements.
<b>• Micro Finance Institutions</b>			
• Micro finance accessible in both urban and rural regions	No (rural)	No (urban)	No (urban)
• Lending ceilings are adequate to meet needs of missing middle	Not evident	Not evident	Not evident
• Dedicated MFIs for women	Not evident	Yes	No, but some target women
• All MFIs promote their programmes and services to women	Not evident	Not evident	Not evident
• BDS is systematically linked to MFI delivery	Not evident	Mostly not evident; exception is WEEC	Yes (e.g., SIDO, TGT, ZSRF)
• Gender sensitivity training is offered to credit officers	Not evident	Not evident	Limited
• Gender disaggregated portfolio data is reported	Yes	Not evident	Not much
<b>• Financial Institutions</b>			
• Access to credit by women-owned MSEs	Minimal	Minimal	Minimal
• Programmes are in place to help women overcome collateral constraints	Not evident	Yes (KWFT)	Not evident
• Gender sensitivity training is offered to lending officers	Not evident	Not evident	Not evident
• Women are targeted in marketing initiatives	Not evident	Not evident	Not evident
• SME loan guarantee programme exists	Not evident	Not evident	Not evident
• Women’s credit guarantee programme exists (for individual loans)	Not evident	Not evident	Not evident
• Gender disaggregated portfolio data exists	Not evident	Not evident	Not evident

There is inadequate research in the three countries with respect to women's access to financing. Sex-disaggregated data on micro-finance and bank clients is limited, if it exists at all. More efforts should be made by micro-finance institutions (MFIs) to monitor and report lending activity by women and men respectively. At the moment, the Association of Ethiopian Micro Finance Institutions (AEMFI) provides the most comprehensive data. Equivalent associations in Kenya and Tanzania should be urged to require their member MFIs to report loan activity to women (e.g. percentage of women borrowers, their percentage of total loan portfolio, average loan size, and sector of activity) as well as men.

In Kenya and Tanzania, there are some examples of women-targeted MFI funds, but not so in Ethiopia. The good practice is the Kenya Women's Finance Trust (KWFT), an affiliate of New York-based Women's World Banking (see the text box in the Kenya country report).

**Table 8: Comparisons of the State of MSE Financing in Ethiopia, Kenya and Tanzania**

	<b>Ethiopia</b>	<b>Kenya</b>	<b>Tanzania</b>
• Goal of MFI	Poverty reduction	Poverty reduction	Poverty reduction
• Regulation of MFI industry	Yes - Micro Finance Law of 1996	No - Micro Finance Bill proposed (2003)	Yes - Micro Finance Policy of 2000
• MFIs are organized in an association	AEMFI (1999)	AMFI (1999)	TAMFI (2003)
• Number of MFIs	21; 500 points of service (NGOs must be registered to collect savings, deliver credit).	150 organizations deliver MF; 130 are NGOs	Mostly delivered by NGOs; a few formal MFIs
• Geographic reach of MFI	Over 90% in rural areas	Concentrated in urban areas	Predominantly urban
• Women's share of MFI clients	38%	30-40% (est.)	40-45% (est.)
• Women dedicated MFIs	No	Yes - KWFT; WEEC; WEDCO	Yes - women's SACCO; some NGOs have a majority of women clients (TGT, Zanzibar Self-Reliance Fund)
• Most popular source of MF	MFIs, ROSCAs	SACCOs (90% of all MF); merry-go-rounds (women)	
• MFI approach	Group-based, mutual guarantee	Group-based, mutual guarantee; forced savings	Group-based; mutual guaranteed
• MFI loan ceiling	Birr 5,000 (US\$550); Well below the start-up loan needs of higher potential enterprises.	Not specified	TShs 500,000 (US\$500)
• Government SME loan programmes	Not evident	Not evident	Yes, SIDO
• Development of banking sector	Not well developed; three public and six private banks.	Lots of commercial banks; some of them international banks	Limited number of banks; limited branch networks
• Banks do lending to	Not much; high	Not much; high	Not much; high

MSEs	transaction costs; limited experience lending to MSEs.	transaction costs; limited experience lending to MSEs.	transaction costs; limited experience lending to MSEs
• Banks do individual lending to women-owned MSEs	Lack capacity; consider women high risk; women less likely to meet collateral security requirements.	Consider women a high risk; women less likely to meet collateral security requirements.	Consider women a high risk; women less likely to meet collateral security requirements.
• Banks have Micro-Finance Units	Yes, four of the nine banks have pilots		Four banks lend to MSEs with special MF programmes
• Attempts exist to fill 'missing middle' of financing for growth MSEs	Yes – new EU Micro Finance Fund; AfBD Fund (no allocation for women's enterprises).	Yes, K-REP products; Juhudi Chikola (Kshs 25,000 to Kshs 500,000); Kahiti service for medium enterprises (Kshs 100,000 – Kshs 1m.)	Not evident

In Kenya, Women-owned MSEs are working out their own “savings group” solutions to the growth financing challenge (e.g. the National Association of Self-Employed Women of Kenya (NASEWK) and the United Women’s SACCO). However, the capacity of these organizations to expand their activity is limited by lack of administrative resources.

In terms of recommended actions, finding a way to release more capital for the financing of women’s enterprises is a priority (see Table 9). First of all, the approach to micro-finance needs to be reoriented – away from poverty reduction to MSE development and growth. Governments should raise the ceiling on micro-finance lending limits, and MFIs should set targets for reaching women-owned MSEs. However, this will be insufficient action to address the financing needs of all women entrepreneurs. Options to make more financing available to women range from: establishing new MFIs for women; setting up a Women’s Loan Guarantee Fund delivered through the banking institutions (and guaranteed by governments or Development Banks, including the AfDB); creating a Women’s Enterprise Bank<sup>41</sup>; and requiring banks to allocate a certain portion of their portfolio for lending to individual women MSE clients. The most well-developed and specific recommendation to release more capital to growth-oriented women entrepreneurs, is indicated in the recommendations in the Kenya country report.

Given the specific collateral constraints faced by women who have outgrown the micro-finance lending levels, the recommended approach is to implement a loan guarantee programme, delivered through the banks. This solution would address the collateral issue and other impediments to growth, such as the need for a broader variety of loan products (e.g. operating lines, quasi-equity) and access to training, counselling and technical assistance, through an integrated financing approach involving local financial institutions, women entrepreneurs’ associations, the AfDB, ILO, and other development organizations and donors.

<sup>41</sup> Proposals for the establishment of a Women’s Bank have been developed by the MoTI-WAD in Ethiopia and the National Council on Women in Kenya. Discussions on the modalities of such an initiative are underway. An opportunity exists for donors and international development agencies and banks to assist these initiatives in meeting their capitalization requirements.

The objective of the programme would be fourfold:

- (i) To provide technical and financial support to women-owned very small (VS) SMEs that have growth potential, and to participating banks, development finance institutions (DFIs) and MFIs;
- (ii) To develop synergies among stakeholders;
- (iii) To build the capacity of women entrepreneurs' associations (WEAs) and their members;
- (iv) To raise awareness among potential partners (WEAs, business associations, financiers, policy-makers, etc.) on the economic impact of supporting the development of women-owned enterprises.

The programme would have three components: a financing mechanism, a guarantee scheme and a technical assistance scheme.

#### **A. Global Financing Mechanism (GFIM)**

The Global Financing Mechanism would provide lines of credit to consortia of commercial banks, development banks (DFIs) and MFIs for on-lending to women in three designated target groups – (i) women in micro-enterprises with growth potential beyond the micro-finance level; (ii) women who want to grow within the small enterprise level; and (iii) women who want to grow into medium-size enterprises. To provide more flexibility in meeting the growth financing needs of women entrepreneurs, a quasi-equity credit facility would be put into place, which would effectively be a deferred loan instrument where principal payments start after a grace period (to be determined) or after the loan provided by the financial institution has been paid.

#### **B. Global Guarantee Scheme (GGS)**

A Global Guarantee Scheme would support:

- (i) a partial guarantee to be provided to one financial institution of the consortium to enable it to become a partial guarantee provider to the other financial institutions for their loans to growth-oriented women entrepreneurs;
- (ii) the development of a Co-guarantee Community Banking Scheme. The scheme would operate on a "group responsibility" basis, and collateral would not be a prerequisite to obtaining a loan. Other criteria used for determining a loan package would be moveable assets (machinery, equipment, or purchase agreements), personal guarantees, and the co-guarantees of members of the borrower's business group/association by way of mutual pledging of their collective savings.

Although the “very small” and small and medium enterprises have access to small loans provided by a range of organizations, these loans are small and do not support the growth of women-owned enterprises who are highly constrained by guarantee and collateral requirements. The Co-guarantee Community Banking Scheme would be designed to ensure financial and institutional viability (i.e. the sustainability of the services to be provided by the scheme and its support to the growth of the beneficiaries).

### **C. Technical Global Assistance Facility (TGAF)**

To mitigate the risk of the Guarantee Programme in financing new enterprises with growth potential as well as the growth plans of existing MSEs, a Global Technical Assistance Facility would be established to:

- (i) Address the technical deficiencies of clients during the first 2 years of the business by providing women clients of the Guarantee Programme with management skills and training to enhance their ability to prepare business plans, carry out loan negotiations and other prerequisites, as well as to monitor the performance of their businesses under the programme (one example is the ILO’s new Expand Your Business – EYB – programme);
- (ii) Reinforce the technical and institutional capacity of women entrepreneurs’ associations to provide business development services (BDS) to their members;
- (iii) Reinforce the technical capacities of the financial institutions’ programme partners to manage and promote such a scheme.

This component would consist of three elements:

- (a) A programme package developed by the ILO’s WEDGE team in order to provide financial institutions’ partners with the institutional and technical skills to perform the management of the programme internally;
- (b) A mentoring facility for the target group(s) of women entrepreneurs;
- (c) Technical assistance to be provided to the financial institutions’ partners in the programme to enable them to develop and run specific financial services, as well as to manage and promote such a scheme.

This is a concept that is attractive to the AfDB and could be supported by development finance institutions (DFIs) in East African countries.

Any new efforts to improve women’s access to financing must be accompanied by training in MSE development and enhanced gender-sensitivity of credit officers. In addition, actions should be taken to improve women entrepreneurs’ level of awareness and understanding of financing types and sources, as well as

their level of skill in preparing financing proposals and negotiating with lenders. A “Financing Guide for Women Entrepreneurs” should be produced in each country and distributed to women-owned MSEs, along with seminars organized on accessing financing.

Finally, governments should engage banks in dialogue regarding the need to release more capital to small and medium-sized enterprises, as well as expand their range of financing products and delivery mechanisms to SMEs, and to women in particular. Financial institutions should be called upon to develop and improve their services for women entrepreneurs, develop greater sensitivity among credit officers, and improve their outreach and communication skills with women clients. Governments should set targets for banks in terms of the percentage of their loan portfolio dedicated to women entrepreneurs, and involve women entrepreneurs and their associations in the dialogue on issues related to MSE financing.

