

ENTERPRISE DEVELOPMENT

b) Micro-enterprise Development

Gender Division of Labour

Women entrepreneurs play an important role in local economies, and a large percentage of micro-enterprises in developing countries are undertaken by women. Increasingly women in urban and rural areas are successfully turning to self-generated employment in small-scale enterprise activities in the informal sector to support their households.

Rural women frequently have primary responsibility for agricultural production, in addition to domestic responsibilities and childcare. These responsibilities place heavy demands on women's time, and micro-enterprise activities can potentially increase the workload of women. Improving access to labour-saving technologies in any of these areas can free up time for income generating micro-enterprise activities. In many countries, women are the majority of workers in non-standard work, such as temporary, casual, multiple part-time, contract and home-based activities.

Access and Control of Resources and Benefits

Limited access to productive resources (particularly capital, labour time and technologies), transport constraints, lack of market knowledge, and lack of basic literacy and numeracy skills can restrict the capacity of women to participate effectively in business activities. Women, who generally do not have ownership of land or capital goods, can be disadvantaged by the collateral-based lending policies of financial institutions. For example, UNDP estimates that only 5% of the credit provided by multilateral banks reaches rural women (UNDP 1995: 39). In some places, government and/or institutional regulations require that women seeking bank loans secure their spouse's signature. Development organisations such as co-operatives, which restrict membership to one household member, may also exclude women from access to resources such as credit. There is often the risk that in women's micro-enterprise schemes, the benefits of the activities, including income earned and assets accrued, will not necessarily be controlled by women for expenditure on their own and basic family needs. Training and support is needed for micro-enterprise projects, in both the micro-financing (management of savings and credit) and micro-enterprise development (small business and technical training) areas.

According to the International Fund for Agricultural Development (IFAD), there are four key criteria for micro-enterprise development schemes aimed at poor rural women, which can both improve demand for credit and reduce the risks of indebtedness. These are: modest financial investment, low investment risk, short gestation period between investment and generation of regular income, and availability of local markets (IFAD 1991: 9).

Factors and Trends

Social attitudes concerning the value of traditional women's work activities and their potential abilities can limit the participation rates and ultimate commercial success of female micro-entrepreneurs. In the past, income-generation projects for women have frequently been for marginal activities with limited marketing potential and poor return for labour. They have often been based on the implicit assumption that women's income is supplementary to that of the male head of household. Loans for men are usually larger and more long-term than those provided for women. However, much evidence indicates that women are very good credit risks, with many small-scale credit projects for women reporting very high repayment rates in a range of sectors and activities.

Of the estimated 1.3 billion people living in poverty, more than 70% are female (UNDP 1995: 36). The number of women living in poverty has increased disproportionately over the past decade compared with the number of men (Platform For Action 1995: para 48). The feminisation of poverty is a direct consequence of women's unequal access to economic opportunities. It is also related to the number of female-headed households. Globally, the proportion of female-headed households ranges from 20% to 24%, and in most developing countries the percentage of widows who are household heads is very high (UN 1995: 6). However, rates vary considerably between countries and regions, depending on seasonal and permanent migration patterns, the rate of separation and divorce, and the incidence of conflict and disaster, where women and children constitute 80% of all displaced people (Platform For Action 1995: para 136). In recent years, micro-financing for women's small and micro-scale enterprises has been seen as an effective way to promote and support women's self-employment and access to credit. The promotion, financing and strengthening of micro-enterprises was also highlighted in the Beijing Platform For Action as an important way of increasing the productive capacity of women, and breaking the "cycle of poverty" (Platform For Action 1995: paras 55, 166).

Key aspects of a gender and development policy relating to the financing and development of micro-enterprises could be:

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| Goal: | <ul style="list-style-type: none">• to promote equal opportunities for women and men as participants and beneficiaries of development; |
| Objectives: | <ul style="list-style-type: none">• to improve women's access to economic resources (e.g., access to credit and savings programmes);• to promote women's participation and leadership in decision making at all levels. |

Guiding Questions for the Identification and Preparation of Policies and Activities

- *These questions are to be used as a guide only. It is not expected that every question will be relevant to all activities.*
- *The questions are designed to assist activity managers with their assessment and appraisal of micro-enterprise development activities.*
- *The questions are also designed to assist contractors to incorporate gender perspectives into activity preparation and design.*

