

Desk Review of Studies Conducted on Women Entrepreneurs in Ethiopia

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List of Acronyms

AACCSA	Addis Ababa Chamber of Commerce and Sectoral Associations
ACSI	Amhara Credit and Saving Institution
AEMFI	Association of Ethiopian Microfinance Institutions
AfDB	African Development Bank
AGOA	African Growth Opportunity Act
AWE	Association of Women Entrepreneurs
BDS	Business Development Services
BMO	Business Membership Organization
BoA	Bureau of Agriculture
CAWEE	Centre for African Women Economic Empowerment
CCSAs	Chambers of Commerce and Sectoral Associations
COMESA	Common Market for Eastern and Southern Africa
CSA	Central Statistics Agency
DCSI	Dedebit Credit and Saving Institution
ECA	Economic Commission for Africa
EDRI	Ethiopian Development Research Institute
EFDP	Ethiopian Federation of Persons with Disabilities
EPA	Economic Partnership Agreement
EU	European Union
EWDF	Ethiopian Women Development Fund
FeMSEDA	Federal Micro and Small Enterprise Development Agency
FHH	Female-Headed Households
GDP	Gross Domestic Product
GTZ	German Technical Cooperation
ILO	International Labour Organization
IPR	Intellectual Property Rights
ITC	International Trade Centre
LDC	Least Developed Country
MDG	Millennium Development Goals
MFI	Micro Finance Institution
MoCB	Ministry of Capacity Building
MoE	Ministry of Education
MoLSA	Ministry of Labour and Social Affairs
MoTI	Ministry of Trade and Industry
MoTI-WAD	Ministry of Trade and Industry – Women’s Affairs Department
MoWUD	Ministry of Works and Urban Development
MSE	Micro and Small Enterprise
MSED	Micro and Small Enterprise Development

MSEDP	Micro and Small Enterprise Development Programme
MSME	Micro, Small and Medium Enterprise
MSMLE	Micro, Small, Medium and Large Enterprise
NAP-GE	National Action Plan on Gender Equality
NEWA	Network of Women's Associations
NGO	Non-Governmental Organization
PASDEP	Plan for Accelerated and Sustained Development to End Poverty
PLWH	Person Living with HIV/AIDS
PSD Hub	Private Sector Development Hub
ReMSEDA	Regional Micro and Small Enterprise Development Agency
SACC	Saving and Credit Cooperative
SDPRSP	Sustainable Development and Poverty Reduction Strategy Paper
SED	Small Enterprise Development
Sida	Swedish International Development Agency
SNV	Netherlands Development Organization
SSI	Small-Scale Industry
TDVA	Tigray Disabled Veterans Association
TRIPs	Trade-Related Intellectual Property
TVET	Technical and Vocational Education & Training
UN	United Nations
UNDP	United Nations Development Programme
UNIDO	United Nations Industrial Development Organization
USAID	United States Agency for International Development
VCT	Voluntary Counselling and Testing
WAD	Women's Affairs Department
WAM	Women's Affairs Ministry
WB	World Bank
WE	Women Entrepreneurs
WEA	Women Entrepreneurs' Association
WED	Women's Entrepreneurship Development
WEDGE	Women Economic Development and Gender Equality
WISE	Women in Self Employment
WDIP	Women Development Initiative Project and Ethiopian Women Development
WTO	World Trade Organization

1 Introduction

Women dominate the MSE sector in Ethiopia and their participation in the private sector is comparable to other African countries. Women entrepreneurs play an important role in the economy. Their products and services contribute to GDP growth. Women entrepreneurs also generate income and employment for many.

The extent and form of women's participation in the market is different from that of men entrepreneurs. The reasons are strongly linked to the roles and positions of women in Ethiopian society. Women entrepreneurs in poor countries suffer from gender discrimination in society and laws, underdeveloped enterprise culture, inadequate support system for businesses and underdeveloped markets and infrastructure.

Generally, women-owned businesses are concentrated in the low growth segment, face constraints such as poor access to finance, lack of business development services and business networks, limited exposure to business management experience and the challenges of juggling business with household and family responsibilities.

Women entrepreneurs are often described as 'survivalist' and dominate low skill, low capital intensive, often informal and micro businesses. Women tend to focus on businesses that are a continuation of their domestic roles, such as the service sector. The potential for growth of women's enterprises is said to be very low and is driven less by entrepreneurial drive than the need for survival.

Such stereotyping of women entrepreneurs continues to overshadow the significant progress that has been made by women entrepreneurs over recent decades. The limited data and information available on the private sector in general and women entrepreneurs in particular have contributed to this. Available surveys conducted often do not provide an adequate overview nor do they show trends over time. They mostly lack gender disaggregation and use different categorization of the sectors that makes comparative analysis difficult.

As this desk review found, there are only relatively few studies focusing on women entrepreneurs, mainly undertaken by multilateral and bilateral donors.

A strategy for private sector development cannot be successful in the absence of adequate knowledge of the changing role of women in the sector and without addressing the different constraints that women face at different stages in their growth and expansion.

The objective of this desk study is to review available reports on women entrepreneurs in Ethiopia over the past five years, identify key issues covered by these studies and the gaps, and to make recommendations regarding possible areas for further study or action by the PSD Hub.

Several government and non-governmental agencies were contacted to access studies made on the subject over the past five years. Statistical reports, documents and articles have also been consulted. Although several NGOs run women-focused micro enterprise development projects (credit, skills and organization) only a few studies from such sources deemed most relevant have been included in the study. Due to problems of inaccessibility, academic papers (theses) have not been included.

A major challenge for this desk review was the fact that the information which is available is dispersed among several stakeholders (multilateral and bilateral agencies and donors, NGOs, Government offices, and academic circles) and is frequently difficult to access. Despite these challenges, however, the paper provides an overview of what is covered in relation to women entrepreneurs in Ethiopia in the past five years.

The paper is organized in the following way. After the introduction, chapter two provides an overview of the environment for women entrepreneurs in Ethiopia, focusing on the MSE sector. The third chapter is a discussion and analysis of the studies that have been reviewed. Chapter four looks at the major conclusions and recommendations. Chapter five identifies gaps in the studies covered by the review and chapter six outlines recommendations for future action by the PSD Hub. These recommendations include points raised in the validation workshop organized with the participation of key stakeholders.

2 Overview of the Environment for Women Entrepreneurs

The private sector in Ethiopia is dominated by the informal sector and small and micro enterprises. Discussions on the private sector are inevitably dominated by discussions about the MSE sector that includes all except smallholding agriculture. Women account for 60% of the MSE sector.

A working definition of micro enterprises in the Ethiopian context is that they are the smallest, usually informally organized businesses engaged in diverse activities including trade, services, handicrafts, etc. Micro businesses are typically operated by the owner and immediate family (usually unpaid labour) and the income from the micro business may be the sole source of income for the family. Small enterprises are formal businesses that are legally registered and regulated by law¹. Small businesses tend to have an identity separate from that of the owner. They employ people outside the family. Income from business is separated from that of the household. There is also some investment into the business.

Beyond these general descriptions of MSEs, no single definition of MSEs² is consistently used in Ethiopia. Different organizations use different definitions of MSEs which not only can be confusing but also makes it difficult to get a clear overview and to draw firm conclusions regarding the sector.

The MSE sector is important as it is a major source of employment outside agriculture, it contributes significantly to GDP and it is often referred to as the breeding ground for entrepreneurs.

According to the CSA survey (1997) a total of 1.13 million people were employed in the MSE sector. MSEs employ a labour force eight times larger than medium and large scale industries. According to the same survey, cottage and small manufacturing businesses account for 94% of total employment in the manufacturing sector.

¹ AEMFI (2009) *Financial Needs of Micro and Small Enterprise (MSE) Operators in Ethiopia*; Occasional Paper No. 24, p.9

² See Annex 1 for different definitions of MSEs

Micro enterprises account for 97% of all manufacturing establishments and for 19% of the gross value of production in the sector. Medium and large scale manufacturing has a share of only 0.1% of the establishments but 73% of the gross value of production.³

There is huge gap in available information and data regarding the size and contribution of the MSE sector. The most comprehensive data sets are generated through surveys by the CSA carried out in selected regions of the country once every two years. Occasional sample surveys are undertaken by other organizations such as the EDRI. These surveys only provide partial picture of the sector and the numbers of MSEs owned by men and women in rural and urban areas. The changes in numbers or types, etc. over a period of time, the numbers that survive and die, the MSEs that graduate from micro enterprise to small and medium enterprises, etc. are not known.

Self employment accounts for over 80% of employment in the informal sector. According to the 2006 CSA survey a total of 997,380 persons were engaged in informal sector operations, of which 198,027 (20%) were employees. Similarly, there were 39,027 small scale enterprises engaging 129,588 persons (CSA 2006). Over 99% of the micro businesses are owner operated.

The MSE sector is very diverse and the three dominant types of businesses according to the CSA urban informal sector sample survey (2003) are: crafts and trade (49%); street vending, cleaning, washing (25%); and service workers, shop and market sales workers (21%). Grain mills (31%), furniture (21%) and metal products (19%) dominate the small scale industries. (CSA2006). The small scale manufacturing industries are significantly dependent on imported materials, which account for 40% of total raw material costs.

The MSE sector is characterised by a low-skill labour force. According to the 1997 CSA survey 59% were illiterate and only 20% had received elementary education, though this may have changed over the past decade or so. According to the CSA 2006 survey of small scale manufacturing industries 82% of the persons engaged in small-scale manufacturing are literate. Fewer than 40% are educated to 12th grade and above.

The start-up capital for most of the MSEs is very small and is generated from individual savings, including *Equb*⁴, and borrowing from friends and family.

³ AEMFI(2009); Occasional Paper 24 P10

⁴ *Equb* is a traditional rotational saving and credit activity common in urban centres and among entrepreneurs

The amount of start-up capital for 75% of informal businesses was less than Birr 250 (CSA 2003 Urban Informal Sector Survey); 89% of start-up capital was from own savings, borrowing from friends and assistance from families and friends. Only 0.12% borrowed from Banks and only 1% from micro finance institutions. A further 2% came from government or NGOs, with the source of the remainder unspecified. Lack of sufficient capital is the major problem faced by these informal sector businesses. Other constraints faced by MSEs include lack of access to adequate premises and necessary raw materials, inadequate skills, obstacles from government regulations such as high taxes, and an inadequate/uncertain market.

The availability and reliability of electric power, and the availability of telephone lines, transport and water are also identified among major obstacles to MSE operations (EDRI 2004).

2.1 Policy Environment

There have been several policies and strategies developed in the past 15 years to create an enabling environment and targeted support for the development of the private sector in general and the MSE sector in particular. Some of these are highlighted here.

The MSE Development Strategy (1997) had the objectives of facilitating growth and equitable development, creating long-term jobs, strengthening cooperation amongst MSEs, establishing a basis for growth to medium and large enterprises, and export promotion.

The strategy identified priority sectors including food production, textiles and clothing, metal work and crafts, agro-businesses, small-scale farming and fishing, small builders and contractors, small exporters, small scale tourism, and start-up and expansion firms. Women play an important role in some of these priority sectors and the strategy emphasises women as a specific target group.

The strategies for addressing constraints faced by MSEs included better access to finance; incentive schemes; encouraging partnerships; training in entrepreneurship skills and management; access to appropriate technology; access to markets; and provision of advice and information.

Following a review of the implementation of the strategy, a new strategy has been drafted and is in the pipeline. One of the recommendations included is the use of consistent definitions by all. In relation to women entrepreneurs

in the MSE sector it aims to integrate the National Action Plan for Gender Equality as part of the strategy, which, if realized, could be a potential route for the mainstreaming of gender in MSE development.

The Industrial Development Strategy (2003) recognized the private sector as the engine of economic growth. The strategy aimed to create an enabling environment for the private sector by ensuring macro-economic stability, modernizing the financial sector, providing infrastructural services, developing human resources, improving accountability and governance, and establishing an efficient judicial system.

The strategy also identified priority sectors that would be provided with specific support in relation to their employment generation capacity and export orientation. These included the textile and garment industries, meat and leather products, agro-processing, and construction industries.

The National Urban Development Strategy (2005) has two main components, namely the urban development package which is about the delivery of services by government and the urban good governance package which is about the way services are delivered. MSE development forms a part of the urban development package. The strategy identified a wide-ranging list of areas of support for MSEs including the following:

- Addressing training and leadership limitations through incorporating entrepreneurship and management in the technical training centres (TVET);
- Alleviating financial constraints through increased access to banking and micro finance services for MSEs;
- Addressing marketing problems through improvements in quality and standards and developing marketing channels;
- Improving access to infrastructure (water, electricity and communications) and work premises by giving priority to the sector, facilitating production space with infrastructure for groups of MSEs and promoting better access to BDS;
- Establishing a one-stop service delivery centre for MSEs to overcome bureaucratic hurdles.

In order to ensure that women entrepreneurs are benefiting equitably from the strategy, however, clear targets need to be set and a gender mainstreamed approach pursued to reach such a target.

Economic growth and private sector development has taken prominence in **PASDEP**. The focus according to PASDEP is to achieve a significant increase in exports, including exploitation of niche markets, and to strengthen the institutional framework to enable private initiatives.

In order to achieve these aims, measures such as improvement of the business climate, greater commercialization of agriculture and improving the enabling environment for the private sector are proposed. Further steps to simplify business processes and licensing requirements, strengthen the regulatory framework for a level playing field, reform the financial sector, withdraw state entities progressively, reform the land tenure system for investment and trade purposes, make major investments in infrastructure, upgrade the skills of the workforce and maintain a macroeconomic balance are also included. These measures are being progressively implemented by the government.

The implementation of NAP-GE is central to the gender strategy of PASDEP. The NAP prioritizes reducing women's work load and increasing their participation in employment as well as increasing their participation in the economic and political spheres. It also focuses on economic empowerment and girls' education. The strategy requires coordination among different stakeholders, with a leading role being played by the Ministry of Women's Affairs and the Women's Affairs Directorates at all levels.

However, the limited capacity within the Ministry of Women's Affairs and the Departments remains a major challenge for the implementation of the NAP-GE.