**Table 9: Women's Access to Financing – Summary of Recommended Actions**

Ethiopia	Kenya	Tanzania
<p><b>i) Raise the lending limit on micro-finance loans to Br 10,000. ***</b> Systematically link MFI clients to BDS and training services to enhance MSE business management and technical skills. Lead: National Bank of Ethiopia; AEMFI.</p>		<p>i) Raise limit on micro-finance lending ceiling. ***  <b>Lead: The Central Bank of Tanzania; TAMFI.</b></p>
<p><b>ii) Allocate a portion of new Micro Financing Funds for women's enterprises</b> (EU Micro Finance Fund; Development Bank of Ethiopia – AfDB Funds).  Lead: WEDGE Steering Committee to undertake advocacy efforts on behalf of this recommendation.</p>		<p><b>ii) Increase the level of MFI lending services to individual women clients. ***</b> <b>xii) Examine the take up of government financial assistance to female- versus male-owned enterprises (e.g. SIDO). **</b> Lead: MIT-SME Section; TAMFI; SIDO.</p>
<p><b>iii) Establish an MFI dedicated to support women-owned MSEs. ***</b> Undertake discussions with the Kenya Women Finance Trust, regarding bringing the WWB approach to Ethiopia. Lead: MoTI-WAD in concert with the AEMFI.</p>	<p><b>(The Kenya Women Finance Trust is solely dedicated to providing MF to women-owned MSEs. Other NGOs also target women clients for micro-finance.)</b></p>	
<p><b>iv) Establish a Women's Enterprise Bank. **</b> A draft of a document terms of reference for such an institution has been prepared by the MoTI-WAD, Lead: MoTI-WAD under WEDGE Steering Committee.</p>	<p><b>i) Establish a Kenya Women's Bank. **</b> The National Council on Women has prepared a proposal for such a bank in Kenya. <b>Lead: National Council on Women.</b></p>	
	<p><b>ii) Implement a Women's Loan Guarantee Programme (AfDB with DFIs) that would have three components. ***</b> <b>1. Global Financing Mechanism (GFIM)</b> <b>2. Global Guarantee Scheme (GGS)</b> <b>3. Technical Global Assistance Facility (TGAF)</b> Lead: the AfDB in partnership with DFIs; support from ILO-WEDGE in management and technical assistance; involvement from WEAs and BDS suppliers.</p>	<p><b>xi) Set up a government-backed women's credit guarantee programme for "individuals" growing beyond the micro level. ***</b>  Lead: Development work by the MIT-SME Section, supported by the ILO-WEDGE Programme.</p>
<p><b>viii) Publish a "Financing Guide for Women Entrepreneurs".</b> <b>Lead: MoTI-WAD, in cooperation with the AEMFI and WEAs; donor support.</b></p>	<p><b>iv) Publish a "Financing Guide for Women Entrepreneurs".</b> Lead: DMSSED, in cooperation with the AMFI, DFIs and WEAs.</p>	<p><b>iv) Produce a "Guide to Financing for Women Entrepreneurs".</b>  <b>Lead: MIT-SME Section with WEAs, MFIs and banks.</b></p>

**Table 9: Women's Access to Financing – Summary of Recommended Actions (continued)**

Ethiopia	Kenya	Tanzania
<p>v) Open government-donor-commercial dialogue on the financing of women-owned MSEs. ***</p> <p>vi) Encourage commercial banks to open a “women’s window” for small-scale enterprises with special efforts to reach the women’s market.</p> <p>Any new programmes or initiatives should be accompanied with gender sensitivity training for bank credit officers.</p> <p>Lead: WEDGE Steering Committee, MoTI-WAD.</p>		<p>xiii) Undertake dialogue with lending institutions on women’s access to credit. ***</p> <p>vi) Banks should establish a reserve for lending to women entrepreneurs.</p> <p>iii) Banks should implement training programmes to provide gender sensitivity training to credit officers (MFIs and banks).</p> <p>iv) Banks should improve the level of information among women regarding financing programmes and services.</p> <p>viii) Banks should implement targeted marketing and marketing materials for women.</p> <p>ix) Banks should help women develop business plans for bank financing and provide guidance on how to negotiate better (could be done through third-party arrangements with BDS providers and WEAs).</p> <p>Lead: MIT.</p>
<p>vii) Pursue discussions with banks regarding an MSE loan guarantee programme to release more of their capital to this sector.</p> <p>Lead: MoTI.</p>		<p>x) Implement the SME loan guarantee programme.</p> <p>Lead: MIT.</p>

\*\*\* = immediate priority; \*\* = short-term priority; \* = medium-term priority



#### 4.4 Training and Mentoring

Women's access to entrepreneurship-focused training in the three countries is limited. Part of the problem arises from the weak overall capacity of the training infrastructure to meet the demands for training in the general MSE sector. This capacity challenge exists in terms of the number of training providers, the supply of qualified trainers, and the amount of funding available to offer training programmes in rural as well as urban areas. Women are often disadvantaged in terms of accessing the training that does exist. They are often unaware of training opportunities; they are less likely to be able to afford the cost of training provided by private sector providers (and subsidization of training is limited by the willingness of donors to support this); they have difficulty in travelling to central locations to participate in training programmes, and quite often cannot afford time away from their enterprises and family responsibilities to attend week-long programmes – even assuming their husbands give them permission to be away from home.

Most entrepreneurship training programmes focus on the start-up process with very limited effort on the part of the training providers with regard to doing any post-training follow-up. In addition, training NGOs reported that they encounter some difficulty in recruiting women clients in their programmes (for reasons outlined above). Growth-oriented women entrepreneurs report that the content of most entrepreneurship training programmes is too general to meet their needs.

**Box 4: Checklist for Assessing Women's Access to Training and Mentoring Services**

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

Ref: Stevenson & St-Onge, 2003.

Included among the expressed training needs of women entrepreneurs are business opportunity identification, market development, trade fair readiness, business planning, export development, and leadership skills. Women entrepreneurs report few opportunities to access specific training programmes oriented towards enterprise growth.

Nevertheless, the ILO's Start and Improve Your Business (SIYB) training modules are available for use; and its new Expand Your Business (EYB) and "GET Ahead for Women in Enterprise" training modules will soon be available for piloting in the three target countries.

Examples of technical training programmes targeted to women exist

in areas such as food processing, handicraft production and garment-making, but often these programmes do not incorporate sufficient emphasis on enterprise development and business aspects (e.g. identifying market demand, quality production issues, marketing and promotion, and financial management).

Another deficiency in the entrepreneurship training system in these countries is a lack of women trainers. More women trainers are needed in order to respond to the expressed preferences of many women entrepreneurs – as some husbands may object if they are participating in training provided by men. Efforts should be taken to include more women in Train the Trainer programmes offered by organizations such as the GTZ and Enterprise Ethiopia (in Ethiopia).

Some good practices in entrepreneurship training programmes were identified within the three countries, for example, programmes offered by Enterprise Ethiopia. Their programmes provide post-training follow-up support and short seminars on business development skills, such as marketing and financial management, but their ability to reach MSEs in all areas of the country is limited by their resource base. The University of Dar es Salaam (Tanzania) offers management development programmes to entrepreneurs with small and medium-sized enterprises, but the cost of these programmes is reportedly unaffordable for many women. A new facilitation service being piloted by GTZ in Ethiopia to promote growth-oriented MSEs is worthy of examination (see the Box 3 in the Ethiopian report). With support from the ILO's WEDGE-Ethiopia programme, four young women graduates have taken this facilitators' training, to enable each of them to provide needs-based advisory services to a caseload of 15 women-owned MSEs who are members of the Amhara (Regional) Women Entrepreneurs' Association. Over a period of five months, each woman-owned MSE will be assisted in identifying the strengths and weaknesses of her enterprise, developing a plan for growth to the next stage, and accessing the appropriate technical assistance to achieve her goal.

However, overall much needs to be done to improve women's access to entrepreneurial training focused on growth needs (see Table 10 for observed conditions in each country). In all three countries, efforts are needed to increase the level of awareness among women entrepreneurs of existing training opportunities. But even more importantly, more needs to be done to increase the supply of both start-up and growth-oriented training for women in urban as well as rural areas. More flexible approaches to meeting the training preferences of women are also advised, for example, shorter training sessions offered intermittently over longer periods of time, with systematic follow-up to training interventions.

In each of the three countries, more needs to be done to provide training focused on women's "growth" needs, such as seminars on business opportunities, preparing for trade fairs, improving product quality, market development,

marketing and promotion, dealing with credit institutions, and export development.

**Table 10: Observed Country Conditions - Training & Development**

<b>Framework Category</b>	<b>Ethiopia</b>	<b>Kenya</b>	<b>Tanzania</b>
<ul style="list-style-type: none"> <li>Strategic, coordinated donor/government approach to offering affordable entrepreneurship and technical training to women</li> </ul>	Donors fund some training programmes but not on a coordinated and strategic basis – although evidence of earlier synergetic alliance among donors	Not evident	Not evident; BEST project in place, but little emphasis given to WEs or gender
<ul style="list-style-type: none"> <li>Widespread continuous access to enterprise development training</li> </ul>	Women are largely unaware of business management training opportunities; some focus on new university graduates with GTZ support; ILO entrepreneurship training for retrenched women; not widespread access; poor reach in rural areas	Women largely unaware of business management training opportunities; poor reach in rural areas	Women largely unaware of business management training opportunities; poor reach in rural areas
<ul style="list-style-type: none"> <li>Facilitated just-in-time programmes based on learning needs of individual women entrepreneurs</li> </ul>	Pilot programme in Amhara region using women facilitators with case load of 15 women per facilitator	Some evidence of efforts by NATTET members	Not evident
<ul style="list-style-type: none"> <li>Post follow-up to training interventions</li> </ul>	Some beginning efforts (Enterprise Ethiopia; GTZ)	Limited	Limited
<ul style="list-style-type: none"> <li>Use of successful women entrepreneurs as mentors</li> </ul>	Not evident	Not evident	Not evident
<ul style="list-style-type: none"> <li>Growth training and counselling initiatives</li> </ul>	Training is mostly “off-the-shelf” and focused on start-up needs	Jua Kali provide some training to members, as do women-focused NGOs; virtually no growth training; NATTET wants to do more in this area but needs funding	Training is mostly “off-the-shelf” and focused on start-up needs
<ul style="list-style-type: none"> <li>New exporter training and counselling initiatives</li> </ul>	Women Exporters’ Forum is starting to host seminars	Not evident	Not evident
<ul style="list-style-type: none"> <li>Seminars on business opportunity identification</li> </ul>	Not evident	Not evident	Not evident
<ul style="list-style-type: none"> <li>Seminars to create awareness of types and sources of financing; develop negotiating skills</li> </ul>	Not evident	Limited amount done by with members of organizations such as WEEC	None evident
<ul style="list-style-type: none"> <li>Gender-based impact evaluations of training interventions</li> </ul>	None done	None done	Little done, apart from FAIDA and recent work of ILO-WEDGE and MIT using FAMOS check on policy implementation and BDS providers

<ul style="list-style-type: none"> <li>• Research to identify training needs of women-owned MSEs</li> </ul>	Not at this point, although GTZ sponsors annual forum on needs of women-owned MSEs, and FES has studies needs of WEAs	Not at this point	Not at this point, but some earlier research by UDEC
<ul style="list-style-type: none"> <li>• Performance targets are set for improving the situation of women entrepreneurs</li> </ul>	Not at this point	Not at this point	Not at this point

Among the priority recommendations for training initiatives is to implement a series of women-focused group-based programmes on “enterprise growth” (see Table 11 for summary of recommendations). A model for this is a 10-month growth-training programme implemented in Canada.<sup>42</sup> For each 10-month programme, a facilitator/adviser (a woman) was hired to recruit 20-30 participants, identify their training needs, and co-opt experts to lead each of the identified training sessions. The group training consisted of a workshop series based on 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 workshop sessions, but also had the advantage of learning from each other. Networking opportunities during the programmes often led to the formation of strategic alliances and business dealings among participants. 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 sessions. 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. Evaluations of the impact of this training approach indicated increases in sales, employment and capacity of participating enterprises. The same approach should be employed to prepare growth-oriented women entrepreneurs for the export development process, including an actual trade mission to a predetermined location at the end of the programme. Other growth training modules developed by the ILO are also options and should be implemented (e.g. “Expand Your Business” for larger enterprises, and “GET Ahead for Women in Enterprise” training materials targeting a lower level of enterprises, including start-ups).

To respond to the expressed needs of women-owned MSEs to receive some of their BDS services from women, and to assist them in identifying weaknesses and growth opportunities in their businesses, it is recommended that the Amhara Region “women facilitators” pilot be expanded and that more young women graduates be trained in GTZ’s new facilitation approach. Governments in Kenya

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<sup>42</sup> St-Onge & Stevenson, 2003.

and Tanzania, in concert with the ILO and WEAs should explore this approach with a view to replication. Furthermore, a programme should be launched to engage successful women entrepreneurs as mentors so that they can more systematically impart the benefit of their learning experiences to women-owned MSEs who want to grow their firms. The relevant MSE lead unit within each of the three governments could call upon donors and the ILO to support such initiatives, drawing upon the available expertise in Canada and other countries where such approaches have been implemented. A potential source of mentors is women identified as the “Top 20 Women Entrepreneurs” in each country (see the earlier recommendation on this topic).

Efforts should also be made to improve the capacity and competence of universities and vocational/technical training colleges to offer entrepreneurship programmes to their students, with a particular emphasis on women. Universities in Kenya already have some capacity to do this, and the University of Dar es Salaam has adopted a university-wide policy with the goal that all students will participate in entrepreneurship awareness and business planning programmes before they graduate. Both of these examples provide good practice approaches for the Ethiopian education system, where such a focus does not appear to exist. Special efforts will have to be made in all three countries to ensure that women students participate in these programmes. To further enhance the capacity of the education system to deliver on their entrepreneurship training mandates and create more awareness of gender issues, workshops on entrepreneurship should be offered to vocational training centre instructors and university professors. The University of Dar es Salaam Entrepreneurship Centre (UDEC) is a credible source of this training expertise, as is the National Association of Technology Transfer and Entrepreneurial Training (NATTET) in Kenya, and Enterprise Ethiopia in Addis Ababa. Resources, probably from donor sources, would be required to assist these agents in achieving widespread impact in this area.