Key Areas of Concern	Guiding Questions
<i>Project Objectives and Target Group</i>	<ul style="list-style-type: none"> • Do project objectives explicitly refer to women and/or men? • Will women be borrowers of funds? • Have target groups identified their own finance and enterprise development needs?
<i>The Gender Division of Labour</i>	<ul style="list-style-type: none"> • Has sex disaggregated data been collected on the role of women in the informal sector, as entrepreneurs? • In what ways do women and men currently earn income for the household? • What control do women have over the income that they earn on their own account? • Will project activities assist women in their daily and/or seasonal tasks? <i>(by relieving their workloads)</i>
<i>Access to and Control of Credit (Micro-finance)</i>	<p>Will loan sizes be suitable for women, given their limited collateral and the nature of their enterprises?</p> <ul style="list-style-type: none"> • What forms of collateral will be accepted? <i>(does this match women's needs and resources)</i> • Is there a risk that the lending institution will subsidise women's activities? <i>(how does the project plan to assist women to build up their assets)</i> • Are the lending arrangements flexible? <i>(e.g. repayment periods and schedules)</i> • Will some women be excluded from loans due to low levels of education? <i>(literacy and numeracy)</i> • What types of training will be provided to assist women to manage credit? <i>(literacy and numeracy, banking, savings and loan management skills)</i>
<i>Access to and Control of Micro-Enterprise Activities</i>	<ul style="list-style-type: none"> • What is the likelihood that women will control loans for their activities? • What type of enterprise development training and support will be provided? <i>(e.g., business development)</i> • Do women have access to appropriate technology for their micro-enterprise activities? • Do women have access to and knowledge of markets for their micro-enterprise activities? • Will women have access to post-loan advisory services on these matters?
<i>Access and Control of Benefits / Impact on Women</i>	<ul style="list-style-type: none"> • What increases does the project expect to achieve in women's and men's income, cashflows and assets? • Has consideration been given to who will control the funds earned and assets accrued by women's enterprises? • Will women's or girl's workload increase as a result of the micro-enterprise activity, and is this sustainable?
<i>Social, Cultural, Religious, Economic, Political and Environmental Factors and Trends</i>	<ul style="list-style-type: none"> • What are the social attitudes towards women's participation in employment and small trading enterprises? • What are social attitudes towards women earning an income? • Are there legal barriers to women borrowing funds? • Are formal lending institutions willing to lend to women?

Key Areas of Concern	Guiding Questions
<i>Participation and Consultation Strategies</i>	<ul style="list-style-type: none"> • Are communication channels about project resources and services accessible to a broad range of women? • Will training provided by the project be accessible for women? (<i>i.e. in terms of time and mobility constraints</i>) • Will separate micro-financing and enterprise support activities be needed for women, to ensure that men and women benefit equally?
<i>Women's Social Status and Role as Decision Makers</i>	<ul style="list-style-type: none"> • How will women be involved as decision makers in project planning and implementation? (<i>e.g. will women be included as board members of credit/savings organisations</i>) • Is there a risk of domestic violence as a result of women earning and controlling income? • Is it considered necessary to inform men about the project, or provide gender-awareness training? (<i>i.e. to encourage support of women's micro-enterprise activities</i>)
<i>Counterpart Agency Capacity</i>	<ul style="list-style-type: none"> • Does the counterpart agency have a policy or statement acknowledging or promoting the role of women in micro-enterprises? • Has a sex disaggregated employment profile of the counterpart agency been undertaken? • Will female staff be working with female credit recipients? • Has an affirmative action plan been developed to support and resource female staff? • How does the project plan to increase counterpart capacity for gender-sensitive planning and implementation?
<i>Project Monitoring</i>	<ul style="list-style-type: none"> • Have targets been set for men's and women's participation? • Have gender-sensitive indicators been identified? • Will all data collected be disaggregated by sex and other key indicators? (<i>e.g. size of loan, type of enterprise</i>) • Will there be on-going consultation with credit users and with women's groups? • Will both control over assets and income, and expenditure of income earned from micro-enterprises, be monitored? • Will any increased diversity in women's sources of income be monitored, as well as growth in enterprises?
<i>Project Resources</i>	<ul style="list-style-type: none"> • Are project resources adequate to ensure that both men and women participate in and benefit from the project? • Is gender expertise available throughout the project?

See also: www.oecd.org/sme for Women Entrepreneurs in SMEs (2001)