2.2 Institutional Arrangements

Ethiopia has the basic structures in place for supporting MSEs. Several government agencies are involved in MSE development. MoTI is the key ministry for enterprise development. FeMSEDA is mandated to implement the MSE strategy through capacity building support and coordination. Other key stakeholders include MoLSA, MoE, and MoCB. The regional offices of these, including the Bureau of Agriculture and Bureau of Cooperatives, are responsible for meso level coordination and capacity building and in

the current situation they are also involved in direct provision of services to MSE operators. The NGOs, BMOs, Skills Development Centres and public institutions play the roles of facilitators of capacity building of service providers; they also provide direct services. The service providers are private operators including consultancy firms, training institutions and cooperatives that have direct contact with MSE operators. There is a meeting of the national network of BDS stakeholders that takes place annually and is facilitated by FeMSEDA.

Other important stakeholders in MSE development are MoWUD, donors, bilateral and multilateral agencies such as Sida, GTZ, UNIDO, ILO, UNDP and others, which provide funding and technical support to coordination and facilitation agencies.

Given the diversity of stakeholders in MSE development and the overlaps, it is important that a mechanism for ensuring complementarities and coordination is put in place both at the strategic level and at the level of implementation/institutions to strengthen synergy and effectiveness.

3 Discussion and Analysis of Reports Reviewed

This desk review covered more than 20 reports and several statistical surveys. Only very few studies are available focusing specifically on women entrepreneurs. It is possible to categorize the reviews into three types. The first sets of studies are surveys and base line information providing an overview of the MSE sector in general with some degree of gender disaggregation. These surveys are conducted in selected geographic areas and are not national surveys although the CSA surveys do cover a large part of the urban centres in the country.

It is important to note that the studies cover different segments of the MSE sector. For instance, while the CSA surveys cover both formal and informal as well as rural and urban enterprises, other surveys such as those by EPRI focus on formal micro and small enterprises. The WB study focuses on formal enterprises of all sizes. This makes comparisons across different studies problematic at best.

The second category of studies focuses on specific or general aspects of MSEs and the private sector, and the challenges and constraints at different levels. Organizations like the World Bank have undertaken a series of studies on the private sector in Ethiopia, the latest of which is included in this survey. These and others look at women entrepreneurs and their issues within the broader discussions of private sector development and economic growth. On the other hand, an in-depth study based on a small sample of women entrepreneurs in Ethiopia conducted by the ILO provides a good insight into the problems of women entrepreneurs in a more detailed manner. In fact, this study is the most comprehensive of all the studies (considering the issues it covered) included in this review.

Other studies focus on a particular group of women entrepreneurs such as young women, women entrepreneurs with disabilities, and rural women. A series of snapshot studies on different constraints faced by women entrepreneurs conducted by CAWEE has also provided good insight into some of the issues.

The studies that are most comprehensive have been produced by multilateral and bilateral agencies and a few by research institutions. The CAWEE snapshot

studies were also very useful. It should be mentioned that the desk review did not come across any studies on women entrepreneurs from institutions such as the Chambers of Commerce or Women Entrepreneurs Associations that are supposedly closest to the issue.

The first section of this chapter summarizes all of the studies that were reviewed in turn. The following section gives an overview of women entrepreneurs and the MSE sector and both highlights and challenges the stereotypes concerning women entrepreneurs and describes the changes that are taking place. Part three attempts to highlight the challenges that women entrepreneurs face, both those that are generic and apply to all entrepreneurs and those that have a greater negative impact on women than on men. The fourth section discusses the constraints faced by specific groups of women, often those who are the most disadvantaged of all.

3.1 Summary of Studies

1. *Journal of International Women's Studies Vol. 10 #2 November 2008: Women Entrepreneurship in Micro, Small and Medium Enterprises: The Case of Ethiopia. Eshetu Bekele and Zeleke Worku*

Objective and Scope of Study

- To identify key predictors of long term survival and viability in small businesses and enterprises in Ethiopia; to find out if small businesses and enterprises operated by male entrepreneurs perform better than those operated by female entrepreneurs.
- The study design is longitudinal (1996 to 2001). Data were gathered from a random sample of 500 small businesses and enterprises selected from five major cities of Ethiopia.
- The study attempts to identify causes for failure of women's businesses and identify key constraints to success.

Key Issues and Findings

- Key constraints were identified as insufficient access to loans, inability to convert part of profit back into investment, poor managerial skills, shortage of technical skills and low level of education.
- Businesses operated by women were 2.52 times more likely to fail in comparison with businesses operated by men.

- More than half of women entrepreneurs who failed (53%) were unable to secure badly needed loans from the commercial banks.
- The presence of well defined business laws and property rights improves the likelihood of survival in most small businesses.

Conclusions/Recommendations

- This shows that intervention is needed by the national government of Ethiopia if the acute shortage of finance experienced by small businesses and enterprises is to be alleviated efficiently by fundamentally rationalizing lending principles.
- Removing gender-based barriers and promoting competition and entrepreneurial activities with a specific focus on women is essential for the creation of vibrant businesses and enterprises that could ultimately improve the plight of impoverished women in Ethiopia.

2. *Support for Growth-oriented Women Entrepreneurs in Ethiopia.* *Lois Stevenson and Annette St-Onge*

Objective and Scope of Study

- Based on the findings from the study on 123 women-operated MSEs in 6 major cities in Ethiopia.
- Provides a good overview of the share of women in MSE sector based on the Zewdie and Associates (2002) and ILO (2003) reports.
- The study highlights the challenges of helping women's enterprises to grow from micro to small and from small to medium as well as supporting women to start small instead of micro.
- The document summarizes the key gender dimensions at individual, household and socio-cultural level that adversely affect the success of women enterprises.
- The study tries to highlight women entrepreneurs who do not conform to the "survivalist" stereotype often depicted as typical of women entrepreneurs. Three categories are identified that require different types of support to grow:
 - those that face serious financial constraints to grow from micro to small (but grow horizontally instead);

- those small enterprises who have the potential to grow to medium enterprises;
- those medium and large enterprises going for growth.

Key Issues and Findings

- The majority of Ethiopian women operate their MSEs under highly adverse conditions. Not only is it difficult for them to find premises, find markets for their products, and access information and credit, but they also have limited access to training and BDS support, especially in rural areas.
- Their education levels are low, they have responsibility for all domestic chores, and they often have to seek permission from their husbands to travel to trade fairs or for training. Even if they do want to grow their enterprises, they hit the “micro-finance ceiling” after five or six rounds of borrowing and are stuck!
- Not all women entrepreneurs in Ethiopia are at the same level. Better-educated women entrepreneurs tend to have larger enterprises and more growth potential. However, more research needs to be done to develop a national profile of women entrepreneurs, along with their needs and challenges at each level of development.
- Regardless of the outcome of that research, it is clear that the whole sector would benefit from significant upgrading of financial and non-financial supports aimed at helping each group of women-owned MSEs move to the ‘next level’
- Donors support women’s enterprise development as components of larger MSE development programmes, but they tend to be small components and very little impact analysis is done. Women in growth firms have not been targets of these programmes.

Conclusions/Recommendations

- Donors, government organizations and NGOs need to collaborate to develop an overall strategy for improving the circumstances of these women, including programmes to fill the “missing middle” of credit access, as well as other actions recommended in the report.
- Women need to be better organized into WEAs and helped to identify higher potential business opportunities, develop markets for their

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

- With the considerable help of donors with extensive experience in MSE development, the basic MSE support structure in Ethiopian exists, but it is relatively new, lacks capacity and needs time to better coordinate itself, especially in the areas of entrepreneurship training and BDS. Women have to be more effectively brought into the support infrastructure to improve their access to the benefits of services. However, in order to make a significant impact on the upgrading of women's enterprise activity, an integrated approach must be formulated and adopted.
- In the long run, for future generations of women entrepreneurs, two of the most important things are to improve women's access to education, and effect changes in the cultural, socio-economic environment to accord them higher status and ensure more control over economic resources (more detailed recommendations of this report are included in section 4.2 below).

3. *Financial Needs of Micro and Small Enterprise Operators in Ethiopia, Occasional Paper No. 24, AEMFI, February 2009*

Objective and Scope of Study

- To contribute to the understanding of motivations, internal and external environment, challenges and opportunities of individual MSE operators and understand how MSEs are affected by macroeconomic policies and regulatory mechanisms.
- A quantitative survey of 997 micro enterprise operators in six regions: Addis Ababa, Afar, Amhara, Oromiya, SNNPR and Tigray. 75% from rural and 25% urban to reflect the rural dominance of micro finance institutions.
- Of the total survey sample, 490 are micro operators, of whom 56% are male. 507 of the respondents are small business principals.

Key Issues and Findings

- The survey generated information on the characteristics of MSEs, the issues they face in start-up and expansion, and issues related to access to micro finance. Only part of the survey is gender disaggregated. Most of the data are not gender disaggregated.

Conclusions/Recommendations

- No specific gender/women related recommendations were highlighted in this report.

4. *Report on Youth Employment Opportunities in Africa. The Impact of Young Women's Vulnerabilities on Opportunities to Become an Entrepreneur: a Case Study of Ethiopia. May 12, 2009*

Objective and Scope of Study

- A total of 40 young women and 10 young men entrepreneurs aged 15-29 who are engaged in the informal sector in Addis Ababa were interviewed.
- The aim was to provide insights into the opportunities for young women to become entrepreneurs and the challenges they face in the broader context of the vulnerabilities they experience.
- This survey collected information on the motivation of and opportunities for young Ethiopian women in becoming entrepreneurs, the barriers they encounter in setting up and running businesses, the use of business development services, membership of business associations, and the vulnerabilities they are confronted with as young entrepreneurs.

Key Issues and Findings

- The study looks at the characteristics and constraints of young women's businesses in comparison with businesses run by young men.
- It examines how issues such as lack of entrepreneurial culture, vulnerability to harassment, discrimination, poor working conditions

and informality put young women entrepreneurs at a disadvantage compared with their male counterparts.

Conclusions/Recommendations

- Overall, interventions for young women entrepreneurs in Africa must take into account their specific needs in terms of life-cycle considerations and vulnerabilities. In particular, governments need to provide social protection that reduce the vulnerabilities and promote economic empowerment of these young women.
- Women entrepreneurs should not be treated as a homogeneous group because the reality is that women at different stages of their lifecycle encounter many different experiences.
- It is important to make a distinction between young women entrepreneurs who are operating businesses in order to survive and those who are growth-oriented since very different interventions will be needed.

5. *Towards the Competitive Frontier: Strategies for Improving Ethiopia's Investment Climate, June 2009, Finance and Private Sector Development, Africa Region, WB; Chapter 6 Unlocking the Power of Women, WB Enterprise Survey – Investment Climate Survey 2002 and 2006*

Objective and Scope of Study

- Study is based on enterprise surveys conducted in 2002/2006.
- It includes formal enterprises that hire permanent workers and does not include the informal operators that are covered by the 1997 CSA survey.
- The survey focuses on what are termed as 'other profiles' of women entrepreneurs – women who have higher education, better economic circumstances and better access to financial and other resources.

Key Issues and Findings

- The chapter deals with the characteristics of women's enterprises in the enterprise survey, the constraints arising from the investment

climate and how women entrepreneurs are differently affected compared to men-owned enterprises

- The survey finds that the proportion of women entrepreneurs in Ethiopia is increasing.

Conclusions/Recommendations

- Constraints related to macro economic instability, business finance and crime affect the performance of female entrepreneurs more (in a negative way) than male entrepreneurs.
- The relevance of the legal form as correlated with female entrepreneurship suggests the existence of substantial entry barriers for women into entrepreneurship.
- Women appear to suffer disproportionately from certain investment climate-related constraints

6. *Barriers Faced by Women Entrepreneurs in Developing Products and Establishing Services for Export Markets. Assegdtech Weldelul (2009)*

Objective and Scope of Study

- The objective of the study is to identify the barriers associated with product development and service establishment targeting women entrepreneurs engaged in export marketing.
- The methodology used is interview with some women entrepreneurs and a few men, other relevant individuals and enterprises and institutions

Key Issues and Findings

- Certain high barriers are faced by Ethiopian women entrepreneurs:
 - Scepticism about market potential;
 - Shortage of capital;

- Lack of motivation to transform ideas into actual products/ services;
- High aversion to risk;
- Lack of focused training;
- Absence of sufficient technical resources.

Conclusions/Recommendations

- Women entrepreneurs should have a vision and set goals when developing products in terms of what is to be accomplished, what activities are needed, what products to develop, selection of target markets, responsibilities for which task, what resources are required and how they will be obtained, etc. (i.e. a business plan);
- Companies need to develop marketing capabilities, upgrade the capability of exporting companies to develop samples and products according to international buyers' standards;
- Involve Ethiopian embassies abroad to facilitate market matchmaking with foreign buyers;
- Facilitate international trade fair participation, support websites and trade journals development and conducting market research;
- Plan finance not only for product development but also for entering markets successfully;
- Develop training packages for product development and enable women entrepreneurs to participate in integrated training programmes and encourage self learning;
- Cooperate for bulk purchase of raw materials to reduce cost and ensure timely delivery
- Address technology issues through formulation of frameworks and strategies for technology transfer, strengthen university-industry linkages in product development and technology transfer, develop technology business incubators;

- Address gender and disability issues such as attitudinal change, social and economic empowerment, and mainstreaming gender and disability issues in policies and programmes.

7. *Challenges Facing Small and Medium Enterprises Owned by Women Entrepreneurs in Selection and Acquisition of Commercial and Industrial Premises. Yared Fekade (2008)*

Objective and Scope of Study

The objective of the project was to identify ways to improve the prospects for women entrepreneurs in Ethiopia and enhance the contribution of women entrepreneurs to the Economy. To this end, this study was commissioned to:

- Gain better insight and assess the major factors which determine the decision on the selection and acquisition of working premises.
- Recommend policy ideas and mechanisms to enable women entrepreneurs to best utilise commercial and business premises.

Key Issues and Findings

- Women entrepreneurs have to be knowledgeable in the field of site selection and location analysis.