Finally, both women entrepreneurs and the associations and organizations that support them indicated an interest in participating in study tours to other parts of their own countries, within Eastern Africa and further afield to learn good practices in approaches to accelerating the growth of women’s enterprises. In the past few years, the ILO’s WEDGE team has been facilitating such exchanges between Ethiopia, Tanzania and Zambia. Governments, donors and international agencies should work with these groups and their counterparts in other countries to facilitate and fund such exchange opportunities.

**Table 11: Training, Skills Development and Mentoring – Summary of Recommended Actions**

<b>Ethiopia</b>	<b>Kenya</b>	<b>Tanzania</b>
<p>i) <b>Develop national strategy for the training of women entrepreneurs.</b> ***                      Training initiatives to include: (a) business opportunity seminars; (b) augmented training in marketing/promotion and trade fair skills; (c) workshops on improving product quality; and (d) training on dealing with credit institutions, borrowing mechanisms, and negotiating strategies.                      Include a component to build the capacity of WEAs to partner with training suppliers to improve women's access to growth-oriented training.</p> <p><b>Lead: MoTI-WAD with donor support.</b></p>	<p>i) Offer a targeted Enterprise Development Programme for growth-oriented women entrepreneurs. ***                      To include: (a) training in market development, quality, marketing/promotion skills and business opportunity identification; (b) delivery of the ILO's "GET Ahead for Women in Enterprise Programme" and its new Expand Your Business (EYB) Programme; and (c) training on dealing with credit institutions, borrowing mechanisms, and negotiating strategies.                      ii) <b>Strengthen the NATTET network to deliver growth-oriented training programmes to women.</b> **</p> <p><b>Lead: DMSSED, NATTET, WEAs, the ILO and AfDB.</b></p>	<p>i) <b>Increase women's awareness of the need for training and its availability.</b> **                      ii) <b>Build on technical training opportunities targeted to women in enterprise.</b> **                      iii) <b>Implement seminars to help women identify higher growth potential business opportunities.</b> ***                      v) <b>Develop training initiatives on the "how-to" of trade fair participation (e.g. IYES).</b> ***                      iv) <b>Adopt flexible approaches to meet women's training needs.</b> ***                      x) <b>Provide training on dealing with financial institutions and borrowing mechanisms.</b> ***  <b>Lead: Donor agencies and NGOs.</b></p>
<p>iv) <b>Implement a series of longer-term "managing for growth" training initiatives for women.</b> ***</p> <p><b>Lead: MoTI-WAD with WEAs, NGOs, and ILO-WEDGE.</b></p>	<p>i) <b>Implement a series of longer-term "managing for growth" training initiatives, including training for export development.</b></p> <p><b>Lead: DMSSED, NATTET, WEAs, the ILO</b></p>	<p>vi) <b>Implement a series of regionally delivered "managing for growth" training programmes for women entrepreneurs.</b> ***                      (viii) <b>Increase the capacity of business trainers with emphasis on women in growth firms (train-the-trainer).</b> ***  <b>Lead: MIT-SME Section, WEAs, GTZ, UDEC and ILO-WEDGE.</b></p>
<p>ii) <b>Expand the Amhara region "women facilitator's pilot programme".</b> ***</p> <p><b>Lead: ILO-WEDGE, WEAs, and GTZ.</b></p>	<p>iii) <b>Train women as BDS facilitators.</b> ***</p> <p><b>Lead: DMESD</b></p>	<p>4.11.1 (iv) <b>Explore the replicability of the Amhara Women Entrepreneurs' Association BDS facilitators' pilot in Ethiopia.</b>  <b>Lead: MIT-SME Section, ILO-WEDGE</b></p>
	<p>iv) Use the "Top 20 Women Entrepreneurs in Kenya" and award winners as mentors for growth enterprises. ***</p> <p><b>Lead: DMSSED.</b></p>	<p>(vii) <b>Recruit and train successful women entrepreneurs as mentors (e.g., Top 20 Women Entrepreneurs of Tanzania).</b> ***  <b>Lead: ILO-WEDGE with MIT-SME Section.</b></p>
		<p>xi) <b>Build entrepreneurial capacity of vocational training centres and universities.</b> ***  <b>Lead: ILO, UDEC, MIT-SME Section and VETA.</b></p>
<p>iii) <b>Conduct gender-based impact studies of mixed training programmes.</b> ***  <b>Lead: NGOs</b></p>		
<p>v) <b>Sponsor study tours for growth-oriented women entrepreneurs to learn good practices.</b> **</p> <p><b>Lead: MoTI-WAD; ILO-WEDGE Steering Committee &amp; donors</b></p>	<p>v) <b>Sponsor study tours for growth-oriented women entrepreneurs to learn good practices.</b> **</p> <p><b>Lead: DMSSED</b></p>	<p>x) <b>Organize exchanges/study tours for women-owned MSEs and support providers to learn good practices.</b> **</p> <p><b>Lead: MIT-SME Section &amp; donors</b></p>

\*\*\* = immediate priority; \*\* = short-term priority; \* = medium-term priority

## 4.5 Business Support and Information

Observed conditions in each of the three countries in the area of business support and information are summarized in Table 12. In all three countries, women-owned MSEs report low awareness of business development services (BDS) as well as low levels of access. This is another area where the “missing middle” exists. The availability of BDS

### **Box 5: Checklist for Assessing Access to Business Support and Information**

- Is information available on the take-up of government business support and information services by women entrepreneurs?
- 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)?
- Are organized vehicles in place for ensuring women have access to information about business support services?
- Is there an adequate supply of women advisers and trainers in the BDS network?
- Are business support services linked to the provision of micro-finance for women?

Ref: Stevenson & St-Onge, 2003

in some parts of each of the countries is variable, and often deficient in rural areas. Even if BDS is readily available at a local level, many women entrepreneurs are unable to afford to pay for commercial professional services delivered by the private sector. Driven by sustainability objectives, even donor-supported BDS is delivered to some extent on a user-pay basis. As a consequence, some women do not have widespread access to “affordable” business advice and counselling that could impact positively on the performance of their enterprises.

To increase the reach of BDS to women and improve women’s take-up of these services, governments in Ethiopia, Kenya and Tanzania should establish a coordinating office for BDS services for women-owned MSEs and outreach services (see Table 13). This could take the form of a network of

Women’s Enterprise Centres or the appointment of a dedicated women’s officer within the respective MSE agencies, e.g. the Federal MSE Development Agency (FeMSEDA) in Ethiopia, the Department of MSE Development (DMSED) in Kenya; and the Small Industries Development Organization (SIDO) in Tanzania. The office/officer’s role 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. Alternatively and ideally, each government should set up a network of Women’s Enterprise/Resource Centres in regions across the country to broker and deliver BDS services to women. This approach has proven very effective in countries such as Canada and the US, and is being examined by several other countries.

To increase women’s access to BDS, the concept of training technical college graduates to provide business advisory services to MSEs should be fully



developed and implemented in each of the countries. A contingent of these graduates should be focused on the women's market. The training programme should be augmented with internships in MFIs, BDS providers, regional agencies, etc. Support for this in Ethiopia could be given by the Regional MSE Development Agencies (ReMSEDAs), such as the Bahir Dar pilot BDS programme in Amhara Region. In Tanzania, discussions should be undertaken with the University of Dar es Salaam Entrepreneurship Centre (UDEC) to design and deliver such a programme in concert with the University itself and other educational institutions in the country. In Kenya, the implementing partner could be the National Association for Technology Transfer and Entrepreneurship Training (NATTET).

Experience in Canada, as well as in other countries including the US, suggests that the most effective way to disseminate business information to women entrepreneurs is through women entrepreneurs' associations (WEAs) and a network of dedicated Women's Enterprise/Resource Centres.

There was not much evidence that business information has been collected in a central place for easy access by MSEs. A good practice in compiling relevant MSE information is the Ethiopian Business Development Network CD-ROM ([info@bds-ethiopia.net](mailto:info@bds-ethiopia.net)), the combined output of 27 network members, including public and private sector organizations. The CD-ROM includes a sub-portal on women in business. However, most women-owned MSEs in Ethiopia do not have ready access to a computer or the Internet.

**Table 12: Observed Country Conditions – Business Support & Information**

Framework Category	Ethiopia	Kenya	Tanzania
<ul style="list-style-type: none"> <li>Affordable, accessible, BDS tailored to women's needs</li> </ul>	Low awareness and take-up of BDS by women; gap in providing affordable BDS; no evidence of BDS focused on women's growth challenges; many women cannot afford services of professional consultants	Small percentage of MSEs, including women, access BDS	Low awareness and take-up of BDS by women; gap in providing affordable BDS; no evidence of BDS focused on women's growth challenges; many women cannot afford services of professional consultants
<ul style="list-style-type: none"> <li>BDS is linked to credit programmes</li> </ul>	Not evident	Mostly no, except for WEEC	Yes (SIDO, TGT, Zanzibar Fund for Self Reliance)
<ul style="list-style-type: none"> <li>Availability of women counsellors</li> </ul>	Very limited	Limited; NATTET has a roster of women consultants and trainers among its 200 members	Very limited (some 90 per cent of counsellors and trainers are men)
<ul style="list-style-type: none"> <li>Strategies are in place to disseminate business information to women</li> </ul>	An Ethiopian Business Development Services Network CD-ROM has been	SME Data Bank proposed in government MSE Policy; no special efforts identified to	No specific strategies identified

	<p>produced and a business information website has been developed (includes a women in business section), but few women-owned MSEs have Internet access at their place of business; MoTI-WAD is working to develop and build the capacity of WEAs to deliver information services to women-owned MSEs</p>	<p>improve women's access to business information; DMSED is working to develop WEAs and to build their capacity to deliver business information to women-owned MSEs</p>	
<ul style="list-style-type: none"> <li>• Network of women's enterprise/resource centres exist</li> </ul>	Not evident	No, other than the women's resource centre operated by WEEC in some parts of Kenya	Not evident

**Table 13: Business Support and Information – Summary of Recommended Actions**

<b>Ethiopia</b>	<b>Kenya</b>	<b>Tanzania</b>
<p><b>i) Establish a coordinating office for BDS services for women-owned MSEs. ***</b>                      Could take the form of a network of Women's Enterprise Centres or the appointment of a dedicated women's officer in each of the ReMSEDAs.                      Lead: MTI, FeMSEDA and ReMSEDAs; donor funding and support.</p>	<p>i) Consideration should be given to establishing a network of regional Women's Enterprise/Business Resource Centres to meet the information and business support needs of women at all stages of enterprise development. **                       Lead: DMSSED; donor funding and support.</p>	<p><b>i) Establish a coordinating office for BDS services for women-owned MSEs and outreach services. ***</b>                      Could take the form of a network of Women's Enterprise Centres or the appointment of a dedicated women's officer in SIDO.                      Lead: MIT-SME Section; donor funding and support.</p>
<p><b>ii) Open FeMSEDA window for Women's Enterprise Development (WED). ***</b>                      Lead: FeMSEDA.</p>		
<p><b>iii) Disseminate business information through WEAs. ***</b>                       Lead: WEAs with MoTI-WAD</p>	<p><b>i) Undertake an initiative to build the capacity of WEAs to provide information and BDS to member enterprises. ***</b>                      Lead: ILO-WEDGE</p>	<p><b>ii) Disseminate business information through WEAs. ***</b>                       Lead: WEAs with MIT-SME Section</p>
<p><b>iv) Train technical college graduates to become BDS providers in the women's market. **</b>                       Lead: ReMSEDAs in cooperation with Enterprise Ethiopia (to provide BDS training modules), delivered through TVET network.</p>	<p><b>v) Technical college graduates should be trained to provide business advisory services to women-owned MSEs. **</b>                       Lead: DMSSED with NATTET.</p>	<p><b>iii) Train technical college and university graduates to become BDS providers in the women's market. **</b>                       Lead: MIT-SME Section with ILO-WEDGE in cooperation with UDEC.</p>
	<p><b>iii) Equip Polytechnics with incubators to provide space for women in manufacturing and processing enterprises.</b>                      Lead: National and regional governments with NATTET.</p>	

\*\*\* = immediate priority; \*\* = short-term priority; \* = medium-term priority

#### **4.6 Women Entrepreneurs' Associations (WEAs) and Women's Access to Business Networks**

Networks and networking are very important in entrepreneurship development. Experience in other countries (e.g. Canada and the US) reinforces the importance of WEAs in enhancing the profile of women entrepreneurs in the business community and advocating for the interests of their members. Box 6 shows a list of the assessment questions taken from the Stevenson and St-Onge framework.

##### **Box 6: Checklist for Assessing Women Entrepreneurs' Associations (WEAs) and Women's Access to Business Networks**

- Do women have access to the networking activities of mainstream business and industry associations?
- Is there data on the representation of women entrepreneurs in business and industry associations?
- Do these organizations adequately represent the needs and concerns of women entrepreneurs?
- Have women entrepreneurs' joined together to form their own associations?
- Do these women entrepreneurs' associations exist in many parts of the country?
- Do sizeable percentages of the population of women entrepreneurs have the opportunity to belong to WEAs?
- Do WEAs organize regular meetings for members so they can network, learn from each other, and develop cooperative activities?
- Are WEAs actively involved in creating heightened awareness of women-owned enterprises in their communities and promoting the successes and contributions of members?
- 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?
- Do WEAs have adequate capacity to deliver business support, information, and entrepreneurial skills programmes to their members?
- Do WEAs have adequate capacity to promote their services broadly within the community of women entrepreneurs?
- Are initiatives in place to help build capacity in WEAs through training on association development, governance, planning, project management, marketing, and advocacy?
- Are there opportunities for WEAs to exchange good practice and learn from each other's experiences?
- 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?

- ❑ Are WEAs financially supported by governments, large corporations or donors to further their mutual aims and objectives (i.e. project-related support)?
- ❑ 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?

Ref: Stevenson & St-Onge, 2003.

The development of WEAs differs dramatically across these three countries (see Table 14). WEAs exist, but none of them have national reach at the moment. The overwhelming majority of women entrepreneurs do not have the opportunity to participate in the local or regional activities of a WEA. Having said that, there is a federation of women entrepreneurs' associations in Tanzania that has 3,500 members (albeit, modest in comparison to the number of women entrepreneurs in the country), and government efforts to mobilize WEAs on a local basis are underway in both Ethiopia and Tanzania. Examples are the Association of Women Entrepreneurs of Zanzibar (AWEZI) in Tanzania, and the Amhara Women Entrepreneurs' Association (AWEA) in the Amhara Region of Ethiopia, which has experienced growth in terms of membership from just 40 to over 1,600 in a one-and-a-half-year period. In Ethiopia and Tanzania, support from ILO's WEDGE projects has been helping to build the capacity of WEAs, encourage the start-up of more associations, and promote linkages with other business associations such as national employers' organizations. Although in Kenya many women are mobilized within Jua Kali associations and in small (savings and credit) merry-go-round groups, the practice of networking through formal WEAs is not well developed.

Governments in these countries see the potential for WEAs to provide BDS, training and market development services to women entrepreneurs, but at present the existing organizations are young, not well resourced, and lack capacity and reach. Key informants also expressed the intent to have WEAs deliver micro-financing as well. However, much capacity building and training of these organizations would be required to make this feasible.

Good practices do exist in the organization and development of WEAs. For example, the Amhara Women Entrepreneurs' Association is advocating for their members in the Amhara region of Ethiopia and assisting them in obtaining plots of land for their business premises. Also, the Zanzibar group in Tanzania seems to be getting off to a good start, albeit at a less-developed stage than the Amhara association. Both have secured government support for premises. They are also helping to expose their members to market opportunities through organized trade fairs. This has all been possible through support from the ILO-WEDGE initiatives in their respective countries.

Experience of other countries suggests that “one size does not fit all”. In other words, women entrepreneurs at different stages of development benefit from networking with other women who are at the same stage, thus leaving room for diversity in association membership. An example of this is the Ethiopian Women Exporters’ Forum (EWEF), where the profile and needs of members is substantially different from those of the micro women entrepreneurs either in the Amhara or Zanzibar WEAs. Links between different associations, in the form of a national umbrella, are required in order to be an effective mechanism for not only servicing member needs but for being a voice to increase the visibility of women entrepreneurs and their business support needs.

At present, none of the existing associations is adequately resourced to be a fully effective partner with government to improve the situation of women entrepreneurs. They need more vibrant membership, funding raising mechanisms, dedicated and committed members and leaders, greater representativeness, more transparency, and some demonstration of the benefits of membership. Much can be done, even with little resources, as can be seen in the case of the Amhara WEA. It is important for the WEA to try and achieve “small victories” in its supportive actions for its members, so that members can clearly see the results and benefits of membership. In some cases, more sophisticated national organizations may need to engage specialist professional staff, such as trainers, marketing advisers and fund-raisers, so they can develop and deliver the desired and necessary outputs to their members.

**Table 14: Observed Country Conditions - WEAs and Networks**

Framework Category	Ethiopia	Kenya	Tanzania
<ul style="list-style-type: none"> <li>WEAs exist in all regions</li> </ul>	WEAs in Amhara Region, Addis Ababa and 5 other regions; WEAs need to be developed in other regions	Only one national WEA (of Self-Employed Women) – major aim is savings/credit; about 1,500 members; formal WEAs are not prevalent; many women are organized in savings groups	FAWETA has several branches; WEA recently formed in Zanzibar; total membership of less than 4,000
<ul style="list-style-type: none"> <li>WEAs reflect membership among women at various stages of business</li> </ul>	To some extent; Women Exporters Forum has growth-oriented women entrepreneurs	Not evident	Limited information on demographic make-up of WEA members
<ul style="list-style-type: none"> <li>National umbrella WEA acting as voice for women-owned MSEs</li> </ul>	Need identified, but not developed as yet	Need identified, but few existing WEAs; would need to be developed	FAWETA is a federation of WEAs but does not have alliances with others such as the new Zanzibar group, and is limited in its ability to serve all branches; it has 3,500 members; it needs to build a truly national umbrella
<ul style="list-style-type: none"> <li>Seed funding available to support WEAs' development</li> </ul>	Existing WEAs lack capacity to build their organizations; need funding support	No, not evident at present	Existing WEAs lack capacity to build their organizations; need funding support
<ul style="list-style-type: none"> <li>Capacity building workshops for WEAs</li> </ul>	Yes, under ILO-WEDGE	Not presently	Yes, under ILO-WEDGE
<ul style="list-style-type: none"> <li>WEAs advocate, lobby local governments (i.e. premises, marketing support)</li> </ul>	Amhara WEA lobbies for premises	To some extent	FAWETA has been communicating with the government on the needs of women-owned MSEs
<ul style="list-style-type: none"> <li>WEAs are partners in delivering women-focused projects</li> </ul>	Yes; organizing women's trade fairs with ILO support; pilot facilitation service for women; consideration being given to expanded role in BDS	Not presently	Yes; organizing trade fairs for women-owned MSEs with ILO support; consideration being given to expanded role in BDS
<ul style="list-style-type: none"> <li>WEAs offer diversified member services (information, training, trade fairs, BDS, etc.)</li> </ul>	Need capacity and funding support to realize broader range of services	Not presently	Need capacity and funding support to realize broader range of services

The WEA capacity-building component of the ILO-WEDGE programme should be expanded further within Ethiopia and Tanzania and extended to Kenya. When finalized, the ILO's WEA "capacity building manual" – which is being developed based on the Ethiopia and Tanzania experiences – should be distributed widely and used as a tool for small groups of women to mobilize themselves in larger

associations and to develop strategies for supporting members with marketing, BDS, and advocacy services.

In Ethiopia and Tanzania, it would be helpful to develop an inventory of “good practices” in the development of WEAs, including issues relating to board structures and governance; services to members; innovative association activities; and advocacy efforts. These inputs could be used as a basis for upcoming workshops on WEAs’ capacity-building.

In Kenya, where the development of WEAs is not as common, it would be helpful to develop a demographic profile of the members of existing women’s groups (e.g. merry-go-rounds, savings/credit groups). This would enable a more informed segmentation of the market and the tailoring of associations’ services to their members’ respective needs.

More work should be undertaken to encourage WEAs to adopt good practices in the operation of their organizations. Specifically, they 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 and stages of growth;
- Identify and exchange “good practices” 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 entrepreneurs;
- Develop capacity to present positions regarding members’ needs and issues (e.g. access to credit, BDS) to relevant bodies;
- Participate in further capacity-building workshops/conferences;
- Foster affiliation among WEAs (e.g. within Ethiopia and with other countries) to expand networks, exchanges and trade linkages.

In their early stages of development, it may be advisable for WEAs to be supported with some seed funding from government and donor agencies so they can get themselves established, and work towards a situation where they can afford to hire required administrative and professional expertise to advance their objectives in a sustainable manner. It is recommended that an initiative be undertaken to facilitate the formation of an umbrella association for women entrepreneurs that is representative of the different layers of women’s enterprise activity in each country, and which embraces existing WEAs and women’s networks and has good practice structures. Such an umbrella organization could act as a collective voice for women entrepreneurs in these countries and ensure their voices and views are heard.



Lastly, it would be beneficial to create forums for leaders of WEAs to come together for sharing of experiences, challenges and good practice approaches, i.e. to learn from each other and to foster linkages. An initial inter-country forum should be convened for WEAs from Ethiopia, Kenya, Tanzania and Zambia to which leaders of successful WEAs from other countries could be invited. These international guests would share their developmental challenges and provide guidance to newer East African WEAs. Among the topics to be discussed could be issues of governance, membership building, value-added service provision, promotion activities, and advocacy efforts.

For a summary of recommendations presented in this section, see Table 15 below.



**Table 15: Women Entrepreneurs' Associations and Networks – Summary of Recommended Actions**

<b>Ethiopia</b>	<b>Kenya</b>	<b>Tanzania</b>
<p>v) <b>Network WEAs into a national Ethiopian Association of WEAs. ***</b> Lead: MoTI-WAD, with ILO-WEDGE.</p>	<p>i) <b>Form an umbrella association for women's entrepreneurs. ***</b> Lead: Women entrepreneurs, with support from DMSSED, with ILO and AfDB.</p>	<p>iv) <b>Network women entrepreneurs' associations into a truly national Tanzanian Association. ***</b> Lead: MIT-SME Section, with ILO-WEDGE.</p>
<p>iv) <b>Expand the ILO-WEDGE capacity-building element to more WEAs and translate to other languages. ***</b> Lead: ILO-WEDGE.</p>	<p>iv) <b>Extend the ILO-WEDGE capacity-building programme for WEAs to Kenya. ***</b> Lead: ILO with DMSSED.</p>	<p>i) <b>Build capacity of WEAs through ILO- WEDGE project to include more WEAs. ***</b> Lead: MIT-SME Section with ILO-WEDGE and WEAs.</p>
<p>iv) <b>Develop an inventory of 'good practices' in the development of WEAs</b>, including board structures and governance, services to members, innovative association activities, and advocacy efforts. Use as a basis for upcoming workshops on WEAs' capacity-building.  Lead: ILO-WEDGE with MoTI-WAD.</p>	<p>ii) Develop an inventory of existing groups specifically aimed at attracting the membership of women-owned MSEs and profile their membership. **  Lead: ILO</p>	<p>i) <b>Develop an inventory of 'good practices' in the development of WEAs</b>, including their board structures and governance, services to members, innovative association activities, special projects and advocacy efforts. Use as a basis for upcoming workshops on WEA capacity building. Lead: ILO-WEDGE.</p>
<p>ii) <b>Encourage and assist WEAs in areas of good governance, planning, membership services, and networking exchanges. **</b> Lead: ILO-WEDGE.</p>	<p>There is not much focus in Kenya on the development of WEAs and the ILO has not taken the WEDGE Programme to Kenya as yet. An opportunity exists to do this.</p>	<p>ii) <b>Promote good practice in the operation of WEAs. **</b>  Lead: ILO-WEDGE.</p>
<p>iii) <b>Provide seed funding to strengthen WEAs. ***</b> To enable them to hire qualified staff to help build their organizations and develop and deliver BDS projects. Lead: MoTI-WAD and donor support.</p>		<p>iii) <b>Provide seed funding to strengthen WEAs. ***</b> So they can hire qualified staff to help build their organizations and deliver BDS projects to members. Lead: MIT-SME Section with donor support.</p>
<p>vi) <b>Create Leaders' Forum for 'Top 20 Women Entrepreneurs of Ethiopia'. **</b> Will serve as a network group for women in growth firms and offer mentorship support to women-owned MSEs through the activities of WEAs. Lead: MoTI-WAD with donor support.</p>		<p>vi) <b>Create Leaders' Forum for 'Top 20 Women Entrepreneurs of Tanzania'.</b> Will serve as a network group for women in growth firms and offer mentorship support to women-owned MSEs through the activities of WEAs. Lead: MIT-SME Section with donor support.</p>
	<p>iii) <b>Convene a conference for leaders of the major WEAs in Kenya, Ethiopia, Tanzania and Zambia to promote the sharing of good practices and useful lessons. ***</b> Lead: ILO</p>	<p>v) <b>Share good practices in WEA member services. ***</b> Convene a conference to promote the sharing of good practices in the management of WEAs – include Ethiopia, Kenya and Zambia. Lead: ILO</p>
<p>i) <b>Assess progress towards the development of WEAs in Ethiopia. ***</b> Review and assess insights and recommendations from the August 2002 Workshop on "How to Make Ethiopian Women Entrepreneurs' Associations Sustainable" (Woldelul, 2002) to identify which gaps have been addressed. Lead: WEDGE Steering Committee, ILO, MoTI-WAD.</p>		

\*\*\* = immediate priority; \*\* = short-term priority; \* = medium-term priority



## 4.7 Access to Premises

Lack of available business premises is reported by women entrepreneurs as one of the top barriers to the growth of their enterprises. (See Table 16 for observed conditions in each country.) Without adequate premises, women's access to markets is restricted and their production capacity limited. Women report that they have difficulty affording the rents charged for existing premises; as well, many women-owned MSEs lack the skills necessary to negotiate with landlords.