Conclusions/Recommendations

- Determine ways to build the capacity of women entrepreneurs to overcome the attitudinal challenges which they face when doing business.
- Analyse the issue of finance in relation to overall business growth and acquisition of working and commercial premises.
- Assess the viability of establishing financial instruments which cater for women entrepreneurs.
- Develop mechanism to provide business and other information to women entrepreneurs to upgrade their competitiveness.
- Develop mechanisms to overcome the challenges faced by women entrepreneurs with disabilities.

- Assess the viability of real estate developers to engage in providing business premises for women entrepreneurs.
- Develop a mechanism to enable women entrepreneurs associations to deliver business services to women entrepreneurs.

8. Challenges in Financing Women's Businesses. Solomon Wole, January 2009, CAWEE

Objective and Scope of Study

- The study aims to provide an insight into the challenges women's businesses face in accessing finance.
- It makes recommendations on how best concerned partners can contribute to facilitating access to finance for women entrepreneurs. The report focuses on the 'missing middle' of business finance for women. 13 SME operators in Addis are interviewed, supplemented by discussions with four banks, two MFIs and two MF-affiliated institutions/associations. The source of finance is limited to bank borrowing and numerical data collected from the banks do not cover loans made to share companies and private limited companies but only to Sole Proprietors.

Key Issues and Findings

A number of challenges are identified:

- Structural problems arising from the low level of economic development that restrict availability of the infrastructural facilities that are essential ingredients for business growth and expansion.
- Constraints in accessing vital facilities such as communication services, working premises, raw materials and inputs, choice of appropriate technology, etc. impede the ability of a large number of entrepreneurs to develop their capital bases, which in turn restricts their ability to meet the conditions set by financial institutions.
- Underdeveloped financial industry, with the coverage of banks restricted to a few urban centres, thus limiting the ability of the sector to mobilize financial resources and limit their ability to provide customized services.

- Risk averse attitude of financial institutions which reduces the responsiveness of banks to loan requests from smaller enterprises.
- Structural problems within the businesses such as the low management capacity, weak marketing skills and low technology absorption capacities.
- The high informal entry barriers to the service of financial institutions. Socialization is one of the mechanisms employed to facilitate business transactions in Ethiopia (especially so in the financial sector). In a male-dominated society like Ethiopia women find it difficult to easily socialize and they tend to depend on male kin to facilitate issuance of loans through socialization.
- Entry barriers to new business starters. Women lack information and experience as to how to approach banks. Banks place greater trust in entrepreneurs with whom they have longstanding relationships than in the soundness of a business idea. There are also issues associated with the nature of business women are engaged in (micro, cottage and handicraft, food processing and beverages).
- Socio cultural problems connected with the multiple roles of women in the house and community competing with their role as entrepreneurs. Women are also shy in pressing their case and this impacts on their negotiation capability. Women are careful when taking loan. They take only what they require and pay promptly compared to their men counterparts. Women also have lower access to education compared to men thus limiting their ability to grow their businesses beyond a certain level.
- Women entrepreneurs with disabilities face further challenges such as inaccessibility of many of the banks for physically impaired people, hearing impairment (the person needs to bring an interpreter which cannot substitute for the implicit trust that would otherwise be possible if communication was done with the assistance of the Bank staff). Visually impaired persons have to bring a witness every time they go to Banks for business transactions. Bank brochures are not friendly for visually impaired people, who need to rely on others to get information.

Conclusions/Recommendations

- Affirmative action to provide more loans to women such as setting up a special desk for women clients in the banks.
- Financial products that ensure access for women, for example setting up a revolving fund to provide soft loans or to ease collateral requirements (e.g. micro leasing facilities). Government intervention through tax incentives and other fiscal and monetary measures would be necessary to encourage banks to address the specific needs of women entrepreneurs.
- Establishment of a women's bank and guarantee fund for women entrepreneurs to ease collateral problems (such as the USAID initiative of a loan guarantee fund through the Bank of Abyssinia).
- New policy and regulatory measures to encourage financial institutions to change their current mentality and start addressing the practical needs of persons with disabilities who could be their potential customers.
- Promotion of business linkages between women and large companies and provision of training and advisory services like business mentoring, so as to develop the managerial and marketing skills of women entrepreneurs would also contribute to alleviating internal impediments to the growth of enterprises.
- Loan finance is not the only source of capital; other business financing mechanisms need to be identified and developed in the form of financial packages.
- Encourage and build the capacity of women entrepreneurs to engage in growth oriented business activities through business development services.
- Financial institutions should exploit the tendency of women to repay loans more promptly than their male counterparts and develop loan products customized to women entrepreneurs. Indeed, this characteristic should make women naturally more attractive loan clients.
- Empower women to run their businesses professionally and enable them to build their capability to manage efficiently their households.

- Coordinate the support available from various actors to achieve maximum impact on enterprises owned by women to make them competitive in both local and international markets.
- Banks have to address the needs of persons with disabilities. They need to develop and render services which are disability friendly.

9. *Micro and Small Enterprise Development in Ethiopia: Survey Report. Gebrehiwot Ageba and Welday Ameha. Ethiopian Development Research, June 2004*

Objective and Scope of Study

- 1,000 randomly selected MSEs (employing 10 workers or fewer) in six major towns: Addis Ababa, Awassa, Bahir Dar, Jimma, Mekelle and Nazreth.
- Identification of the characteristics of MSEs in the selected towns.

Key Issues and Findings

The survey provided a gender disaggregated overview of the MSE sample and provided information on enterprise dynamics and job creation, business development services for MSEs, marketing, finance (sources of and access to finance as well as borrowing and trade credit). It also covered issues related to rules and regulations and market- and infrastructure-related constraints. The key constraints highlighted in the study are included in section 3.3 of this review.

Some of the findings are highlighted below:

- Sole ownership is the single dominant form of ownership among the firms surveyed, accounting for 94% of the sample. The practice of pooling of capital by a group of individuals as a way to overcome the problem of start up capital has yet to develop in Ethiopia.
- MSEs are owned/run by relatively young operators, the mean age being 36, but the average household size is quite large (5.8 persons).
- A good proportion (42%) of the MSE operators have high school education while close to 12% had education above grade 12, including university degrees, when starting their businesses. Most, however, did not have any vocational or technical training and nor did they receive such education afterwards.

- Most MSE operators gave the motives behind starting their businesses as profit and availability of relevant skills (43% and 38% respectively). There are, however, differences between female and male respondents. The top three reasons for women to engage in MSE are

- lack of other alternative (38%),
- profit (33%)
- skilled in the area of activity they chose (38%).

For men the top three motives are

- profit (47%),
- skilled in the area of activity they chose (41%)
- lack of alternative (31%).

- Most MSE operators had some prior business experience: 42% had done an apprenticeship in a similar business for more than a year on average, while 75% also reported having several years of experience in business in general.

More than 87% of the MSEs were started by their current operators from scratch using relatively small start-up capital, mainly financed from their own personal savings (accounting for 58%) followed by grant money from relatives and friends, savings from other owned businesses and borrowing from relatives and friends. According to this study only 31 firms financed their capital from Equb. (There are two likely reasons for this low figure: firstly that people consider Equb to be part of saving and it is often difficult to separate the two; secondly there is a strong link between Equb and saving, where the former can actually cover expenses and allow for saving to happen.)

10. *Lessons from Success Stories of African Women Entrepreneurs. Hilda M. K. Tadria, Senior Regional Advisor in Economic Empowerment of Women, United Nations Economic Commission for Africa June 2007*

Objective and Scope of Study

- The first objective of this profile is to document successful business practices of women from African countries.

- The second objective is to provide evidence that women in Africa can make a transition into the formal economy and become successful entrepreneurs, making economic and social contributions well beyond the stereotype gender roles.
- The study covers the profiles of nine entrepreneurs from six countries.

Key Issues and Findings

Common elements of success include:

- ideology of success,
- good educational background especially in mathematics,
- personality traits,
- reasons for going into business,
- family support, and
- challenges faced.

Conclusions/Recommendations

- Conclusions based on lessons learnt highlight the importance of good education; the need to accelerate mentorship for young women to develop entrepreneurship capabilities; and the need for policies and programmes that address gender-based discrimination.
- It is necessary and important to make gender-specific allocation of resources to women's entrepreneurship development, beyond micro-credit.

11. *“Developing Entrepreneurship among Women with Disabilities” (ILO) undated*

Objective and Scope of Study

- In preparation for the project, women with disabilities, members of the EFPD and TDVA, undertook an initial “situation analysis” or exploratory survey of potential participants in the project who were either already engaged in or wanted to engage in small business.
- The survey covered 400 women in Addis and Tigray regions.

Key Issues and Findings

- The report is intended to generate information on the key characteristics of enterprises of women with disabilities; it also highlights the key issues they face, some of which are common for many women entrepreneurs and others that are specific to women entrepreneurs with disabilities.

Conclusions/Recommendations

- Functional literacy
- Training in employable skills
- Market opportunities
- Customer attitudes
- Access to micro credit

12. *Trading Out? A study of Farming Women's and Men's Access to Resources in Rural Ethiopia. Asa Torkelsson. Doctoral Thesis in Sociology at Stockholm University, Sweden 2008.*

Objective and Scope of Study

- Based on 10 years research in Western Shoa Ambo zone.
- Focuses on rural communities.
- 604 men and women were involved both in Market and Community surveys.
- Bridges the understanding by bringing the social and the economic study that combines communities and markets and demonstrates how gender roles and responsibilities determine differential access to resources for men and women and therefore differential benefits from trade in the market place.
- The paper argues how gender inequalities are reproduced in the market.

Key Issues and Findings

- The key findings of the study highlight the possibilities for measuring the gender gap in assets and resources which showed that size of women's assets portfolios are notably smaller than men's.
- Women's inability to respond to economic opportunities is related to their initial comparative lack of resources.
- The study shows how access to one resource facilitates access to other resources.
- Women and men keep separate budgets in the household and the household income is not shared equally.
- Time poverty is a key inhibiting factor for women wishing to engage in productive activities.
- There are different allocative priorities for men and women.
- Men are gate keepers to the local economy where important local resources circulate. Women access this through their connections with men.
- Women and men participate in the market in equal numbers.
- Female heads of household face much more difficult conditions than their male counterparts.
- The study breaks down the FHH into divorcees, widows, etc. and the different situations they face.
- Social networks leverage economic benefits but women's social networks and those of men generate different benefits.
- The impact of local practices such as abduction affects women's opportunities in the market place.
- Women tend to trade with women and men with men – homosociality of markets.

Conclusions/Recommendations

- Trading is a way out of traditional gender relationships.
- Trading is a means for women to move out of difficult relationships.

- Trade is a matter of survival for many rural women.
- Future attempts to strengthen local markets and institutions need to acknowledge that women and men face different constraints and opportunities and reflect this in their interventions.
- The impact of trade liberalization on rural women has not been adequately studied.

13. *Implications of Current National and International Trade Policy on Gender Equality and Women Empowerment: a focus on the WTO and EPA – Initial Report. Network of Ethiopian Women Associations (NEWA) 2008*

Objective and Scope of Study

- A preliminary work exploring the gender dimensions of international trade and trade negotiations, and the potential positive and negative impacts on gender, especially on economic and social dimensions.
- The assessment is designed to show the impact of current trade policies and practices on women with particular emphasis on:
 - The main features and principles of current trade policies, especially WTO and EPA;
 - The impact of the policies on gender equality and women's empowerment as well as poverty reduction;
 - The effect of these policies on small-scale industries or micro enterprises (from which a considerable number of women are earning their living; and
 - The possible mechanisms and measures to protect women's interests from any negative impacts of these trade policies.

Key Issues and Findings

- Ethiopia is not yet a member of the WTO but it is in the accession process. It has also not signed the EPA. The study is therefore based on the experience of other countries and analysis of the potential impacts.

- Studies conducted so far indicate that, although Ethiopia's trade regime contains the key provisions that support economic development, a number of additional reforms are needed before the regime satisfies WTO requirements. Changes are needed in customs, foreign exchange regulations, monopoly power of public enterprises in service areas such as shipping, financial services and telecommunications, areas of investment reserved for nationals, and trade facilitative legal infrastructure such as transparency and due process provisions.
- The policy changes required for EPA are similar to those required for joining the WTO but there are some additional ones too. These include 'WTO plus' commitments in areas such as public procurement, investment and capital movement, competition policy, consumer protection policy and intellectual property rights. EPA also prescribes disciplined fiscal, monetary and structural policies (designed to increase the role of the private sector and improve the environment for investment and employment).
- There are both positive and negative potential effects of trade liberalization on women through employment creation/loss, wage gaps, availability of public services and price effects.
- The overall impact of trade on development and poverty reduction has a gender dimension in the sense that it is likely to affect more women than men due to the generally higher vulnerability of women.

Conclusions/Recommendations

- Trade policies and practices have different effects on men and women because of the differences in the roles, responsibilities, rights and opportunities that society assigns to men and women.
- The main gender-related concern in trade is that trade rules may affect women more than men, not because the rules discriminate against women as such but because any negative impacts will fall more heavily on women because of their vulnerable position, especially in most developing countries and LDCs, as a result of restrictive political, economic and cultural circumstances.
- WTO rules in general may affect the ability of governments to pursue gender equality through domestic policies and measures and there is a potential impact of specific agreements of the WTO on gender equality. In relation to the first point, there is so far no WTO dispute

challenging measures in favour of women as against WTO rules. In relation to the second, while WTO agreements are generally gender neutral, some agreements may have greater implications for women than men because of their biological features or their status in society.