### Box 7: Checklist for Assessing Access to Adequate Premises

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

Ref: Stevenson & St-Onge, 2003.

In Kenya, the Jua Kali associations have been very effective as mediators on behalf of informal sector enterprises in negotiating use of government land so they can erect market stalls to be leased by members. WEAs in Ethiopia and Tanzania have made some headway (e.g. Amhara and Zanzibar) in effectively lobbying local and regional governments to assign dedicated land and market stalls for women-owned

MSEs, but WEAs do not exist in all regions, and where they do exist many of them are still fledgling associations. Support should be provided for the development of these associations so they can work with governments on behalf of their members to address the issue of premises.

**Table 16: Overall Country Conditions - Premises**

Framework Category	Ethiopia	Kenya	Tanzania
<ul style="list-style-type: none"> <li>• Incubators and technology centres are designed for women producers</li> </ul>	Not evident	Not evident	Modest efforts to provide technology premises for women producers, most notably in the food processing sector; SIDO operates training centre/incubators in key sectors, and owns a number of industrial estates, but few women-owned MSEs have access to these premises
<ul style="list-style-type: none"> <li>• Local authorities allocate premises for women-owned MSEs</li> </ul>	Lack of premises for formal enterprises in most parts of the country; WEAs have recently effectively lobbied local/regional governments to assign land (Bahir Dar) and market stall locations (Zanzibar) for use by women-owned MSEs to operate their enterprises	The government has allocated land and premises to Jua Kali associations to be leased to their members; no information available on percentage of women members benefiting from this action	Limited number of surveyed plots; large proportion of informal enterprises operate along the roadside; improved access to infrastructure by SMEs is a priority of SME Development Policy.

Local governments should be encouraged to set aside land for the location of women's enterprises. To support women in their efforts to expand businesses, fully equipped incubators should also be established in key sectors, for example, textiles, food-processing, etc., so they have access to production premises, appropriate technologies and business support services. Local and regional governments should designate land where women can build market stalls and gain better access to market opportunities. WEAs have a role to play in lobbying governments to take these actions, and in brokering leasing arrangements with their members. See Table 17 for a summary of recommended actions for each country.

**Table 17: Access to Premises – Summary of Recommended Actions**

<b>Ethiopia</b>	<b>Kenya</b>	<b>Tanzania</b>
<p>i) Allocate government land to meet the demand of women-owned MSEs for premises. ***</p> <p>ii) Establish production facilities equipped with technology and equipment required for various sectors.</p> <p>iii) Extend initiatives to provide premises for women on a lease basis.</p> <p>iv) <b>WEAs to play a role in lobbying local and regional governments on behalf of their members.</b></p> <p>Lead: MoTI-WAD</p>	<p><b>Access to premises is somewhat less of a problem for micro-enterprises because Jua Kali associations are well organized throughout the country and lobby with local governments for the allocation of land so members have places to make and sell their products.</b></p>	<p><b>i) Increase the supply of premises, equipped production facilities, and incubators. ***</b></p> <p>Establish incubators/technology centres in key sectors so women have access to production premises and appropriate technologies to enable expansion of their enterprises. District/local governments should designate land where women can build market stalls and gain better access to market opportunities.</p> <p>Lead: MIT in concert with SIDO and district and local governments; WEAs have a role to play in advocacy efforts and managing leasing arrangements for members.</p>

\*\*\* = immediate priority; \*\* = short-term priority; \* = medium-term priority

## 4.8 Regulatory and Legal Environment

Many aspects of the legal and regulatory regimes in Ethiopia, Kenya and Tanzania are prejudicial to women and thus to women entrepreneurs see Table 18). The most challenging of these are discussed in Section 3.4 above. It is generally recognized in these countries that women entrepreneurs are not on an

### **Box 8: Checklist for Assessing Regulatory and Legislative Environment for Women Entrepreneurs**

- Is there a national gender policy that secures the rights of women in society and the economy?
- Is there a process for enforcing the implementation of gender policies?
- Is there a process for assessing the gender impact of existing and new regulations and legislation on women's enterprises?
- Is there a process for reviewing the impact of the implementation of regulations and legislation on women's enterprise development?
- Is there a streamlined process for women to register their businesses and obtain business licenses at the local level?
- Is information readily available to women regarding the process and benefits of formalizing their enterprises?
- 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)?

Ref: Stevenson & St-Onge, 2003.

equal footing with men. Foremost among the gender-based inequalities is women's limited entitlement to property, a situation that precludes them from meeting the collateral security requirements for bank financing. However, many other aspects of the legal and regulatory system need to be reviewed for manifestations of gender-based bias.

A National Policy on Gender exists in Ethiopia and Tanzania (but was not evident to the research team in Kenya). Few formal mechanisms exist for identifying the potential gender bias in the policy, regulatory and legal environment affecting enterprise creation and growth. However, pilot use of a gender audit tool developed out of ILO's WEDGE activities in Tanzania – the Female And Male Operated Small enterprises (FAMOS) Check – to assess the gender-based impact of SME policy and programme initiatives may be a promising good practice for wider use throughout Eastern Africa.

In the United States, which is considered to be among the top "good practice" countries with respect to women's entrepreneurship (Stevenson & Lundstrom, 2002), two of the most

critical actions in terms of enabling women to become entrepreneurs were the passing of the Equal Credit Opportunities Act of 1975, and the Affirmative Action Act of 1978. These helped to remove structural barriers faced by women who wanted to start businesses.<sup>43</sup> It may be necessary for various governments in Africa to take a serious look at putting similar legislation in place to secure

<sup>43</sup> SBA, *The State of Small Business*, 1998, p. 91.

women's equal access to economic resources, including financing and property rights.

**Table 18: Observed Country Conditions – Regulatory and Legal Environment**

<b>Framework Category</b>	<b>Ethiopia</b>	<b>Kenya</b>	<b>Tanzania</b>
<ul style="list-style-type: none"> <li>Extent of gender equality in legislation and enforcement of same</li> </ul>	National Policy on Women since 1994; foundation for protecting women's rights is embedded in constitution; practice in implementing the policy often reverts to customary laws and norms of society	Land ownership and inheritance laws are prejudicial to women and need to be overhauled	National Gender Policy (2000); Many gender-blind policies; gender mainstreaming is a priority of SME policy; workshops are being delivered to government officials and members of the SME support environment; FAMOS Gender Audit Tool is being used to assess gender-based impact of policy and programme initiatives
<ul style="list-style-type: none"> <li>Women have equal access to economic resources (i.e., credit)</li> </ul>	Not evident	Not evident	Not evident; gender biases in the banking and legal system
<ul style="list-style-type: none"> <li>Women's access to property titles and ownership</li> </ul>	Ownership of all land is retained by government; women are largely deprived of property ownership; do not have collateral security to cover loan requests	Lack of customary entitlement to land and other property; cultural practice of "male ownership" of property and assets is serious impediment to women-owned MSEs	Women do not have equal rights to property that could be used as collateral security for bank loans
<ul style="list-style-type: none"> <li>Ease of registering and formalizing an enterprise</li> </ul>	Focal point of current government. Changes taking place.	Many women-owned MSEs do not have permanent business locations or operate from their homes; this makes it difficult for them to register their businesses. Women in the informal economy are often afraid to register their businesses	Complex tax policies and regulations; difficult to comply with regulatory demands of a formal enterprise
<ul style="list-style-type: none"> <li>Regulations affecting MSEs in key sectors</li> </ul>			Regulations affecting certain sectors, like food processing, pose barriers to women's growth; the cost of complying with regulations inhibits their ability to operate with proper licences; affects capacity to pursue expanded markets; BEST Programme in place to align regulatory environment of SMEs



In order to pursue growth, women entrepreneurs need to be able to easily register and/or license their enterprises (Table 19 shows a summary of recommended actions). In the past, this has been an expensive and cumbersome process for all MSEs. Women have been doubly disadvantaged because of lack of information, knowledge, confidence, and financial resources. The situation is improving – governments in Ethiopia and Kenya have made considerable progress in simplifying the business registration process, and it is a priority in Tanzania’s SME policy. However, women entrepreneurs require more awareness about the “ins and outs” of formalizing their enterprises. This service could be effectively provided through WEAs. Government should undertake efforts to help women-owned MSEs work through these formalization processes.

The ILO’s SEED Programme has also developed guidelines for assessing the overall policy environment for SME development. These guidelines were piloted and developed based on national studies carried out in a number of countries, including Tanzania.

Several key informants from each of the countries stated that efforts were needed to create more awareness among women of their legal rights and to render them more economically empowered.

**Table 19: Regulatory and Legal Environment – Summary of Recommended Actions**

<b>Ethiopia</b>	<b>Kenya</b>	<b>Tanzania</b>
<b>National Policy on Gender exists; Women Affairs Departments in each ministry.</b>	<b>i) Implement gender-mainstreaming initiatives throughout the MSE system. ***</b> Deliver gender-mainstreaming workshops to improve the environment for women entrepreneurs in Kenya. Make use of the FAMOS (Female And Male Operating Small enterprises) Gender Audit tool being piloted by the ILO-WEDGE unit in Tanzania (see Section 5.3 of the Tanzania country report).  Lead: DMSSED with the ILO.	<b>National Gender Policy since 2000. i) Address gender biases in the regulatory and legal system. ***</b> Offer gender-mainstreaming workshops to the Better Regulation Unit and members of the BEST implementation team to create more awareness of the possible negative impacts of the regulatory environment on women-owned SMEs. Apply the FAMOS Gender Audit tool in all areas of the regulatory and legal framework. Lead: MIT-SME Section with ILO-WEDGE.
(13.4) Review practices on women’s right to property title. ***	<b>ii) Review laws pertaining to women’s land ownership and inheritance rights with a view to removing any gender bias. ***</b> Lead: DMSSED.	

\*\*\* = immediate priority; \*\* = short-term priority; \* = medium-term priority

## 4.9 Research on Women MSEs

### Box 9: Checklist for Assessing Strength of Research on Women Entrepreneurs

- 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?
- Is there profile information on the population of women-owned enterprises, including the distribution of enterprises by employment size, location, sector, and age?
- Is there a demographic profile of the women who own these enterprises (e.g., age, education level, work experience, years in business, family background)?
- Is national information available on the similarities and differences between the profiles of women versus men?
- Is national information available on the similarities and differences between enterprises owned by women and those owned by men?
- Have reports on the similarities and differences between female and male entrepreneurs and their enterprises been produced and made widely available within the country?
- Are there qualitative studies on 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?
- Is there knowledge of how women's start-up experiences and access to resources and support differ from those of men?
- Is there national quantitative data on the growth of women-owned enterprises versus those owned by men?
- Are there studies on the growth experiences of women entrepreneurs, including their orientation towards growth, motivations, strategies, use of resources and constraints?
- 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?

Ref: Stevenson & St-Onge, 2003

All of the three countries suffer from the lack of good statistics on the MSE sector in general and on sex-disaggregated data in particular, a situation that is exacerbated by lack of government resources to collect data on a regular and systematic basis. Although some data exists, it is often incomplete, out-of-date and does not provide extensive information disaggregated by sex. Therefore, information on women-owned MSEs and the characteristics of women entrepreneurs is limited. As the three country reports illustrate, there is a lack of precise data on the number of women-owned MSEs, the characteristics of their enterprises, and the demographic profiles of women entrepreneurs themselves. Without the "Going for Growth" research conducted by the ILO as part of its WEDGE Programme (ILO, 2003a, 2003b), governments in Ethiopia and Tanzania would know very little about the growth challenges of women-owned MSEs. Equally, very little is known about the comparative similarities and differences

between female and male entrepreneurs.

The knowledge base on women entrepreneurs is greatest in Tanzania because of the MSE research interest and capacity at the University of Dar es Salaam (Olomi, 2001; UDEC, 2002; Nchimbi, 2003), followed by Kenya, where researchers at the Institute for Development Studies, University of Nairobi, have been conducting research on gender issues affecting women entrepreneurs (McCormick, 1996; 1997; 2001; Kinyanjui & Munguti, 1999). Such a capacity of the university research community appears to be lacking in Ethiopia and should be developed as a matter of importance. However, it is also apparent that throughout the three countries, there is a very limited understanding of the issues affecting women in growth firms, or about how they make the transition through each stage of growth.

The absence of large-scale, up-to-date national surveys of the MSE sector prevents a greater understanding of the situation of women entrepreneurs in the make-up of the sector as a whole, as well as their contribution to the overall economy. However, in Kenya the Government intends to undertake a comprehensive survey starting in 2004, and it is hoped that the information gathered will respond to the challenges of disaggregation by sex. What data and information does exist paints a consistent picture that focuses on the challenges, obstacles, and barriers faced by women in MSEs. Further and more comprehensive research is urgently needed on this sector of the economy, both to inform policy actions and to create more awareness about this segment of the MSE sector among donor groups, service providers and the public at large.

Because comprehensive MSE data and research on women-owned MSEs is lacking in all of the three countries (Table 20), the consultants' recommended actions apply generally (see Table 21).

**Table 20: Observed Country Conditions – Research Knowledge of Women MSEs**

<b>Framework Category</b>	<b>Ethiopia</b>	<b>Kenya</b>	<b>Tanzania</b>
<ul style="list-style-type: none"> <li>National MSE database exists</li> </ul>	Lack of a systematic data collection process	Lack of a systematic data collection process	Lack of a systematic data collection process; plans for a SME Development Data Bank
<ul style="list-style-type: none"> <li>Data on number, size, growth rates of women-owned MSEs</li> </ul>	Data is old – 1997; need better gender differentiation to quantify women-owned MSEs	Lack of good estimates of the percentage of women-owned MSEs in each sector; patchwork of data; need for comprehensive national survey; new survey being planned	Data needs updating (1991-national survey; 1995 survey in Dar es Salaam); more gender differentiation of data required
<ul style="list-style-type: none"> <li>Research strategy to fill gaps in knowledge re: women in MSE sector</li> </ul>	Not evident	Not evident	Not evident

<ul style="list-style-type: none"> <li>• Inventory of good practice in women entrepreneurs' development initiatives</li> </ul>	Not evident	Not evident	Not evident
<ul style="list-style-type: none"> <li>• Reports are produced on the state of women entrepreneurs</li> </ul>	Fact Sheet on women entrepreneurs recently prepared by MoTI-WAD	Not evident	Not evident

A priority in the three countries should be the development of a strategic, collaborative research agenda to fill current knowledge gaps about women in the MSE sector. Governments, donors, NGOs, university researchers and WEAs should be involved in setting the agenda: funding to implement the research programme should be sought from donor agencies. In Ethiopia, part of the strategy should involve a comprehensive nationwide primary study on women entrepreneurs to add to and extend the exploratory research already carried out with support from the ILO's WEDGE activities. Such a 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 involve some comparative analysis of the MSE experiences of women and men. The findings of the research should be published and disseminated widely.

There have been limited, if any, attempts to develop an inventory and report on the impact of existing initiatives targeted specifically to women-owned MSEs. This should be compiled for each country, and the results shared with NGOs, donors, BDS providers, and other relevant parties as a vehicle for accelerating the transfer of good practice in supporting the development of women's enterprises.

To complement and support government and donor efforts to enhance the knowledge base on women entrepreneurs and to better inform appropriate policy actions, greater research capacity needs to be built within the university community. This is true for all of the three countries, but more apparent for Ethiopia. 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 national scholars from Ethiopia, Kenya, Tanzania and Zambia (as one of the countries already targeted by the ILO), as well as other international academics would be invited, and where research issues and approaches to researching women entrepreneurs would be discussed.

**Table 21: Research on Women-owned MSEs – Summary of Recommended Actions**

<b>Ethiopia</b>	<b>Kenya</b>	<b>Tanzania</b>
<p><b>i) Robust gender-disaggregated data on MSEs should be collected and made available on a continuous and regular basis. ***</b> Publish a Report on the State of Women in MSEs in Ethiopia.</p> <p>Lead: MoTI-WAD with Central Statistics Authority (CSA).</p>	<p><b>i) Robust gender-disaggregated data on MSEs should be collected and made available on a continuous and regular basis. ***</b> Publish a Report on the State of Women in MSEs in Kenya.</p> <p>Lead: DMSSED with the Central Bureau of Statistics.</p>	<p><b>i) Robust gender-disaggregated data on MSEs should be collected and made available on a continuous and regular basis. ***</b> Publish a Report on the State of Women in MSEs in Tanzania.</p> <p>Lead: The MIT-SME Section, with the appropriate statistical agency of the Tanzanian government.</p>
<p><b>ii) Develop a strategic, collaborative research agenda to fill gaps in knowledge about women in MSEs and seek funding to implement the research programme from donor agencies. ***</b> The findings of the research should be published and disseminated widely. Lead: MoTI-WAD, the ILO, and the WEDGE Steering Committee, with donors.</p>	<p><b>iii) Develop a strategic, collaborative research agenda to fill gaps in knowledge about women in MSEs and seek funding to implement the research programme from donor agencies. ***</b> The findings of the research should be published and disseminated widely. Lead: DMSSED, the ILO, the AfDB, and the Institute of Development Studies, with donors.</p>	<p><b>ii) Develop a strategic, collaborative research agenda to fill gaps in knowledge about women in MSEs and seek funding to implement the research programme from donor agencies. ***</b> The findings of the research should be published and disseminated widely.</p> <p>Lead: MIT-SME Section, the ILO and UDEC, with donors.</p>
<p><b>iii) Undertake impact/case studies of initiatives targeted specifically to women-owned MSEs and share the results with stakeholders. ***</b> Lead: MoTI-WAD in cooperation with partners.</p>	<p><b>iv) Undertake impact/case studies of initiatives targeted specifically to women-owned MSEs and share the results with stakeholders. ***</b> Lead: DMSSED in cooperation with partners.</p>	<p><b>iii) Undertake impact/case studies of initiatives targeted specifically to women-owned MSEs and share the results with stakeholders. ***</b> Lead: MIT-SME Section in cooperation with partners.</p>
<p><b>iv) Build the research capacity of the Ethiopian university community in the area of MSEs and women's entrepreneurship.</b> Hold a <b>Women's Entrepreneurship Research Symposium</b>; discuss approaches to researching women entrepreneurs. Lead: MOTI-WAD, donors, and ILO-WEDGE.</p>	<p><b>v) Build the research capacity within Kenya universities in the area of MSEs and women's entrepreneurship;</b> host a <b>Women's Entrepreneurship Research Symposium</b> to share research approaches.  Lead: DMSSED, IDS (UofK)</p>	<p><b>iv) Build UDEC's research capacity in the area of MSEs and women's entrepreneurship.</b> <b>v) Hold a Women's Entrepreneurship Research Symposium</b> to share approaches to researching women entrepreneurs.  Lead: MIT-SME Section, UDEC, donors, and ILO-WEDGE.</p>

\*\*\* = immediate priority; \*\* = short-term priority; \* = medium-term priority

## **5. GOOD PRACTICES IN SUPPORT OF WOMEN ENTREPRENEURS**

The review of the background documents as well as the field visits in the three countries highlighted several good practices and interesting approaches and models that have contributed to the promotion of women entrepreneurs. The good practices are categorized using the format of the integrated framework.

### **5.1 Policy Coordination and Leadership**

In Ethiopia, the Government has created Women's Affairs Departments within all of the key ministries. The work of the Women's Affairs Department (WAD) in the Ministry of Trade and Industry (MTI) has proved itself a good practice in that country, as it ensures that issues relating to women entrepreneurs do not get lost among the more general approaches to small enterprise development. In partnership with the ILO's WEDGE-Ethiopia project, it has identified and highlighted many of the critical issues facing women entrepreneurs in Ethiopia. Furthermore, the creation of the WEDGE-Ethiopia Steering committee, chaired by the State Minister from MTI, also provides a broad forum for discussing key issues affecting women entrepreneurs in Ethiopia and it meets on a quarterly basis.

The preparation of the new Sessional Paper on Micro and Small Enterprises in Kenya falls under the responsibility of the Department of Micro and Small Enterprise Development (DMSED) in the Ministry of Labour and Human Resource Development (MLHRD). The paper provides practical leadership for issues relating to gender equality and the promotion of women's entrepreneurship. In recent years, a Gender Unit had existed within DMSED, and the creation of a new mechanism or focal point is being considered.

The Ministry of Industry and Trade (MIT) in Tanzania has responsibility for overseeing the implementation of the new SME Policy, adopted in 2003. The MIT, in association with the ILO's WEDGE-Tanzania project has been working to improve the visibility and effectiveness of gender equality in SME support activities through the development of a new tool – the FAMOS Check, where FAMOS stands for Female And Male Operates Small enterprises.

### **5.2 Promotion and Role Models**

The ILO has produced a series of video films on women entrepreneur role models in a number of countries, including Ethiopia and Tanzania. These films, which act as both promotional and training tools, help to create a more positive image of women entrepreneurs within the respective countries. In addition to the video in Ethiopia, a high profile has been given to women entrepreneurs through the ILO's support for a weekly radio programme, which translates as "Women in the business arena". The Month of the Woman Entrepreneur, in March 2004, provided a very visible platform for recognizing the achievements of women

entrepreneurs in the national economy. This good practice attracted a group of ten persons involved in women's entrepreneurship in Zambia to undertake a study tour to assess the impact and replicability of this approach to the Zambian context.

### **5.3 Financing**

In the Ethiopian context, the creation of the Association of Ethiopian MFIs can be seen as a good practice, in particular the extent to which data on members' activities is disaggregated by sex. The Kenya Women's Finance Trust (KWFT) is the only women-specific financial institutions to be found in the three countries, although the Women's Economic Empowerment Consort (WEEC), which is also in Kenya, tends to deal predominantly with female borrowers using a group-based mechanism. A group of micro and small-scale women entrepreneurs has formed the National Association of Self-Employed Women of Kenya's Savings and Credit, and this lends to individual members. The Tanzania Gatsby Trust provides tailored support for women entrepreneurs, and includes marketing advice along with credit provision.

### **5.4 Training and Development**

In Ethiopia, the Ethio-German MSE project of GTZ provides capacity building in facilitation and support services for MSEs and has a special focus on assisting women entrepreneurs. The ILO's WEDGE-Ethiopia project has been assisting laid-off women workers, designated as a particularly disadvantaged and vulnerable group. Making use of assistance from both the GTZ and ILO projects, the Amhara Women Entrepreneurs' Association offers business support services to its members who are engaged in three particular sectors. Enterprise Ethiopia also offers entrepreneurship development programmes, and has piloted programmes specifically for women entrepreneurs.

The National Association for Technology Transfer and Entrepreneurial Training (NATTET) in Kenya boasts 200 expert trainers and consultants who are active in providing training courses and development services. Entrepreneurship courses are offered up to Master's level at some Kenyan universities. The WEEC organization also provides training for groups of women involved in running their credit fund, and offers other forms of business development services to its target groups.

In Tanzania, the University of Dar es Salaam's Entrepreneurship Centre (UDEEC) has developed an impressive reputation in offering both short and longer courses in entrepreneurship. The University also has a provision for all students to gain awareness of entrepreneurship as part of their studies. The Small Industries Development Organization is a major facilitator of business training and development services, and in association with UNIDO it has been providing specialized training for many women engaged in food processing.

## **5.5 Business Support and Information**

The GTZ's BDS project in Ethiopia has developed a business support network, with resources available in the form of a CD-ROM and web pages on women in business. In Kenya, the Jua Kali associations are active in providing support for women entrepreneurs in ways such as preparing them for trade shows. SIDO in Tanzania is active in identifying and facilitating support services required by MSEs and by women entrepreneurs in particular.

## **5.6 Networks and Associations**

The MTI-WAD has been instrumental in generating support for new and fledgling associations of women entrepreneurs, through its contacts with donors and development agencies such as UNIDO, GTZ, Fredreich Ebert Foundation and the ILO. As an association, the Amhara Women Entrepreneurs' Association merit a good practice accolade based on the impressive increase of membership (from 40 to 1,600 in just 18 months), in its negotiations for 200 work spaces for the local administration, and in providing business support and trade fairs for its members. The Ethiopia Women Exporters' Forum is also active in assisting its members to develop export markets. ILO's WEDGE projects both in Ethiopia and Tanzania have been providing capacity building training for associations of women entrepreneurs in those two countries.