- The reduction in tariffs would have some effect on government revenue (though not necessarily negative) that is reflected in spending on pro-poor sectors. This in turn could have adverse consequences for poverty reduction and gender equality.
- Based on experience from other countries such as the Philippines, Mexico and Yemen, cheap food imports have resulted in further marginalization of small farmers. As most women farmers, as previously noted, are engaged in production of traditional products, most of which are food crops for household consumption, they will take the large share of displacement.
- The impact of liberalization of the service sector may have two important implications on gender and poverty reduction in the country:
 - Firstly, the government argues that it uses the substantial income it gains from the telecommunications sector to finance development projects targeted at poverty reduction. Any loss of revenue resulting from the liberalization of the service sector may thus have an impact on government spending on pro-poor projects and its efforts to reduce poverty. However, this loss may be compensated in other ways such as greater tax revenue and increased efficiency in the whole economy that may arise from increased competition.
 - The second consideration relates to employment. The employment implications for the service sector have been difficult to generalize. While the liberalization of some service sectors such as tourism, hospitality and related sectors have attracted more women than men, the more advanced service sectors tend to provide limited opportunities for highly qualified workers who in most cases are men.
- The implication of IPRs (Intellectual Property Rights) on agriculture and transfer of technology remain controversial, the most publicized implications from TRIPs (Trade Related Intellectual Property) relate to the pharmaceutical industry and public health, such as the availability, at affordable prices, of medicines for HIV/AIDS. This is an important

issue for gender in the Ethiopian context for two reasons. First women are more affected by the cost of pharmaceuticals, not only because of their reproductive needs but also because of their responsibility as carers for the ill. Secondly, with the increasing trend of feminization of HIV/AIDS and other diseases in Ethiopia because of women's vulnerability, the issue of access to affordable drugs is a critical issue for women in Ethiopia.

- Women and men will thus not be equal beneficiaries of trade policy reform unless measures are taken to address the inequality and discrimination they confront within the economic, social, cultural and political life of the society.

The general recommendations of the study are:

- Promote skill acquisition, women's education and skills accumulation
- Ensure equal access to productive resources and extension and credit facilities;
- Attach compensatory measures to trade policies which aim to improve women's access to financial resources and services;
- Address other broader issues that diminish women's role in and benefit from the economy such as discrimination.

Specific recommendations of the study include:

- Refrain from further reduction of tariffs in general and maintain higher tariff levels in the sectors that employ a large number of women;
- Provide incentives to sectors that employ large numbers of women;
- Introduce special protection measures for medium and small scale enterprises;
- Pay particular attention to the informal sector, assisting women in this sector to integrate themselves into the formal sector;
- Consult fully with women and women's associations during the processes of WTO accession and EPA negotiation;
- Create awareness on the possible impacts of WTO and EPAs.

Some of these conclusions and recommendations may be considered controversial and, in some cases, open to dispute but they nevertheless raise some valid concerns which should not be ignored in the process of trade negotiations.

14. *Organization for Women in Self-Help Employment – A Rapid Assessment on Gender-Based Violence in Addis Ketema, Akaki-Kaliti, Kirkos and Nefas Silk-Lafto Sub Cities, Addis Ababa. December 2007 WISE*

Objective and Scope of Study

- Base line survey on gender-based violence in Addis Keteme, Akaki Kalyti, Kirkos and Nefas Silk Lafto sub-cities; 560 respondents, mostly employed in petty trading.

Key Issues and Findings

- Gender-based violence is an increasing threat. Some gender-based violence leads to permanent disability or death.
- Girls and women are at high risk. School girls, domestic workers, housewives, working children and women are the most vulnerable to gender violence.
- Those children of poor mothers who are left behind are the most vulnerable to harmful traditional practices, which, though reducing in prevalence, remain widespread.
- The most common causes for gender violence are drug/chat abuse, weak legal protection, poverty and dependency, male chauvinism and cultural factors.
- victims are not willing to report gender violence because of fear of stigma.
- Awareness of gender based violence and training in dealing with conflicts has been very effective.

Conclusions/Recommendations

- Gender-based violence is a fundamental factor contributing to women's impoverishment and abuse of human rights. Gender-based violence is of great concern and is showing an increasing trend.

Factors such as age, economic status and education level show strong correlation with the magnitude of the problem, according to which the vulnerability of the women and children varies.

- In most cases women and children face multiple violence. Women and children work in places where there is gender violence.
- There is a need for more integrated interventions to combat violence at all levels. Economic empowerment should be coupled with other interventions such as tackling harmful traditional practices.
- Awareness and training in gender-based violence is needed, along with support for victims of gender-based violence.
- Training in assertiveness could help to improve the situation.
- There is a need to lobby for effective implementation of existing laws and policies.

15. *HIV/AIDS and Gender Issues: Mainstreaming Analysis Conducted in Addis Ketema, Kirkos and Akakai-Kaliti Sub cities. Final Report November 2007, WISE*

Objective and Scope of Study

- Assessment of the magnitude of HIV/AIDS and its consequences.
- Data on gender-based division of labour, access and control over resources and constraints for development; strategies for mainstreaming HIV/AIDS and gender.

Key Issues and Findings

- Susceptibility and vulnerability to HIV/AIDS and women's activities.

Conclusions/Recommendations

- HIV/AIDS needs to be mainstreamed; this involves awareness raising, establishment of VCT centres, provision of training job opportunities for HIV/AIDS victims, improving access to income generation for unemployed youth, lobbying local administrations for housing for HIV/AIDS victims, expanding counselling and psychotherapy for psychologically affected people, creating a dialogue forum on HIV/AIDS at the household and cooperative level, integrating sex workers

into saving and credit and income generation programmes, and lobbying for effective enforcement of laws against illegal businesses that promote drugs, prostitution, etc.

- Greater gender mainstreaming is needed, including awareness raising on gender issues, adopting technologies that reduce women's workloads, establishing childcare centres, raising awareness of existing laws, expanding assertiveness training, etc.
- Put in place gender and HIV/AIDs policies and guidelines for staff and programmes.
- Gender disaggregation of information and statistical data.
- Enhance networking from grassroots level to international organizations.

16. *Women Empowerment Through Delivery of Microfinance Services in Ethiopia; Occasional Paper no.17, September 2006, Addis Ababa Ethiopia, AEMFI*

Objective and Scope of Study

- A total of 605 clients and non-clients of micro finance institutions in 6 Woredas of Amhara, Oromo and Southern regions served by 4 micro finance institutions.

Key Issues and Findings

- The survey addressed the impact of micro finance on empowerment of women including economic, social, cultural and political dimensions.
- It highlighted the challenges faced by women entrepreneurs including market, workload, absence of individual loan schemes, weak networking, inadequate credit, mismatch between business cycle and repayment and collection of loans, etc.

Conclusions/Recommendations

- Overall micro finance has positive outcomes on empowerment of women but micro finance is not a panacea. Complete empowerment of women cannot be achieved through micro finance alone. Women's empowerment is also influenced by factors such as literacy rates, life expectancy at birth, sexual and physical abuse against women, etc.

- Challenges of exclusion of poorer women, lack of adequate loan size and catering for the individual need to be addressed.
- Micro finance institutions should promote group formation in order to increase the chances of “active poor” women to have access to microfinance services.
- MFI services should be expanded to new groups to reduce income differences between participants and non-participants.
- Loan disbursement should be based on business plans and should increase to meet the credit need of clients.
- Loan officers and market researchers need to conduct an assessment of market-based product development. Advisory services should be available to clients.
- MFIs should assess the potential of their clients and design strategies to expand their products so as to include individual loan schemes.
- Women clients need to be encouraged by organizing exposure visits to model client businesses within and outside the country.
- Refresher training and new training modules should be designed and offered for clients.

17. *Non-farm Microenterprise Performance and the Investment Climate: Evidence from Rural Ethiopia; Josef Loening, Bob Rijkers, Måns Söderbom; The World Bank Africa Region, Agriculture and Rural Development Unit & Development Research Group March 2008.*

Objective and Scope of Study

- Based on Agricultural Sample Survey (RICS-AgSS), which is a survey of 14,646 households covering Ethiopia’s four largest regions: Oromia, Tigray, SNNP and Amhara.

Key Issues and Findings

- The report outlines key characteristics of rural micro enterprises and the determinants of firm performance for each of the regions.

Conclusions/Recommendations

- Local demand affects performance of non-farm enterprises more than anything else. The success or failure of agriculture greatly contributes to the success or failure of firms.

18. *Women Entrepreneurs Associations: Challenges and Opportunities; Desta Solomon March 2009, CAWEE*

Objective and Scope of Study

- All WEAs with special focus on Addis Ababa, Amhara, Southern WEAs and Ethiopian Women Exporters Association.
- The objective of this study was to assess the situation of WEAs in order to identify the challenges and opportunities they face in promoting women's entrepreneurship and make recommendations. The study aimed to provide an overview of the situation of WEAs and highlight some of the issues that need to be addressed.

Key Issues and Findings

- Provides profile of WEAs.
- Lists their achievements.
- Describes their major strength and weaknesses.
- Identifies the external challenges faced by WEAs.

Conclusions/Recommendations

- Recommendations are made with regard to:
 - Leadership and governance,
 - Strengthening membership base,
 - Donor coordination of support,
 - Networking, policy literacy and advocacy,
 - Sustained media engagement,
 - Addressing the negative impacts of gender inequality on women's economic opportunities.

19. ILO-IOE/PEC Regional Workshop on Promoting Women Owned Businesses and Women Entrepreneurs through Employers Organizations in Anglophone Africa (2-5 MAY 2006) Background Paper

Objective and Scope of Study

- The objective of the research was to document activities supporting women's entrepreneurship and small enterprise development by Employers' Federations in Africa.

Key Issues and Findings

- The report outlines where the Ethiopian Employers Federation is in mainstreaming gender in its work and to what extent women employers are represented in the federation.

Conclusions/Recommendations

This meeting was an attempt to create awareness among employers on the importance of mainstreaming gender in the work of employers' federations and to encourage women's representation at different levels starting from membership. It is clear from the background paper which shows the profile of the Employers' Federation of Ethiopia that gender is not yet mainstreamed and that there are no women in the leadership. Each Federation is to draw plans for mainstreaming gender in their work and women's representation in their structures.

20. Gender and Trade Negotiations Study Conducted for NEWA November 2008 (Amharic Version), Habtamu Taddesse and Tiruwork Tezazu

Objective and Scope of Study

The objective was to create awareness among women (business women, workers, policy makers) and the general public about the need for participation in trade policy negotiations.

It aimed, based on previous study made by the CETU (Confederation of Ethiopian Trade Unions), to highlight the impact of trade liberalization on the textile and leather industry and on women workers.

Key Issues and Findings

- Participation of women or the voice of their concerns in negotiations is extremely limited.
- More women from the potentially most affected industries such as leather and textiles will be laid off and join the informal sector.
- The burden on women of health care and other social services as a result of potential cuts in budgets in this sector may rise.
- Difficulty in accessing credit, land and other inputs for women means they will be less able to benefit from the opportunities.

Conclusions/Recommendations

- There is a need for increased participation of women in an effort to maximise the benefit to Ethiopia from the trade negotiations.
- Proper articulation of the gender dimensions of trade negotiations is required and appropriate steps must be taken to address them.

3.2 Women Entrepreneurs – Status and Trends

It is difficult to get a reliable estimate of the number of women entrepreneurs in Ethiopia or of what percentage of the informal sector they constitute. The CSA 2003 informal operators' survey results suggest that women account for 60% of informal operators and 12% of small manufacturing enterprises (CSA 2005/06). Earlier surveys by CSA (1997) presented higher percentages (65%) for the participation of women in urban micro enterprises.

A survey by EDRI (2004) on formally registered urban MSEs (excluding street vendors, etc) showed that 74% are male-owned MSEs compared to 23% for female only (the remainder being jointly owned). Based on the definition of MSMLEs described in annex 1, the WB survey (2009) indicated that 29% of the 525 domestic firms surveyed were owned by women.

The suggestion from most of the studies reviewed herein is that women entrepreneurs tend to dominate micro and informal enterprises and their participation progressively declines as one moves from informal to formal and from micro to small, medium and large businesses. The study of the World Bank, however, highlights a different finding where women account for a higher percentage of ownership (both sole proprietorship and partnership) in manufacturing (28%) than in micro enterprises (21%). This contradicts the

suggestion that women's participation is higher in micro enterprises than in small (including manufacturing) and medium enterprises. The low barriers to entry, time requirement and small profit margins are considered reasons for the usual high concentration of women in micro sectors. Women tend to concentrate in the service sector where they account for 38% of businesses.

Women's ownership tends to be higher in partnership enterprises rather than in sole proprietorship. Women account for 51% and 54% of partnership enterprises in manufacturing and service/retail respectively compared to less than 20% of sole proprietorship enterprises (20% in micro enterprises, 18% in service and retail, and 13.5% in manufacturing). According to the WB 2009 study this suggests that women may face barriers in owning enterprises as sole proprietors for reasons such as lack of networks, poor access to finance or other gender specific differences in propensity to risk, social expectations about gender roles, family trade-offs and time constraints. There are also pull factors to partnership enterprises such as easier access to credit (due to the legal status and the involvement of men), dilution of direct personal risk for women, and greater ease of combining work and family commitments.

There is generally very little known about the growth of the MSE sector although it is recognized that the informal sector is growing very rapidly. The information regarding the growth in number of women entrepreneurs as well as the differences in rate of growth in micro, small, medium and large enterprises is less known. There are, however, some indications from different studies that women-owned enterprises may have been growing faster.

The study by the WB (2009) shows that women-owned enterprises may have been growing at a faster rate than men-owned enterprises in the SME sector while their share in micro enterprises may be gradually declining. Accordingly, among the most recently established firms (aged 3 years or less) women represent about 32% of the 'new entrepreneurs'. This compares with less than 27% of women entrepreneurs of firms older than 10 years and 29% for firms 4 to 10 years old.

The same study also indicated that there may have been faster growth of enterprises owned by women in partnership rather than in sole ownership, possibly due to the entry barriers that women face in sole proprietorship mentioned above. A more thorough investigation is necessary to obtain a more complete picture of the dynamics.

The findings from this desk review challenge the stereotypical representation of women entrepreneurs by providing clear evidence that changes are taking place.

At least three categories of women entrepreneurs are identified in the studies that have been reviewed, painting different pictures of women entrepreneurs. Survival remains a key driving force for many women entrepreneurs operating in the micro and informal sector. This being the sector where women dominate, it continues to overshadow all the other types of women entrepreneurs and remains the stereotype for women entrepreneurs. The three identified categories are described further below.

A. Survivalist

Women entrepreneurs are dominant in the informal micro enterprise sector engaged in petty trading, street vending, food processing and other general low growth sectors. These are described as low growth businesses that are established as a means of survival and in the absence of alternative employment. Many of the women abandon these activities if and when they have an alternative source of income, suggesting that poverty and lack of income more than entrepreneurial drive is the reason for the women's engagement in micro businesses.

B. Growth Orientated

The most comprehensive study on 'growth orientated' women entrepreneurs is by ILO (2003) covering 123 urban women-owned formal micro and small enterprises in Addis Ababa and five other major cities of Ethiopia. The focus of the study was on the motivations, economic opportunities and routes to growth and formalization of women entrepreneurs. According to the study, growth-oriented enterprises are enterprises that have grown from micro to small and medium-sized and which generate employment.

Growth-orientated enterprises are those enterprises that have operated for more than two years and have shown increases in their sales (revenue), capital, employment and products/services, as well as expansion and/or diversification in their businesses. (ILO 2003 p5)

The study found that 70% of the women running small enterprises had started with micro enterprises which had grown into small enterprises. Women who start with small businesses (not grow from micro) are those

who had the opportunity to draw on their parents, resources (e.g. production premises, collateral to borrow from bank, etc.) to start their businesses.

Contrary to the common belief that women enterprises contribute little to employment, studies also show that women entrepreneurs employ significant numbers of paid workers. The 134 businesses covered by the ILO study, for example, employed an average of 7 people per firm and of the 825 people engaged in the enterprises 596 were in full-time paid jobs.

C. Other Profiles of Women Entrepreneurs

There are women entrepreneurs who are in the higher echelon of business, owning large businesses. Women included in the survey by the World Bank (2009) are those with higher education, better economic circumstances, and better access to financial and other resources (although still possibly inadequate). Women-owned enterprises according to this survey tend to employ a greater labour force than male-owned enterprises. Female owned enterprises have a significantly larger size (measured by the number of employees) at start-up than male-owned enterprises with the exception of the micro sector. They also tend to grow faster. For example, the study by WB (2009) shows that the average number of employees at start-up and at the time of the survey was 24 and 54 for female-owned enterprises compared to 13 and 20 for male-owned enterprises. The large size at the time of the survey is even more remarkable considering that female-owned enterprises are younger on average. The same study shows that female-owned enterprises generate higher revenues than male-owned enterprises with the exception of micro enterprises. The difference is significantly higher in partnership projects but also persists in sole proprietorships. Possible factors for this difference suggested by the study are differences in number of employees and the legal status of the firm.

A common stereotype is that women entrepreneurs operate businesses not from choice but out of necessity and therefore lack the entrepreneurial quality and skills that are necessary for success. Studies covered by the review, however, show that the motivations can be far more diverse than the stereotype suggests.

The motivations for women to set up their own businesses, according to the studies reviewed, range from the need to support their families to generating their own income and being self-employed. Studies about successful women

entrepreneurs in Africa (including Ethiopia) have shown that women make a choice to join the MSE sector because of the flexibility that allows them in balancing household responsibilities and livelihood compared to being in formal employment⁵.

Linked to the entrepreneurial quality of women their ability to take risks in running their businesses is often questioned. There are two divergent views on this according to the findings from the desk review.

There are some studies (EDRI 2004) which suggest that women entrepreneurs exhibit risk averse behaviour while other studies suggest that they are risk balancing (because of their role in the family) (ECA 2009). The horizontal rather than vertical expansion of women's businesses and the relatively high concentration of women in partnership companies are some of the manifestations of the risk aversion described in the studies. The WB study refers to gender-specific differences in propensity to risk.

Other factors include the fear of consequences including possible harassment by law enforcement agencies; young women entrepreneurs are more inclined to operate within the provisions of the law than young men entrepreneurs who are less afraid to take risks. Others (ILO/ECA 2009) argue, however, that women are risk balancers and take into account their roles as mothers and providers as well as the needs of their business when they make decisions. This is quite a fine distinction, as the impact on business decisions may be difficult to distinguish.

Success in business is also linked to education and skills. Women in micro and informal businesses tend to be less educated than men (or are illiterate). Although this is the general understanding it does not hold true as one goes up the scale in size from micro to small, medium and large enterprises.

Women MSE operators are typically described as mostly illiterate or less educated than men. The 1997 CSA survey showed that 60% of women entrepreneurs were illiterate.

The CSA survey on Small Scale Manufacturing industries (2006) showed that the education level of women is similar to that of men in small scale industries. Women account for only 13% of the persons engaged in the industry. Out of the total women employed in the sector 82% of women are literate; the same is true for the men.

⁵ UNECA (2009); *Lessons from Success Stories of African Women Entrepreneurs*; Hilda M. K. Tadia.

The survey done by EDRI (2004) suggests that, while the percentage of illiterate women is higher than that of men, the percentage of women who have completed 12th grade is higher than their male counterparts, while at tertiary level (college diploma or above) the figures for women and men are 6.6% and 11.8% respectively.⁶

The findings from the WB 2009 study also points to the fact that in terms of education, managers in women-owned enterprises are better educated than in male-owned enterprises. Accordingly, 37% of managers in female-owned businesses have a graduate degree compared to only 18% in male-owned enterprises. One likely explanation for this as suggested by the WB 2009 study is that women have to be better qualified than men in order to overcome the effects of the discriminatory practices which operate against them in formal employment.

3.3 Constraints Faced by Women Entrepreneurs

Most studies reviewed discuss constraints faced by MSEs in general without focusing on the possible differences between women- and men-owned MSEs. However, other studies have shown that, although women face similar constraints to their men counterparts, there are also differences. Firstly, these 'generic' constraints may affect women differently from men and secondly, women may face additional constraints because of who they are and the socio-cultural context they are in. Based on the desk review, five categories of constraints can be identified.

- The socio-cultural context and the enabling environment;
- Meso level issues related to networking and organization;
- Factors that directly affect women-owned enterprises;
- Issues Related to gender roles, age, diversity;
- Constraints specific to rural women entrepreneurs.

3.3.1 The Socio-Cultural Context and Enabling Environment

Women face significant constraints in accessing resources due to socio-cultural factors that relegate women's roles to the domestic sphere and therefore denying them access to important resources such as land and

⁶ EDRI (2004) p 29

property even when laws and regulations provide for such rights. The other gender inequality issues discussed under this heading include:

- Time poverty and restricted movement of women due to the assignment of the reproductive role to women, high workload, and unpaid labour;
- Negative attitudes towards girls' education, limited access and harmful traditional practices such as early marriage and abduction are causes for low attendance and high drop out of girls from school;
- In rural areas, agricultural extension services reach very few women farmers, women only constitute a small percentage of cooperatives in rural areas and have limited access to credit;
- Poor health of women due to limited access to health services, lack of reproductive rights;
- Lack of decision making in the household and subordination;
- Limited employment opportunities and discriminatory practices in the labour market.

There is a general lack of entrepreneurial culture as reflected in the media and education system of the country. Entrepreneurship is not encouraged and not adequately promoted through the media, and negative attitudes attached to entrepreneurship still persist in many cultures.

There is continued gender stereotyping in education where skills training for girls is skewed towards typical 'women's' skills, thus further strengthening the stereotyping of women entrepreneurs as petty traders and limiting their participation in business.

Enabling Environment

Ethiopia has come a long way in creating an enabling environment for the private sector to thrive and has achieved significant progress in reducing poverty, increasing access to education and developing infrastructure, all of which are essential elements for the development of private enterprise. Despite these efforts, however, the private sector remains very small, fragmented, mainly informal and concentrated in the service sector. The country faces major challenges of low productivity and employment generation, geographic concentration and low diversification of industrial

growth, and dominance of the informal sector, which accounts for 71% of urban employment.

Appropriate economic policies, and legal and institutional frameworks are required to create an enabling environment for MSE growth and development. The WB study on investment climate highlighted several impediments that need to be addressed including governance and a level playing field for businesses to compete, policy reforms to promote competition, addressing regional disparities, and addressing productivity issues (formalization, access to finance and markets).

The studies found that there is a low level of trust in market-supporting institutions such as courts to accelerate the process of developing depersonalized, flexible and more efficient market relationships. There are also governance issues related to a level playing field for business competition and marked regional differences in the constraints facing business in different parts of the country. The persistence of gender gaps at all levels perpetuates the constraints at all levels.

In addition to highlighting the impediments constraining the growth of the private sector in general, the study has also looked at the specific issues related to women entrepreneurs and identified the constraints related to enabling environment that affect women entrepreneurs more adversely.

Women entrepreneurs are more affected by macro economic instability and finance-related constraints.

- Substantial entry barriers exist for women into entrepreneurship;
- Women entrepreneurs are affected more by crime and theft.

The study by the WB (2009) makes several recommendations for improving the investment climate for private sector growth:

- Ensuring level ground for competition by allowing 'endowment' companies to operate 'at arms' length' from government;
- Improving financial sector performance by injecting foreign capital and knowledge into key functions;
- Increasing the availability of land through more predictable flow of land and eliminating regional discrepancies as well as reforming

the legal framework for supporting formal contracting and secured lending;

- improving the industrial strategy and encouraging pragmatic and evidence-based dialogue with the private sector.

Additional recommendations are given in respect of women entrepreneurs:

- Review practices affecting women's rights to property titles;
- Assess the legal and regulatory barriers facing women in starting and growing their enterprises;
- Build capacity to improve the services provided by government agencies for MSEs in general;
- Create awareness of the various government regulations and on protection of MSE operators from harassment by law enforcement agencies.

3.3.2 Meso Level Constraints: Organization and Networking

Women have strong associational lives. Significant numbers of women entrepreneurs belong to some kind of business association. For example, 70% of MSE operators surveyed (EDRI 2004) belonged to some kind of business association but 50% considered the networks not to be useful to them.

Women Entrepreneurship Associations have been established in almost all the regions of the country and a national network has also been set up to facilitate capacity building, networking and representation. WEAs aspire to provide services such as BDS, information and training, facilitation of linkages and representation and voice to their members.

According to a study (CAWEE 2009), although some WEAs such as the Amhara WEA and Ethiopian Women Exporters Association do try to provide services based on the needs of their members, WEAs generally remain weak for various reasons such as limited and narrow membership base, low capacity to provide services, and weak organizational and financial sustainability. There is a national network of WEAs but this also remains weak.

WEAs are not well networked with mainstream BMOs such as Chambers of Commerce and Sectoral Associations, Employers' Federations, etc. and therefore have very little influence on the services of these organizations to become sensitive to the needs of women entrepreneurs.

Donor support to WEAs is uncoordinated and seems to be ad hoc with very little sustainable impact.

3.3.3 Constraints Related to Businesses

The review shows that most of the constraints faced by women entrepreneurs are also faced by their male counterparts. In fact most studies make little distinction regarding constraints faced by businesses. However women entrepreneurs do tend to suffer more from such constraints and the impact on their businesses tends to be higher, as some of the studies have shown. According to these studies the most important constraints entrepreneurs face relate to access to finance, acquiring business premises, availability and appropriateness of BDS, and training and mentoring services.

Access to Finance

Ethiopia is one of the more under-banked countries in Sub-Saharan Africa with a bank to population ratio of 158,372 (0.63 branches per 100,000 population). For comparison, in South Africa there are 6 bank branches per 100,000 while the equivalent figure in Namibia is 4.5 branches for 100,000 people and in Uganda 0.5 branches for 100,000.⁷

The total capital of the banking system in Ethiopia in 2006-07 was 9.3 billion Birr, of which private banks accounted for 31.5%.⁸ According to a study only 19% of the Ethiopian adult population has an account in a financial institution.⁹

The average level of collateral required for a loan (173% in 2006) by banks is one of the highest in the developing world (WB 2009). It is more difficult to access finance for capital expenditure than for working capital. Access to finance is rated as one of the top three problems (60% of firms) by micro, small medium and large firms surveyed by the WB.

Access to finance for MSEs is mediated through micro finance institutions since the collateral requirements of commercial banks exclude most MSEs from accessing finance from these sources. The 27 MFIs operating in the country currently meet less than 20% of the demand for financial services

⁷ <http://fsdi> ; *Financial Sector Operations and Policy; Financial Sector Indicators Note: 7*

⁸ *World Bank(2009) p96*

⁹ *Getahun Nana, Policy Initiatives for Improved Financial service provision: The Case of Ethiopia; Paper presented at the AFRACA workshop, Addis Ababa; 2008 (Quoted by Solomon Wole)*

for the 'active poor', reaching 1.8 million clients in 2007 with an outstanding loan portfolio of Birr 3.1 billion.¹⁰ The majority of the need for business finance is met through individual savings and other informal sources and supplier credit.

Five regional MFIs (including ACSI and DCSI) account for 90% of the micro credit market in terms of total asset accumulation and service 56% of all new clients. Only 5.6% of MFI clients are urban, 94.6% being rural clients. The majority of MSEs in urban centres are not reached by MFIs. Only 5% of MSEs in urban areas received loans from MFIs (EDRI 2004). Ethiopian MFIs suffer from limited access to funding from commercial sources, low mobilization of savings and high inflation.

The MFIs lack product diversification and the small loan ceiling (Br.5,000) means some clients quickly outgrow their services and this leads to high client dropout. MFIs are, however, able to extend larger loans to individuals (not exceeding 1% of their capital) for working capital and investment for those who can provide fixed asset collateral. The demand for such loans is huge and most MFIs do not have the resources to provide enough of this type of loan. Fewer than 10% of clients in growth-oriented MSEs are reached by such loans at ACSI.¹¹

Saving and Credit Cooperatives are also sources of finance and savings mobilization. The cooperatives serve their members and most are said to be over liquid. Initiatives to use the funds of SACCs to lending through banks have recently started. Cooperative banks are also lending higher amounts than MFIs and have the potential to reach the growth enterprises.

Access to financial services for vertical growth and diversification of activities is very limited. Micro Finance Institutions cater mainly for the lower ('economically active poor') echelon of clients while banks cater for medium and large enterprises. The growth-oriented micro and small enterprises on the one hand and the poorest on the other are not catered for.

Sources of finance for women entrepreneurs are mainly informal (*Equb*, individual savings, borrowing from family and friends), micro finance institutions and banks.