In Kenya, WEEC has been successful in mobilizing a network of women entrepreneurs' groups, albeit at the lower level of business operations. The National Association of Self-Employed Women in Kenya provides much needed support, including credit, to its members.

The Federation of Associations of Women Entrepreneurs of Tanzania (FAWETA) is active throughout most of the country, although local branches have considerable autonomy, giving rise to some branches being more active than others. In addition, the Tanzanian Food Processors' Association (TAFOPA) with assistance from UNIDO and SIDO has accessed skills training, technology upgrading and credit for its members, most of whom are women. The Association of Women Entrepreneurs on Zanzibar (AWEZA), although a fledgling organization, has been negotiating with the local administration for market space for its members.

## **5.7 Regulatory and Legal Environment**

In Ethiopia there is a National Policy on Gender, and in Tanzania, a National Policy on Women and Children. In Kenya, the new MSE Sessional Paper is making a serious effort at addressing gender equality issues as they affect enterprise creation and development. Most MSE or SME policy instruments make some reference to gender equality and/or women's entrepreneurship.



However, it is in Tanzania that, with the assistance of the ILO's WEDGE project, the Ministry of Industry and Trade and its partners in SME development are undertaking service quality checks to ensure that policy implementation and service provision take account of the needs and characteristics of Female And Male Operated Small enterprises (FAMOS), using the newly developed FAMOS Check. Also in Tanzania, the Business Environment Strengthening for Tanzania (BEST) project is an important initiative to align the policy environment around the needs of MSEs. Although gender issues are mainstreamed into the BEST programme of action, there is little evidence of specific actions being taken to address gender-based inequalities.

### **5.8 Premises**

The lack of affordable and appropriate premises is an issue for women entrepreneurs in all three countries. The AWEA in Ethiopia and AWEZA in Tanzania have had some success in negotiating for business premises for their members. In Kenya, the numerous Jua Kali associations, which have many women among their members, have been successful in negotiating for premises with local councils.

### **5.9 Research**

In Tanzania, UDEC and other units within the University of Dar es Salaam have been producing a series of research documents as well as organizing regional conferences on aspects of entrepreneurship, including women's entrepreneurship. In Kenya, the Institute for Development Studies at University of Nairobi has published several reports and publications on issues relating to women's entrepreneurship. In Ethiopia, occasional researchers have carried out studies relating to women in business. The ILO's WEDGE programme commissioned research on women entrepreneurs in Ethiopia, Tanzania and Zambia, and as part of the research process it brought together the national teams of researchers to exchange information and approaches, thereby enriching the research process and facilitating linkages between the research teams.

For a list of good practices in areas of the integrated framework, refer to Table 22 below. More information about these good practices is provided in the respective country reports.

**Table 22: Good Practices Supporting the Development of Women Entrepreneurs**

Framework Category	Ethiopia	Kenya	Tanzania
<b>Policy Coordination and Leadership</b>	WAD - focal point for women entrepreneurs in the Ministry of Trade and Industry.	Previously a gender unit existed within DMSED;	Female and Male Operated Small Enterprises (FAMOS) Gender Audit Tool for assessing gender impact of policies and programmes (ILO).
	WEDGE Steering Committee, chaired by State-Minister of Industry.	Gender and women's empowerment issues being given some prominence in the drafts of the Sessional Paper on MSE Policies	Ownership of FAMOS Check taken up by MIT and other key agencies (e.g. SIDO)
<b>Promotion &amp; Role Models</b>	ILO Documentary video film - <i>Women Entrepreneurs: Striding with Confidence and Poise</i> ; and Companion guide to documentary.	Not evident	ILO Documentary video film – <i>Women Entrepreneurs in Tanzania: A Women's Golden Hands</i> , and companion guide.
	Radio programmes on women-owned MSEs in Addis Ababa.		
	Month of Woman Entrepreneur – pilot in Addis Ababa (November 2002); nationwide (March 2004).		
<b>Financing</b>	AEMFI – report micro-financing activity including information on number of borrowers by male and female; Average loan size and distribution of clients and funds by gender, urban-rural and sector.	Kenya Women Finance Trust - micro-finance organization specifically for women.	Tanzania Gatsby Trust - tailored support for women in the MSE sector.
		Women Economic Empowerment Consort (WEEC).	
		The National Association of Self-Employed Women of Kenya – savings/credit group for professional women entrepreneurs.	
		United Women's Savings and Credit Cooperative Society – savings/credit group for women in growth enterprises.	
<b>Training &amp; Development</b>	Entrepreneurship training for retrenched women project – supported by ILO and the MTI.	Women Economic Empowerment Consort (WEEC). Provides training for women's groups on running a credit fund, leading a women's group, offers other BDS.	Small Industries Development Organization (SIDO) with support from UNIDO - training for women in the food processing sector.
	GTZ's Facilitation Service for MSEs to Promote Growth; ILO support to train	The National Association for Technology Transfer and Entrepreneurial Training	University of Dar es Salaam Entrepreneurship Centre (UDEEC); seminars

	facilitators for women-owned MSEs.	(NATTET) – network of over 200 expert entrepreneurship trainers and consultants.	in “enterprising teaching strategies” for lecturers.
	GTZ-MSE Development Programme – capacity building training for intermediaries.	Entrepreneurship training programmes at Kenya universities, including 2-year Masters degree.	University of Dar es Salaam Policy Measures in Favour of Entrepreneurship Training and Education – provides for all students to take entrepreneurship courses during their time at the university.
	Amhara Women Entrepreneurs’ Association - delivery of facilitators’ pilot programme for women in growth enterprises.		
	Enterprise Ethiopia – organized approach to training entrepreneurs; follow-up interventions; one-week and shorter term training seminars; certification for small business counsellors.		
<b>Business Support and Information</b>	GTZ-Ethiopian Business Support Network CD; portal for Women in Business (info@bds-ethiopia.net).	Jua Kali associations – efforts to assist women producers in preparing for trade fairs.	Small Industries Development Organization (SIDO).
<b>Networks and Associations</b>	ILO’s WEDGE capacity building programme for WEAs.	Women Economic Empowerment Consort – excellent model for mobilizing a network of women entrepreneurs’ groups.	ILO’s WEDGE capacity building programme for WEAs; “management manual” for starting and operating a WEA
	Amhara Association of Women Entrepreneurs.	Masaii Village Weavers.	The Federation of Associations of Women Entrepreneurs of Tanzania (FAWETA).
	Ethiopia Women Exporters’ Forum.	National Association of Self-Employed Women in Kenya.	Association of Women Entrepreneurs of Zanzibar (AWEZA).
<b>Regulatory and Legal Environment</b>	National Policy on Gender	Proposals being formulated through drafts of Sessional MSE Policy (2003-04).	Best Environment Strengthening for Tanzania (BEST) - Programme to align regulatory environment around MSEs; National Gender Policy (2000)
<b>Premises</b>	Amhara Women Entrepreneurs’ Association success in negotiating land to erect premises for women-owned MSEs; Sheds allocated to MSEs, including women with disability in Addis Ababa.	Success of Jua Kali sector in obtaining premises for its members – but data not disaggregated by sex	Success of Association of Women Entrepreneurs of Zanzibar in lobbying regional government to allocate market stalls for women producers.
<b>Research</b>	Not evident	Research capacity on women entrepreneurs and gender at the Institute for Development Studies, University of Nairobi.	Entrepreneurship research capacity at University of Dar es Salaam Entrepreneurship Centre (UDEC); knowledge of WEs in Tanzania.

## **6. CONCLUSIONS**

Most entrepreneurs, both female and male, are driven by one of two basic motivations – inspiration or desperation. The first motivation is born of desire to pursue opportunity – to be one’s own boss, to create a business around a particular set of talents or skills, or to realize a dream; and the second is born out of economic necessity. In any event, an entrepreneur will do what they have to within whatever contextual conditions exist, be they favourable or otherwise. However, various forms of discrimination, restrictions and exclusion, whether they are regulatory, cultural or social, are likely to impede the development of their enterprises and thus limit their potential contributions to economic growth and development, in the form of employment creation, wealth creation, and social betterment of the community.

The women entrepreneurs in these three African countries face numerous barriers that prevent them from realizing the full potential of the economic contributions of their enterprises. Paramount among these are the legal restrictions or cultural practices that prevent them from owning property. As long as they are unable to accumulate titled assets that can be offered as collateral security for loans, the scale and growth of their enterprises will be adversely affected. In this regard, difficulties in accessing credit and lack of adequate financial services have been identified as the major constraints for women entrepreneurs, and as a gender-related barrier that disadvantages women. It is imperative that governments review the legal frameworks within their countries, with particular regard to the rights of women in society, with a special emphasis on their entitlement to ownership of property assets. Prevailing cultural and/or social practices, which favour men’s ownership of and control over economic resources, must be challenged. In addition, efforts must be made to empower women economically – to make them aware of the rights that they have, as well as to support changes in cultural practices that subordinate them to their male family members, be they husbands, fathers or brothers.

Appropriate actions need to be taken within the context of an integrated framework for developing women entrepreneurs. These should be designed to address cultural, financial, business support, education and training, networking, regulatory, and infrastructure barriers so women can access the resources they need to grow. This may require the establishment of new structures such as Women’s Enterprise Centres, and expansion of the existing capacity to advise and counsel growth-oriented women. Research is needed to fill gaps in knowledge and to underpin policy and programme responses. There is a need for more strategic interaction between donors, governments, WEAs and other relevant stakeholders to tackle these issues on a collaborative basis. A stronger policy emphasis on the development of women entrepreneurs is needed at the national level. Resources should be allocated to achieve this work.

For the longer term, it is critical to start raising the whole foundation for women's enterprise. This means improving women's access to education, informing them of their rights, effecting changes in cultural practices affecting their position in society, and developing strategies to empower them.

To heighten interest in growth-oriented women entrepreneurs in these three countries and to build overall capacity, it is recommended that an East Africa Forum on Women's Entrepreneurship be hosted and that additional countries be invited (e.g. Uganda and Zambia) to share good practices, exchange experience, and discuss policy and programme issues.

The detailed country assessments are presented in the companion set of country studies for Ethiopia, Kenya and Tanzania.

## **Annex 1: 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.<sup>44</sup> 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)<sup>45</sup>; 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 Canada<sup>46</sup> (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

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<sup>44</sup> Data from Statistics Canada, Labour Force Historical Review 1998, as reported in St-Onge, 1999.

<sup>45</sup> "Enterprising Women", National Film Board of Canada, video documentary, 1987.

<sup>46</sup> 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](http://www.bdc.ca)).

entrepreneurial training programmes. They also participated in the joint organization of two national policy forums on women entrepreneurs.<sup>47</sup> 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.

### **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<sup>48</sup>, 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

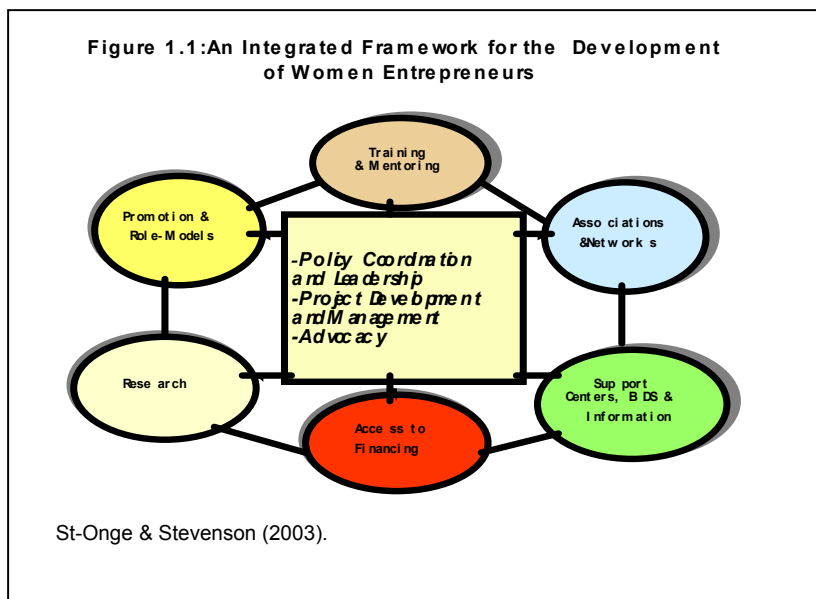
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<sup>47</sup> The 1991 Policymaker's Forum on Women as Entrepreneurs, hosted by the Atlantic Canada Opportunities Agency, the Entrepreneurship and Small Business Office (Industry, Science and Technology Canada) and the Federal Business Development 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.