The main source of finance for starting up and expansion of women-owned enterprises is from the women's own savings (such as through

¹⁰ AEMFI (2009) *Ethiopian Micro Finance Institutions Performance Analysis Report; Bulletin 5*

¹¹ AEMFI (2009) *Financial Needs of MSE Operators in Ethiopia*, p 50

Equb), loans, and contributions from family and friends. Once in businesses women entrepreneurs' access to finance becomes a very severe constraint as individual savings are not enough for expansion and the profit generated is not large enough to allow for growth and expansion.

All the studies reviewed highlighted access to finance as a major constraint for women-owned businesses. The constraint becomes severe especially for 'growth oriented' enterprises which are considered too large for micro finance institutions and too small by commercial banks.

Micro and small enterprises in general and those of women in particular cannot access credit from commercial banks because of high collateral requirements, and the need for their own cash reserves, a good proposal, equity injection and other procedures which are onerous for a small business.

According to one study, businesses operated by women were more than two-and-a-half times more likely to fail in comparison with businesses operated by men and more than half of the women entrepreneurs who failed (53%) were unable to secure loans from the commercial banks.¹²

Gender disaggregated data are not generally available from commercial banks to determine the share of women entrepreneurs in commercial bank loans. Attempts made to disaggregate the available data (based on male/female names of loans taken from banks) indicate that women account for only a small proportion of the loan portfolio of commercial banks. For example, the study done by Solomon Wole on access to finance for women entrepreneurs (section 3.1 Item 8) showed that while women accounted for 47% of sole proprietorship borrowers this was only 13% of the total amount disbursed by the CBE. Socio-cultural constraints, the lack of prior experience (track record), lack of collateral and general lack of information on banking are some of the reasons highlighted for this state of affairs in a study sponsored by CAWEE.

Women MSEs in Ethiopia generally have less access to finance from MFIs than men. Women accounted for 38% of the client base of micro finance institutions in the year 2006 and 43% in 2007. This compares unfavourably with the 60% share in African MFIs¹³. Information on the share of loans is not available but existing data from Dedebit MFI show that women accounted

¹² *Journal of International Women's Studies* Vol. 10 #2 November 2008 (abstract) *Women Entrepreneurship in Micro, Small and Medium Enterprises: The Case of Ethiopia*. By Eshetu Bekele and Zeleke Worku

¹³ AEMFI (2009) *Ethiopian Microfinance Institutions performance Analysis Report, Bulletin 5*

for 39% of the client base but only 34% of the total loan amount in 2006.¹⁴ This indicates an average loan size for women 20% lower than that for men. Because of the loan ceilings the amount that women can borrow from MFIs will not meet their needs for growth from micro to small, or to start small and grow to medium and large enterprises. A study by AEMFI (2006) on the impact of MFIs on women's empowerment showed that 89% of women in rural areas took loans of less than Birr 2,000. High drop out of clients of MFIs is caused by the fact that clients quickly outgrow their loan ceiling. The slow growth of loan size was reported as a key challenge. The same study showed that over a third of the clients had received credit twice, 29% had received credit three times and a third of the women in the sample had received loans four or more times (AEMFI 2006).

Limited access to finance (because of small loan ceilings) forces the micro finance operations of women to grow horizontally rather than vertically once they reach the loan ceilings of MFIs through taking repeat loans.

Potentially, MFIs can offer larger loans (ranging from Birr 20-500,000) to meet the needs of the 'missing middle' (the regulation allows MFIs to give loans up to 1% for working capital and other types of loans). Currently such loans are extended for cooperatives and youth groups organized by government agencies or with collateral.

In the absence of legal mechanisms for registering assets such as machinery and equipment to serve as collateral, MFIs are reluctant to extend larger loans to clients and women find it especially difficult to access larger loans because of their limited access to property.

Premises

Access to land for business premises (for production and marketing) is one of the major constraints for businesses of all sizes. Over 56% of businesses surveyed by the World Bank raised availability of suitable premises as the most important problem their businesses face. Similarly over 40% of the women surveyed in the ILO 2003 study identified lack of premises as a major problem. This has caused women entrepreneurs to operate from their houses or on the streets with poor sanitary conditions and exposed to theft and harassment by the police and clients.

Poor location for MSEs takes a heavy toll in terms of cash flow and operating costs. MSEs require a good location close to their customers. The existing

¹⁴ ILO (2004) *Support to Growth-Oriented Women Entrepreneurs*

policy on land hampers entrepreneurs from using land as collateral for loans to construct premises.

There are three ways of accessing land: acquiring a permit for existing land (including previously leased land); formal new land parcels; and informal new land parcels. Transfer of title involves payment of fees and taxes and payment of commission to brokers. Acquiring land from formal new and existing parcels involves participation in auctions or negotiations.

In a study sponsored by CAWEE (2009), over 40% of women entrepreneurs interviewed cited lack of working space as the most important constraint for growth and expansion of their businesses. There is limited supply of lease land, the high price for lease and the long waiting time to acquire land through lease means many businesses look to informal brokers. Most women entrepreneurs find the cost of acquisition of premises very high and are unable to expand their businesses. Women also face challenges in negotiation and contract of acquiring premises.

For many enterprises, location can be a critical factor which can influence positively or otherwise their competitiveness in the market. Securing the right location can involve substantial legal and financial complexity¹⁵.

Information on available land in both the formal and informal markets is not systematized and made easily available for buyers. Women's access to such information is limited as often networks of brokers and information are informal and male dominated.

The gender dimensions of acquiring premises as well as the gender equity in allocation of marketing spaces for women's enterprises by municipalities and local governments should also be looked into. Experiences from AWEs suggest that allocation of marketing and production premises for women entrepreneurs through lobbying with local governments for women enterprises could be a way of reducing the problem.

Effective use of premises through sub-contracting and proper factory layout could also reduce constraints on premises.

¹⁵ Fekade Y. (2008) *Challenges Facing Small and Medium Enterprises owned by Women Entrepreneurs in Selection and Acquisition of Commercial and Industrial Premises*; CAWEE consultative Forum

BDS Services

Business development services include a wide variety of non-financial services such as training, extension, consultancy and counselling, marketing and information services, technology development and diffusion, mechanisms for business linkages such as sub-contracting, franchising and business cluster. There are certain types of services provided to MSEs free of charge which can distort the market for BDS, but for sustainable BDS to be provided there has to be a demand or market for it.

MSEs in general and women's MSEs in particular suffer from insufficient of BDS and there are only a few private BDS service providers concentrated in few urban centres. The quality of services provided is often low and they are not tailored to the needs of women entrepreneurs.

Development and delivery of supply-driven MSE services, inability to market business development products effectively to MSE operators and the inability, poor generation and adaptation of appropriate technologies and their ineffective dissemination are challenges in provision of services to MSEs.

Women have very little awareness of BDS and are not accustomed to seeking out such support services. Similarly, BDS providers do not see women as potential clients for their services and therefore women are a 'blind spot' for BDS providers. There are issues of both reach and capacity of the BDS and training suppliers, especially in serving rural MSEs.

Women entrepreneurs lack knowledge of government procedures, taxation, labour laws, information on product markets, technology and prices and they often do not know how to access information on these issues. The BDS services in the market are also inadequate especially in product development, market research skills, lack of confidence to enter new markets or develop new products, marketing, and other critical areas of services.¹⁶

Most women-owned MSEs are not making use of any external BDS providers. The majority rely on advice from family and friends. Women tend to balance risks between family responsibilities and business and tend to run small parallel businesses which do not attract much attention from business promoters.

¹⁶ Weldelul A. (2009) *Barriers Faced by Women Entrepreneurs in Developing Products and Establishing Services for Export Marketing; CAWEE Fourth Consultative Forum*

Training and Mentoring

Studies have indicated that women generally are less educated than men in the micro enterprise sector but their level of education is better in the small and medium enterprise sector. Access to training opportunities for MSEs is very limited despite the fact that several NGOs, donors and government bodies do provide training. Only 7% of MSEs covered by the EDRI 2004 survey had access to training, in contrast with other countries such as Kenya where some 91% of MSEs have received business training (EDRI 2004). Up to 80% of the training is provided free, although there is a general willingness to pay for training that is well targeted and meets the needs of MSEs (EDRI 2004). Access to apprenticeship training and on-the-job experiences is also very limited while other services such as business extension services and counselling are generally unavailable for MSEs. Only 25% of MSE operators have had previous experience of running business and 57% of the MSEs have not had any apprenticeship training in the past. (EDRI 2004).

The most important sources of information for MSEs are customers, suppliers, relatives and friends, non-competing similar businesses, and competitors. Information provided by institutions (such as government, chambers of commerce, etc.) is difficult to access or of little use to MSEs (EDRI 2004).

Training programmes have the following weaknesses:

- They do not take into account the needs of women and are often generic and not tailored to their needs;
- The training is not flexible in terms of the delivery schedule, location and language to accommodate the specific challenges that women entrepreneurs face as mothers and carers;
- Training sessions are one-off events and the fact that many of the trainers are men is a major barrier for women entrepreneurs (because women prefer women trainers and husbands do not like women to be trained by men trainers);
- There is very limited outreach of training, especially training in the work place. Most training is delivered in a workshop setting;
- Sporadic and uncoordinated entrepreneurship training is given for women with little impact on improving their businesses.

3.4 Other Gender-Related Issues Affecting Women Entrepreneurs

Women entrepreneurs are not a homogenous group. Although most studies focus on urban women entrepreneurs some studies have looked into the situations of rural women entrepreneurs, young women entrepreneurs and women entrepreneurs with disabilities.

Family Size, Reproductive Role and Life Cycle and Women Entrepreneurs

Because of the reproductive role that women assume in their domestic lives, the size of the household and their marital status affects the operation of their businesses. The average household size of the women entrepreneurs covered by the 2003 ILO survey was 6 persons and 78.9% were or had been married at some point in their lives (married, divorced, separated or widowed).

Businesses of women entrepreneurs are constrained by women's responsibilities at home. The 2003 ILO Study shows that more small businesses are run by married women (60%) than single women (13%). It generally takes time for micro enterprises to grow to small by which time most women are married and have more responsibilities at home.

The challenges of juggling between household responsibilities and business are pronounced for the lower echelon of women enterprises. The WISE base line survey related to informal sector operators indicated that 76% of women do their household chores themselves and only 5% have a helper in the house. Women may also be the major bread winners in the family. According to the baseline survey, 46% of the spouses of the surveyed women were unemployed, with many others being daily labourers (23%) or pensioners (8%). While this is very relevant to women in informal micro businesses, other women in the MSE sector enjoy support from their families to manage household responsibilities.

Women Entrepreneurs with Disabilities¹⁷

Women entrepreneurs with disabilities are over represented among the poor. They face more discrimination because of their disability. They are often marginalized, denied opportunities for employment, decision making and leadership. There is very little awareness of disability and the rights and needs of people with disabilities. The general public attitude regarding

¹⁷ ILO *Developing Entrepreneurship among Women with Disabilities*

women entrepreneurs with disabilities at best is 'pity'. Disabled women entrepreneurs face harassment, verbal abuse and theft in the market.

Women entrepreneurs with disabilities have very limited marketable skills and training. Disabled women entrepreneurs are not targeted for training and are constrained by accessibility issues (due to wheel chair use, sign language translation and Braille formatted information) from participating in training, accessing credit or BDS. Vocational schools and BDS providers need to be accessible to disabled people.

A study by CAWEE (2009) also shows that most banks are not accessible for persons using wheel chairs. Entrepreneurs with hearing impairments cannot effectively communicate with banks as the latter do not have interpreters. Bank brochures, formats and books are not suitable for visually impaired persons.

There is a notable lack of data on disabled women entrepreneurs. It is important to gather information on persons with disability and the participation of women with disabilities in the MSE sector.

There is also a need for a public awareness campaign to change the image of disability. There are an estimated 7-10% of persons with disabilities in Ethiopia which indicates the potential market for products and services for disabled persons. Such services need to be encouraged, rather than disabled people being stigmatized.

Young Women Entrepreneurs

Increasing numbers of young women are joining the MSE sector. The informal sectors (micro-enterprises) are particularly important for young people where four out of every five employed youth work in the informal sector (World Bank 2009). The study by ECA/ILO suggests that young women entrepreneurs are more entrepreneurial than their male counterparts. Young women seem to enjoy their independence and the ability to expand their options to a greater extent than the young men, who often consider their involvement in business to be only because of a lack of formal employment opportunities.

The study also suggests that young women face similar issues to those of their male counterparts but in addition face some unique challenges. The following are highlighted in the studies reviewed.

Young women face multiple discrimination by customers, business people and law enforcement agencies based on their age, sex and the fact that they are entrepreneurs. The working conditions for young women entrepreneurs in the informal sector are very poor with no facilities such as toilets. They are vulnerable to theft, harassment and sexual exploitation exposing them to the risk of HIV/AIDS.¹⁸

Young women feel less secure when working for extended hours and consider themselves soft targets for hooligans. Due to the need to juggle between household responsibilities and business they do not normally work full time in their businesses. Unlike young men entrepreneurs, young women entrepreneurs tend not to take risk and prefer to operate in a legal environment while young men tend to take risks by avoiding licences, registration, etc.

Like other women entrepreneurs, young women entrepreneurs have less access to credit, training, premises and other inputs compared to their male counterparts. MSE operators highlighted the severity of challenges faced by young women in the market (harassment, lack of basic facilities, theft), the cultural attitudes towards women entrepreneurs that are generally negative and lack of access to services.

Since these young women lack any form of social protection, they are more susceptible to exploitation and poverty, especially as a result of major change in life status such as births and deaths in the family, and economic shocks including droughts and recessions. There are some risks associated with the businesses that women run, especially in increasing exposure to the risk of HIV/AIDS. These businesses include barber shops, selling local beer and alcohol (that increases exposure to rape and unsafe sex), butchery, sewing and repairing clothes, handicrafts, woodwork, etc. The physical fatigue and hard work also increases vulnerability especially that of people living with HIV/AIDS. Awareness raising and access to counselling and treatment is important for these issues.

Entrepreneurship development programmes should therefore look at young women entrepreneurs in a holistic way and address their needs and vulnerabilities. Trainings on gender, HIV/AIDS, self esteem, could be appropriate. There is a need to recognize the potential of these entrepreneurs

¹⁸ An example of a holistic approach to women entrepreneurship is conducted by WISE that includes finance, business training, gender training and HIV/AIDS awareness. (WISE (2007) *HIV/AIDS and Gender Issues: Mainstreaming Analysis conducted in Addis Ketema, Kirkos and Akaki Kaliti Sub Cities*)

to grow into formal micro and small enterprises even though they are initially meant mainly for survival reasons.

Rural Women Entrepreneurs¹⁹

A quarter of rural households participate in non-farm rural enterprises and this is a major source of income for 10% of the rural households (WB)²⁰. Rural enterprises are said to be less profitable (for instance compared to income from casual labour in agriculture) but nevertheless important sources of income, especially for women. Because of the direct links with agriculture and the localization of markets, rural enterprises are adversely affected by the low performance of the agricultural sector. Other factors that affect the performance of rural enterprises include the limited local market and lack of infrastructure. Rural enterprises are local owing to distance from main markets; they are very small and exclusively run by members of the household.²¹

Understanding of rural women-owned enterprises requires a closer look at the agricultural sector and the role of women. The following highlights some of the findings from the study conducted in rural areas of Ambo in western Ethiopia.

Women's asset portfolios are significantly smaller than men's. Most women in Ethiopia do not have direct access (or have limited access) to land. Their right to use land often exists only through their husbands. They also do not have access to other productive resources. The constraints for FHH to access land are much higher and they are likely to be landless. When women do access land, cultural taboos constrain them from using the land and are frequently unable to protect their rights owing to institutional weaknesses.

Women's inability to respond to economic opportunities is related to their initial comparative lack of resources. The asset gap widens as available resources can be used to leverage more resources. Men are members of cooperatives because of the direct access they have to land. Through this membership they can access other resources such as agricultural inputs, credit and extension services which are not easily available for women. There are very few women extension agents who can work with women

¹⁹ This section is mainly based on findings from Torkelsson A.; *Trading Out? A study of Farming Women's and Men's Access to Resources in Rural Ethiopia*

²⁰ Loening J., Rijkers B. and Söderbom M. (2009), *Non-Farm Micro Enterprise Performance and the Investment Climate, Evidence from Rural Ethiopia (WB)*

²¹ WB (2009), *Ethiopia, Towards the Competitive Frontier, Stages for Improving Ethiopia's Investment Climate* ; p 10

to improve agricultural productivity and cultural taboos may not allow women to interact with men extension workers. The growing emphasis on production of grains and cash crops for market benefits very few women. Women's access to land is further diminished and their asset base shrinks further with the expansion of cash crops.

Men and women in the household maintain separate budgets and household income is not shared equally. Therefore additional resources may not be made available to the women as the income from agricultural activities is owned and managed by the husband. There are different allocative priorities for men and women.

Men are gate keepers to the local economy, where important local resources circulate. Women access these thorough their connection with men. Men are responsible for public decision making as members and heads of associations, elders and farmers. Women's access to resources is therefore determined largely through their connections with men.

Women's social networks focus on social bonding and are therefore less effective in accessing market information, credit, etc. than those of men, which are used for exchanging market information. Abduction and other cultural practices affect women's opportunities in the market place. Women tend to trade with women, supplying goods for household consumption while men trade in higher value goods such as grain, cattle and the like.

Since nearly 95% of the clients for micro finance in Ethiopia are rural, it is reasonable to assume that, of the 43% clients of MFIs who are women, the majority are rural women. MFIs are said to satisfy only 20% of the demand for micro finance which implies the majority of rural women do not have access to the service.

The contribution of micro finance to women's empowerment has been positive by increasing women's decision-making power, increasing income, improving their asset base, and their participation in the public sphere through building their self esteem. However, there are also major constraints to making women's businesses profitable because of the small size of loans, the absence of individual lending, limited markets in rural areas and weak infrastructure, as well as lack of skills (AEMFI 2008).

Girls' education is hampered by the limited number of schools in rural areas. Traditional practices such as abduction limit girls' opportunity to continue their education as well as restrict their movement.

Female-headed households (divorcees) more than women in a male-headed household are likely to participate in micro enterprise activities. The reasons seem to be both economic and social. Rural women migrate to urban centres and join the informal sector as a path to freedom from gender discrimination. The findings from WB (2009) also show that more women than men participate in rural enterprises, even though these businesses generate very low income, owing to the fact that women do not have a better alternative and could be even worse off without it.

It is critical that these constraints facing rural women entrepreneurs are addressed; there is less a need for new policies than for the political will and commitment to address gender inequality in rural areas.

4 Conclusions and Recommendations of the Reviewed Studies

4.1 Conclusions

The information available on women entrepreneurs in Ethiopia is inadequate and one of the reasons for this state of affairs is the fact that existing data are not sufficiently gender disaggregated (in some cases not at all). It is clear from the studies that women and men entrepreneurs do not operate in the same manner, do not have the same opportunities and do not face the same challenges. It is to be hoped that the studies focusing on women entrepreneurs will influence future studies and surveys to be fully gender disaggregated and that analysis will take full account of the gender dimension.

The studies have shown that significant changes are taking place in the role of women entrepreneurs in the MSE sector. The stereotypical representations of women entrepreneurs are changing fast. This will require changes in thinking by researchers, donors, government and private sector institutions in the way they address issues of the MSE sector and private sector in general. Women entrepreneurs should demand their rightful place in these institutions and influence the policies and programmes that often ignore, misunderstand or undermine them.

Constraints can be faced within the broad socio-cultural context, the enabling environment, and the business environment. There are also constraints women entrepreneurs face because of their age and ability/disability.

Different enterprises at different stages of growth face different set of constraints. The most serious constraints women face relate to access to finance, especially for growth oriented enterprises, and access to information, training and BDS. The lack of education and access to resources put women entrepreneurs in a disadvantageous position compared to men. The stereotyping of women entrepreneurs as survivalist micro enterprises has worked against them. The legal and institutional frameworks and policies have not sufficiently addressed the needs of women entrepreneurs, who are thereby disadvantaged.

The studies have also shown that women entrepreneurs are not a homogenous group. Diversity variables such as age, disability and location (rural vs. urban) need to be considered in analyzing the constraints faced

by women entrepreneurs. It is clear from the studies that young women entrepreneurs, women entrepreneurs with disabilities and rural women face more severe constraints than other women entrepreneurs. These are however least understood and require further study.

The studies have highlighted how the socially ascribed roles of women determine their access to important resources, especially in rural areas. The studies show how some women use entrepreneurship as a way to escape gender inequality as well as the heavy dependence of rural enterprises on the performance of the agricultural sector. Young women entrepreneurs and women with disabilities face specific forms of discrimination that hamper their growth. The lack of entrepreneurial culture reflected both in education and the media are major challenges for the expansion of entrepreneurship among women and girls.

The studies related to rural women entrepreneurs demonstrate a strong link between social and economic aspects of life and how social roles and positions define people's access to resources and their choices in life. The lack of clear understanding of these issues leads to actions that are ill informed and aggravate problems faced by women entrepreneurs. The studies also show that women entrepreneurs in rural areas use their businesses as a gateway to gender equality.

The studies reviewed provide important recommendations regarding the constraints faced by women entrepreneurs. Addressing gender inequalities through education, ensuring women's rights to property (including land), mainstreaming gender in policies and institutions, creating gender awareness and challenging stereotypes through sustained advocacy will address some of the key socio-cultural challenges women entrepreneurs face. Strengthening women's participation and voice in the development of policy, in institutions that are relevant to private sector development and strengthening women entrepreneurship associations are critical in building the confidence of women entrepreneurs and in bringing about change in these areas.

Developing products in the financial sector to meet the needs of women entrepreneurs, including the development of financial institutions targeting women entrepreneurs, the development of training and BDS services that are sensitive to the needs of women entrepreneurs, and especially through increasing the numbers of women trainers and BDS providers could go some way to tackling the constraints women face in growing their businesses.

Some specific recommendations for minimising the constraints faced by women entrepreneurs are provided in the section below.

4.2 Summary of Recommendations of the Studies Reviewed

Finance

- MFIs should consider raising the maximum loan size in order to meet the needs of the MSEs and allocate a significant proportion of their funds for loans to small enterprises (Loan size of Birr 20,000-500,000) and use a wider range of collateral than just fixed assets. There is some progress in this but needs to be scaled up.
- Part of donor funding to MFIs could be earmarked to guarantee loans to growth-oriented Women's MSEs;
- Establish an MFI dedicated to women's MSEs;
- Establish a women's enterprise bank. This is currently under consideration;
- Establish a loan guarantee fund for commercial banks for loans to women's small enterprises;
- Open windows in commercial banks to cater for women entrepreneurs (CBE has recently introduced this change) with flexible terms and conditions especially in relation to easing collateral requirements. Open up dialogue with key stakeholders on innovative ways of financing women's businesses;
- Develop a "Financing Guide for Women Entrepreneurs";
- Financial institutions should maintain gender disaggregated data on their clients and conduct impact assessments, especially in the case of MFIs regarding impact on alleviating poverty (some work has been done on the latter – see AEMFI (2006)).
- Establish MFIs in the regions such as Afar, Somalia, Gambella and Benishangul;
- Introduce regulations for registration of machinery and equipment to be used as collateral so as to improve access to finance for MSEs;

- MFIs should take into account the realities of the economic activities and life cycles of women (such as child bearing) in determining loan repayment schedules.

Premises

- Allocate government land to meet the demand from women-owned MSEs for premises;
- Support women in their efforts to expand businesses;
- Establish fully equipped business incubator units in key sectors, for example, textiles, food processing, etc. so that women have access to production premises and appropriate technologies;
- Extend initiatives to provide premises for women on a lease basis thereby reducing the capital costs of growth – all regions. (these are parts of the urban development strategy);
- Governments should continue to support the development of WEAs so they can work with them on behalf of their members to address the issue of premises;
- Encourage WEAs to work with real estate developers in providing business premises for women entrepreneurs and provide market information to their members on land and premises.

BDS Services

- Establish women-focused coordination desk/window for BDS service in FeMSEDA and the REMSEDA and the regional networks for MSEs;
- Disseminate information through women entrepreneurs associations;
- Train technical college graduates to become BDS providers in the women's market;
- Coordinate efforts and information exchange among key actors to increase their positive impact;
- Develop programmes for extending BDS to rural enterprises (experience of ILO in India could be one example);

- Build capacity of BDS providers – in identification of demand for services, service development, gender analysis, developing BDS targeting women entrepreneurs, etc.

Organization and Networking

- Coordinate the support from donors to WEAs to gear it towards developing a model for ensuring long term sustainability based on a clear business plan that will ensure a sustainable source of finance for running WEAs;
- Encourage and assist WEAs in areas of good governance, planning, membership services, and networking exchanges;
- Provide seed funding to strengthen WEAs;
- Expand the ILO-WEDGE capacity building element;
- Create Leaders' Forum for "Top 20 Women Entrepreneurs of Ethiopia";
- Encourage young women entrepreneurs to be active members of associations.

Specific Recommendations Regarding Young Women Entrepreneurs

- Make childcare facilities available to women who are engaged in MSEs in order to help them succeed in their activities;
- Implement special entrepreneurship development programmes that are sensitive and appropriate for young women and people with disabilities;
- Awareness-raising for young entrepreneurs examining vulnerabilities from a rounded perspective
- Training programmes on gender, HIV/AIDS, self esteem, could be appropriate.
- There is a need to recognize the potential of informal micro (survivalist) entrepreneurs to grow into formal micro and small enterprises even though they are initially meant mainly for survival reasons.

Women Entrepreneurs with Disabilities

- There is a need for public awareness and targeted advocacy to change the image of disability.
- It is important to gather information on persons with disability and the participation of women with disabilities in the MSE sector.
- Vocational schools and BDS providers should be accessible for persons with disabilities.
- Businesses that provide products and services for disabled people need to be encouraged (e.g. through tax incentives)

Rural Women Entrepreneurs

- Target more women in agricultural extension services, increase women's access to micro credit and agricultural inputs, and use the land titling as basis for entitlement to such services;
- Review the impact of land titling on women's access to resources and address the obstacles to implementation of the government initiative on land titling (certification) in some regions of the country. In the long term increasing women's access to and control over productive assets and reducing their work load will be critical;
- Improve access to education including functional literacy to improve the economic conditions of women;
- Improve access to water and fuel and domestic time and labour saving technologies;
- Ensure gender mainstreaming in agricultural programmes such as promotion of cash crops, horticultural production; set clear targets with regular monitoring and reporting of progress, especially in agricultural strategies and programmes (e.g. set targets for percentage of women members of rural cooperatives, percentage of women in leadership positions in peasant associations, etc.);
- Evaluate the impact of the land titling programme and corrective measures to address regional divergences and obstacles to women's access to land;
- Support this with sustained public awareness and create an enabling environment for the emergence of strong women's organizations that

can promote such awareness, advocate for the rights of women and support their members;

- Traditional leaders, churches and mosques also have a critical role to play in support of this;
- Build government capacity to implement the provisions of the constitution, family law, criminal code, etc.

Addressing the Knowledge Gap

- Collect and make available robust sex-disaggregated data on MSEs on a continuous and regular basis (MoTI-WAD with appropriate statistical agencies of the Ethiopian Government);
- Develop a strategic, collaborative research agenda to fill gaps in knowledge about women in MSEs and seek funding to implement the research programme (MoTI-WAD, ILO, WEDGE-Ethiopia Steering Committee, donors). Study topics could be women's entrepreneurial skills, comparative studies of women and men entrepreneurs, constraints faced by micro, small medium and large enterprises;
- Undertake impact/case studies of initiatives targeted specifically at women-owned MSEs and share the results;
- Build the research capacity of the Ethiopian higher education community in the area of MSEs and women's entrepreneurship.

5 Gap Identification and Analysis

Inconsistency in the use of definitions

Inconsistencies in the definition of MSEs used by different agencies make any comparisons between the different studies very difficult. Analysis of trends, growth and death of enterprises is not possible due to the differing coverage of the different surveys. It is also important to mention that most information available is on urban enterprises only, mainly in the five regions of the country including Addis Ababa, Amhara, Tigray, Oromia and SNNPR. There is little available outside these five regions.