<sup>48</sup> See OECD, 1996 for a description of the framework and a discussion of ACOA's experience in implementing it.

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)<sup>49</sup> 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.



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).<sup>50</sup> 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

<sup>49</sup> St-Onge, Annette and Lois Stevenson, "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

<sup>50</sup> Stevenson & Lundstrom, 2002, pp. 164-176.



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.

## **Annex 2: Implementing the Integrated Framework – The Case of Atlantic Canada**

### **1. Policymakers' Forum on Women Entrepreneurs and Conferences on Women Entrepreneurs**

One of the first major actions was the organization of a national Policymakers' Forum on Women Entrepreneurs in 1991 during which government officials met among themselves and with representatives of women entrepreneurs' associations to discuss the needs and challenges of women-owned enterprises. This forum was held as a pre-conference activity in conjunction with a major convention of women entrepreneurs attended by 350 women entrepreneurs. In fact, government agencies and private sector sponsors (including banks) promoted major conferences for women entrepreneurs as a way of raising awareness of women's entrepreneurship and of creating momentum around the start-up and growth of women-owned enterprises. Several were executed and remain an important element of promotion activity in support of women's enterprise development.

### **2. Support for Women Entrepreneurs' Associations**

Government, in partnership with the private sector, worked diligently to strengthen the already existing Association of Atlantic Women Business Owners (AAWBO).<sup>51</sup> It provided funding to AAWBO that enabled the organization to hire professional staff, operate an office, develop a strategic plan, build its membership, and deliver relevant products and services to women entrepreneurs across the region. AAWBO chose to adopt a chapter approach to growth and provided assistance to core groups of women in a number of towns and communities to develop their own AAWBO chapter affiliates. Its board structure reflected this chapter approach – chapter presidents held seats on the AAWBO Board of Directors, as did representatives of supporting professional and government partners. AAWBO became an important mechanism for government to reach the women's market with its own SME support services and information and to partner on women-focused training and promotion activities. Unable to generate sustainability from membership fees, AAWBO would have had difficulty becoming a viable force for women entrepreneurs without outside funding support.

### **3. Promoting Women Entrepreneurs through Awards Programmes and other Activities**

To raise the profile of women entrepreneurs in the community and to celebrate their achievements, public and private sector partners, together with AAWBO, pioneered two awards programmes for women entrepreneurs – the first, a “Hall of Fame for women entrepreneurs”, and the second, an award category for

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<sup>51</sup> AAWBO started in 1986 with 13 members; by 1997, it had over 600 members.

woman entrepreneur of the year as part of a larger regional Atlantic Canada entrepreneurship awards programme. Several publications profiling women entrepreneurs were published and women-owned firms were regularly profiled on a weekly regional television programme featuring the region's small business owners.

#### **4. Women-Focused Training**

In terms of training and mentoring support, funding was provided through AAWBO to deliver several of the Business Development Bank of Canada's group-based training programmes for women interested in starting their own enterprises and to existing women entrepreneurs who wanted to pursue growth. Each of these approaches involved monthly seminars on relevant topics, a full-time facilitator/adviser for a period of up to 10 months, monthly follow-up visits on seminar topics with each participant, a roster of expert consultants to whom participants could be referred for technical assistance, and successful women entrepreneurs as mentors to trainees.

#### **5. Women and Business Support Services**

To ensure women had access to business support services, tailored to their needs, funding was provided to AAWBO and other organizations focused on the needs of women in business, such as the Centre for Women in Business at Mount Saint Vincent University. Women advisers and counsellors were employed to work with the women clients of these business support services, a response to the expressed preferences of early stage women entrepreneurs. Funding for a national network of Women's Enterprise Centres is now a priority of the Federal Government.

#### **6. Financing Women-Owned Enterprises**

On the financing side, support was provided for development of an affiliate of Women's World Banking in Atlantic Canada. This programme operated on the basis of a loan guarantee approach<sup>52</sup> for women who had difficulty meeting the collateral security demands of bank and also provided assistance to women in preparing business plans and planning their approach to lenders. In addition, ACOA funded several activities of other women-focused organizations to organize roundtables with banks on lending to women entrepreneurs. The objective here was to sensitize credit officers and bank officials on the women's market and to discuss the practicalities of better addressing the financing needs of women entrepreneurs. Much later, in 2002, ACOA initiated its own women entrepreneurs' loan fund delivered through a network of Community Business Development Corporations. In addition, the Business Development Bank of

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<sup>52</sup> ACOA provided operational funding for the affiliate organization; the loan guarantee arrangement was jointly shared by the affiliate with community support, Women's World Banking and the Royal Bank of Canada.

Canada produced a guide for women entrepreneurs to help them in identifying financing alternatives.<sup>53</sup>

## **7. Research on Women Entrepreneurs**

ACOA also committed to producing a series of research studies on the nature, characteristics, behaviours and needs of women entrepreneurs and widely disseminating the results among stakeholders groups and the public-at-large.

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<sup>53</sup> *Financing a Small Business – A Guide for Women Entrepreneurs*, Business Development Bank of Canada, Montreal, Canada.

## **Annex 3:**

### **List of Questions for Assessing Gaps and Identifying Further Policy/Programme Measures in Support of Women's Enterprise Development<sup>54</sup>**

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?

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<sup>54</sup> © Stevenson & St-Onge, 2003.

- b) Is entrepreneurship considered a feasible, viable and attractive option among women?
- c) Are women entrepreneurs valued for their contributions to the MSE sector?
- 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?
- 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?
- 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?

#### **Annex 4: Summary of achievements of the AMINA programme**

- **Capacity building training and raising of awareness on microfinance.** Over 700 governing members and staff from 60 client partner MFIs as well as 300 stakeholders were involved in policy dialogue activities, including those from commercial and central banks, ministries of finance, client MFIs, and local and international non-governmental organizations (NGOs). Capacity building covered critical areas to strengthening MFI corporate governance, such as accounting and auditing, financial management, deposit mobilization, loan portfolio management, and organizational and administrative development. An example of the impact of AMINA capacity building interventions was in Ethiopia, where participating MFIs were able to expand outreach of financial services to several hundred thousand rural clients.
- **Creation of an enabling environment for microfinance.** To improve policy and legislation in RMCs, AMINA promoted dialogue among national stakeholders and decision makers. In Tanzania, Malawi and Mauritania, AMINA provided technical tools for the development of national microfinance policies. Activities financed and facilitated, through third-party technical service providers (TSPs) included national conferences on microfinance policy, seminars, workshops and select study tours. Carefully prepared national legislation and regulations on sustainable microfinance in Tanzania have been adopted and are in the course of implementation, largely as a result of AMINA interventions.
- **Enhanced collaboration with development partners in microfinance.** AMINA engaged closely with multilateral and bilateral development institutions, NGOs and civil society agencies. Formal agreements were implemented with the United Nations Development Program (UNDP) to co-finance initiatives such as Microstart and Upstream in Ghana and Mozambique, and capacity building activities with French Cooperation in Cape Verde. These amplified AMINA resources by three to five times by leveraging those of the partner agencies, thereby increasing the number of MFIs that benefited from capacity building and the number of micro and small economic operators and poor clients that received an improved range of services. An ever-expanding number of poor clients are enjoying better quality financial services as a consequence of up to ten MFIs increasing their institutional capacity and permanency in the two countries served.
- **Improved management of data and information on microfinance.** For information collection and dissemination, AMINA created a database on 79 Bank programs and projects with microfinance and

credit components. The resulting analysis of the database provides for more informed management decisions on aligning these components with standards of best practice. Reference to and the development of MFIs based on these standards will better assure outreach to the poor and self-sufficiency.

- ***Technical support to Bank operations departments in microfinance.*** AMINA and then Central Microfinance Unit (OCMU) staff members have provided support at various stages of the operations cycle (including participating in identification, preparation, appraisal, supervision and completion missions, inter-departmental working group (IDWG) reviews of operations, etc.), institutional assessments, and preparation of country strategy papers (CSPs). AMINA staff and consultants have reviewed project documents and participated as resource persons in project missions to propagate best practice for microfinance operations financed by the Bank Group. AMINA also facilitated several training workshops for Bank staff on microfinance. Some 50 missions of technical support and the review of over 200 project and related documents have been undertaken to date in support of Bank Group operations.

## Annex 5: Economic Indicators for Ethiopia, Kenya and Tanzania

Indicator	Ethiopia	Kenya	Tanzania
Population (2002) <sup>55</sup>	67.67 million	31.64 million (2003)	37.18 million
Population growth rate (2002) <sup>56</sup>	2.64%	1.27% (2003)	2.6%
GDP (2001) (PPP in US\$)	\$46 billion	\$32 billion (02)	\$22.1 billion
GDP growth rate (2001) <sup>57</sup>	5.5% (down from 7.3% in 2001)	0.9% in 2002 (down from 1.2% in 2001)	5%
GDP per capita (2001 PPP in US\$) <sup>58</sup>	\$700	\$1,020 (2002)	\$610
Inflation rate <sup>59</sup>	6.8% (2001)	1.9% (2002)	5% (2001)
Government revenue (US\$) <sup>60</sup>	\$1.8 billion (2002)	\$2.91 billion (2000)	\$1.01 billion (2000/01)
MSE share of GDP	N.A.	18% <sup>61</sup> (1999)	N.A.
Exports (f.o.b.) <sup>62</sup> Imports (f.o.b.)	\$442 million \$1.54 billion (2000)	\$2.1 billion \$3.0 billion (2002)	\$827 million \$1.55 billion (2001)
Age structure <sup>63</sup> 0-14 years 16-64 years 65 years and over	47.2% 50% 2.8%	41.3% 55.8% 2.9%	44.6% 52.5% 2.9%
Size of labour force <sup>64</sup> Labour force to population	N.A.	10 million (2001) 31.6%	13.495 million 36.3%
Unemployment rate	N.A.	40% <sup>65</sup> (2001)	N.A.
Literacy rate (1995) <sup>66</sup> Male Female	45.5% 25.3%	90.6% 79.7%	79.4% 56.8%
Agricultural output to GDP <sup>67</sup> Industry output to GDP Services output to GDP (2000)	52% 11% 37%	24% 13% 63% (2001)	48% 17% 35%
Population below poverty line <sup>68</sup>	64%	50% (2000)	51%
Household income or consumption <sup>69</sup>	Lowest 10%: 3% Highest 10%: 34% (1995)	Lowest 10%: 2% Highest: 37.2% (2000)	Lowest 10%: 3% Highest 10%: 30% (1993)
Employment in agriculture Government & services Industry & construction  Industry & services	80% 12% 8% (1985)	75-80%	80%   20% (2000)

<sup>55</sup> The CIA World Factbook, 2002.

<sup>56</sup> Ibid.

<sup>57</sup> Ibid.

<sup>58</sup> Ibid.

<sup>59</sup> Ibid.

<sup>60</sup> Ibid.

<sup>61</sup> If informal sector enterprises are included, the contribution to GDP increases to 30.4%.

<sup>62</sup> The CIA World Factbook, 2002.

<sup>63</sup> Ibid.

<sup>64</sup> Ibid.

<sup>65</sup> Ibid.

<sup>66</sup> Ibid.

<sup>67</sup> Ibid.

<sup>68</sup> Ibid.

<sup>69</sup> Ibid.

Indicator	Ethiopia	Kenya	Tanzania
% of MSEs in rural areas		88%	
Number of micro-enterprises	584,913 (1997)	1,283,012 (1999)	2,467,000
Number of small enterprises	2,731 (1997)	9,000 (1999)	(Swisscontact)
MSEs per 1000 population		43 (1999)	
MSE employment		2.4 million (1999) 5.1 million (2002)	
Average employment in MEs	1.5	1.8	1.3-1.6
Average employment in SEs	3.3	(70% employ only one person; average employees 1-2 people)	
MSE share of private sector enterprises		99.3% (1999)	
No. of women-owned MSEs	380,710 <sup>70</sup> (1997)	612,848 (1999)	731K – 1.15M (2003)
% women operators of micro-enterprises	65%	47.7% (1999)	43% <sup>71</sup>
% of women operators in SEs	26%		
% of women operators in medium and large enterprises	N.A. (but negligible)	N.A. (but negligible)	N.A. (but negligible)
Women's share of MSE employment	N.A.	40%	N.A.
Total employment share of MSEs	N.A.	5.1 million persons (74.2%)	N.A.

<sup>70</sup> Women in small farm enterprises are excluded.

<sup>71</sup> Calculated from the Swisscontact (2003) study.

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