Lack of Gender Disaggregation

The problem of gender disaggregation exists not only in the surveys but also much more widely, amongst service providers such as banks and private sector institutions such as Chambers of Commerce. These institutions do not hold gender disaggregated information regarding their members, and the services they offer do not take into account the different needs of women-owned enterprises at different levels.

Studies on Successful Women Entrepreneurs and Growth Paths Missing

Studies on successful women entrepreneurs and the growth paths of their enterprises are lacking. This is important in order to understand what factors contribute to success and to identify role models that young women entrepreneurs could look up to.

Deeper Understanding of Entry and Exit Barriers for Women Entrepreneurs Lacking

There are some indications in the literature regarding entry and exit barriers for MSEs and for women-owned enterprises in particular, although these barriers are not identified. Further study is required to understand the barriers and target interventions that could reduce their impact. The studies also aggregate women's enterprises and do not attempt any analysis on the basis of different sectors. Such studies are important to support women entrepreneurs in the sectors that are given priority by the government such as flower exports, coffee, horticulture, handicrafts, etc.

The Role of Equb as a Potential Source of Finance for Women Entrepreneurs

Studies on financial constraints identified that business start-ups are often financed by individual savings, borrowing from family and from **Equb**. Discussions on financing expansion focus on accessing funds from financial institutions such as MFIs and Banks. However, it is known that a significant amount of finance (from a few thousand Birr to millions) is generated through **Equbs** in market places like **Merkato**. However, this desk review has not identified any studies focusing on such informal sources of finance and their role in financing the businesses of women. In a country like Ethiopia where formal sources of finance are still underdeveloped, Equb will continue to play a significant role in providing finance for women entrepreneurs.

Lack of Coordination and Sustainability

During the review process it became evident that many bilateral and multilateral organizations such as ILO, ECA, SIDA, EU and WB are engaged in promoting women's economic empowerment, women's entrepreneurship and development of the private sector and investment. There is, however, little sign that these different initiatives are coordinated or how gender is mainstreamed. Similar challenges are also faced within government. So far the Women's Affairs Ministry, which is expected to mainstream gender in all government organizations, has very limited capacity and the extent to which it is able to support mainstreaming within donor-supported programmes is not clear.

Absence of Learning and Exchange

Although there are a number of initiatives related to private sector development, export promotion, market and product development in different sectors of the economy the review has not come up with any review or evaluation reports that help draw lessons. Nor such reports are shared among different institutions. It is, however, better if effort is made among NGOs and MFIs to document and share their experiences.

Over the past few years the MoTI and FEMSDA and other stakeholders have been engaged in a proactive promotion of MSEs among the young and thousands of young people have benefited from such initiatives. It is also true that challenges are faced. However there is very little available on these experiences and especially in relation to young women entrepreneurs.

Lack of Focal Institutions for Women Entrepreneurs

The different studies on women entrepreneurs were done by different organizations and donors. There is no focal institution responsible for addressing women entrepreneurs' issues, either in the government or private sector, with the exception of women entrepreneurs associations, which are generally weak. There are no clear mechanisms for coordinating the work of different ministries such as MoTI, MoWUD and others with respect to women's entrepreneurship development.

Inadequate Gender Awareness in Review of Policies and Strategies

The strategies for MSE development, including the MSED strategy and the urban development strategy have women entrepreneurs as one of their target groups. They also claim to include women in their mainstream policy directions. However, it is difficult to determine to what extent this has been achieved in the absence of gender disaggregated information or any systematic review and evaluation of policies, strategies and programmes. Existing reviews such as the MSED strategy do not provide such information. It is therefore not possible to understand what lessons can be learnt or what actions are necessary in the future in relation to women entrepreneurs. To what extent the interests and priorities of women entrepreneurs are considered in the development of policies is questionable in the absence of gender information and bearing in mind the low capacity within the institutions of the private sector and the government.

6 Recommendations for Future Actions

6.1 Recommendations for BMOs

In order to improve understanding regarding the situation of women entrepreneurs, BMOs including CCSAs should start by reviewing their own plans, services and structures. The following are some proposals in this context.

Acknowledge Women Entrepreneur Members

BMOs need to gather gender disaggregated information on their members as well as gender disaggregation of the services they provide. Maintaining this database and making it available to the public either through publications and media as well as through maintaining a corner in the resource centres of chambers and associations offices could be a first step in greater acknowledgement of their women members.

Revisit Plans and Structures of BMOs

The BMOs should revisit their organizational structure and their plans with the aim of ensuring that women entrepreneurs and their interests are adequately represented. This cannot happen while most BMOs are male-dominated institutions. There needs to be an improvement in the gender profile of the leadership of such organizations by bringing in dynamic and capable women entrepreneurs to the top leadership.

A conscious decision needs to be made to have qualified women in senior positions in these organizations. An ongoing gender sensitization is critical to ensure that gender is mainstreamed into the core business of these organizations including their communication media (publication, websites, research papers), the services they provide (such as training, meetings, exhibitions and trade fairs) and their advocacy and lobbying work on policy issues.

Regular Consultative Forums with Women Entrepreneurs

BMOs should hold regular consultative meetings with women entrepreneurs and their associations including women entrepreneurs with disabilities and young women entrepreneurs, WEAs, BDS providers, bankers, MFIs, women rights organizations and networks and other key stakeholders to identify priorities for developing female entrepreneur-focused services.

Physical Access

Chambers of Commerce and other BMOs should ensure physical access to their offices for persons with disabilities. The services they provide should consider accessibility by persons with disabilities including the visually impaired.

6.2 Addressing the Knowledge Gap

A key difficulty in all aspects of the study of women entrepreneurs and related issues is that there are significant gaps in the information that is available. Many studies or policies relating to MSEs have little or no gender disaggregation of data. The situation is essentially the same for official statistics, although the raw information may well be available in some cases. Such information as does exist in the public domain is widely scattered and not easily accessible. If policy measures and actions are to be better informed, this knowledge gap needs to be closed.

Data Gathering and Data Accessibility

Having a system for gender disaggregation of services by BMOs, there is also a need to lobby other key institutions such as Banks, MFIs, MoTI, FeMSEDA, MoUD and other ministries (especially those with women's affairs departments) to generate gender disaggregated information on matters such as trade licences, loan portfolios, licensed contractors, MSEs supported by government and sectors, etc. This information could then be made available through the resource centres of BMOs, as well as through other publications and the media.

It is clear that more information is required regarding enterprises in general and women entrepreneurs in particular at a national level for any meaningful development of national strategy. This could be one area for the PSD Hub to consider with stakeholders such as the CSA, EDRI and the World Bank.

Nearly all the reviewed studies on women's enterprises in Ethiopia focus on the four major regions of the country (Oromia, Amhara, SNNPR and Tigray). There is very little information on the rest of the country. Incorporating other regions in the surveys done by different institutions would provide a more comprehensive picture of the situation of women entrepreneurs.

Studies, surveys, research and academic papers, etc., which are currently widely dispersed, could be made available to all in a central location (virtual

or physical). Possible locations might be a BMO such as ECCSA, the PSD Hub and/or the MWA. The PSD Hub web site would be a suitable candidate for a virtual repository.

Further Studies on Access to Finance

A recurring point in many of the studies reviewed has been that access to finance remains a major challenge for growth-oriented women's enterprises. Studies to date have focused on MFIs and Banks, and an encouraging initiative is in the pipeline to establish the first women's bank in Ethiopia. It is, however, clear that many women entrepreneurs will continue to face difficulties in accessing finance from formal sources and will continue to rely on informal sources of finance, among which *Equb* is the most common. This review has not identified any study on *Equb* as a source of finance for growth-oriented women entrepreneurs. A study in this area would help increase understanding of the role of alternative sources of finance for women entrepreneurs.

6.3 Tackling Constraints which Affect Women Entrepreneurs

Engaging with MFIs and Banks

Access to finance for growth oriented women entrepreneurs could be improved if MFIs are encouraged to use existing legal provisions that allow them to provide larger loans targeting women. The possibilities for this should be further explored with individual MFIs and the Association of MFIs as well as through consultations with donors who provide loan guarantees for small and micro enterprises.

Regular forums that bring women entrepreneurs and financial institutions together to develop mutual understanding lobby for favourable environment for women entrepreneurs should be organized. Forums focusing on women entrepreneurs are necessary, separate from the more familiar forums facilitated by BMOs. Such forums also create awareness among financial institutions of the barriers and challenges that women face.

Study on Access to Premises

Another key constraint to growth of women entrepreneurs is access to business premises. The study by CAWEE has highlighted some of the challenges regarding this. Further study on these constraints could help develop a proposal for a more favourable environment for women to access

premises (both from public and private sources) and lobby with appropriate institutions. These studies should incorporate experiences from other countries setting up networks between real estate developers, brokers and entrepreneurs for easy access to information regarding land and property for businesses.

Study on the Impact of Promoting Youth Entrepreneurship

Conduct studies in collaboration with FEMSDA, MoTI, MoWUD and other stakeholders on the opportunities and challenges in MSE promotion among youth that is currently being implemented across the country. The lessons drawn from this could provide a good basis for targeting support services to young women entrepreneurs.

Improving Access to BDS Services by Women Entrepreneurs

A series of activities should be planned to improve access to quality BDS by women entrepreneurs, including:

- Building a database of BDS providers including the types of services and costs and making the information available for women entrepreneurs as a first step;
- Conducting an assessment of the BDS requirements of women entrepreneurs in specific sectors in collaboration with BDS providers themselves;
- Working with relevant institutions to ensure quality of BDS through certification systems;
- Building a cohort of competent women BDS providers through training.

Donors such as ILO and GTZ have experience in this field in other countries.

6.4 Improving Representation of Women Entrepreneurs

Capacity Building of Women Entrepreneurs Associations

Women entrepreneurs' associations are the ultimate focal institutions for promoting women entrepreneurs. It is critical to develop the capacity of these associations at national and regional levels in a coordinated, focused and sustained way to ensure that the women entrepreneurs themselves are the ones to articulate their needs and interests.

Women entrepreneurs' associations need to be represented in mainstream BMOs and be able to influence discussions, policy formulation and service provision to benefit entrepreneurship development. If women's entrepreneurship development is a critical economic development issue, one indication will be that the formal public-private forum on private sector development makes it a priority agenda item. Setting up a unit within the Chambers of Commerce and Sectoral Associations could go some way towards this.

Lobby to Set Up a National Council for Women Entrepreneurs

Women entrepreneurs operate in all sectors of business and no one single institution is responsible for the issues related to women entrepreneurs. It is therefore important to create an appropriate institutional arrangement at the national level that caters for the needs and interests of women entrepreneurs.

Synergy and Coordination between Different Interventions to Support Women Entrepreneurs

This desk review has been able to identify the key players in MSE development in general and women entrepreneurs in particular (which could be refined further). This information can be used to identify which sizes of businesses are supported with which services by whom, to identify gaps and work with key stakeholders to create better coordination and synergy.

The table overleaf attempts to summarize the information on key stakeholders and their current areas of operation.

Coordination of Support for Women Entrepreneurship Development

Service and size of business	BDS	Finance, Credit Micro Finance	Investment Promotion	Market Access	Associations, Clusters, Networks	Skills Upgrading	Enabling	Advocacy and dialogue
Medium Enterprises	CCSAs	ILO WB ADB Banks	GTZ Investment Office	AGOA/ USAID WB ITC GTZ COMESA	UNIDO GTZ SIDA EU	UNIDO GTZ	MoTI MoUD Investment Office WB EU ILO	CCSAs
Small Enterprises	CAWEE CCSAs	ILO USAID EWDF	CCSA		SIDA ILO EU SNV BoA Cooperative Office	UNIDO FeMSEDA	FeMSEDA MoTI WAM WB EU ILO	CCSAs Sectoral Associations CAWEE
Micro Enterprises	ReMSEDA	MFIs USAID WB		MoUD ReMSEDA	MoUD ReMSEDA BoA Cooperative Office	NGOs ReMSEDA Consultancy Firms TVET GTZ	FeMSEDA MoTI MoUD	CAWEE NGOs
Survivalist Self employed Informal	WISE	WISE MFIs			WISE	WISE		AEMFIs

Annex 1. Definitions of MSEs

Type of Enterprise	MSED Strategy 1997		Draft MSED strategy*		World Bank	
	Paid up capital	Number of workers	Paid up capital	Number of workers	Paid up capital	Number of workers
Micro	Less than Birr 20,000	Under 10	Less than Birr 20,000	Less than 5		(formal) less than 20
Small	Birr.20,000- Birr 500,000	11-50	Birr 20,000- Birr 500,000	6-50		20-49
Medium/ Large	More than Birr 500,000	Over 50	More than Birr 500,000	More than 50		50-249 (medium) 250 or more (large)

Annex 2. List of Organizations and Persons Contacted

Organization	Contact Name	Tel/mobile No.
CAWEE (Center for African Women Economic Empowerment)	W/o Negist Haile	0911 402957
Heinrich Boll Foundation	Resource Centre	011 663 1100
Forum for Social Studies	Resource Centre	011 6 297 887
AEMFI	Resource Centre	011 5503829
WISE	W/o Tsige	
MoTI-WAD	W/o Emawayish Melese	0911 897748
World Bank	Ato Wendwesen	
ILO	Ato Dereje Alemu	0911 254386
CSA	Resource Centre	
UNIDO	Mr. Martin Halber	0911 813274
EWDF	W/o Letifa	011 5524713
Network of Ethiopian Women Entrepreneurs Associations	W/o Engidaye Eshete	0911 6824754
USAID (AGOA)	Ato Addis Alemayehu, Ato Tewodros	
AAWEA	W/o Bezunesh Kidane	0911 383071
Sida	Ms. Gisela Strand	0911 216846
European Commission	Mr. Christoph Wagner & W/o Zewdie Abadi	
Ethiopian Women Exporters Association		
ECA/Gender Center	Ms. Thokoliza	011 544 34 48
Ethiopian Competitiveness	Ato Henoc Eshetu	
Irish Embassy	Connect Ethiopia	
CBE	W/o Melika Bedri	0911 200962
GTZ	Ato Yared Fekade	0912 041556
AAU	Gender Resource Centre	

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