Food For Thought: March 2011
Women-Owned Businesses in the Developing World

In this issue of Food for Thought:

♀ Monthly Theme
♀ Millennium Development Goals
♀ Discussion Questions
♀ Voices: In Her Own Words

“Even though women's contributions to business are one of the major engines of global economic growth, too often women do not have access to basic business education, commercial credit, and marketing opportunities . . . It is in everyone's interest to improve the status of women. Studies show that societies that promote women's rights are healthier and more prosperous. Societies that restrict women's rights are just the opposite.”

--J. Brady Anderson, Administrator at the U.S. Agency for International Development (USAID)

“Some 75 percent of the world's women cannot get bank loans because they have unpaid or insecure jobs and are not entitled to property ownership. This is one reason why women comprise more than 50 percent of the world’s population but own only one percent of the world's wealth.”

--United Nations Development Programme

Monthly Theme: Women-Owned Businesses in the Developing World

According to the United Nations, in Africa, women are a better credit-risk than men and more responsible managers of meager resources. Furthermore, they are “more committed to using their loans for the benefit of their household rather than self-gratifying consumption (as common among men).” The most compelling reason to prioritize providing micro-finance, business opportunities and credit to women is “to assist the poorest, who are disproportionately women.”

Access to savings and credit facilities “strengthens women in economic decisions. It also improves their skills, knowledge and support networks as well as enhancing their status in the community. Increasing women's access to micro-finance has led to social and political empowerment. Poverty alleviation and women empowerment are seen as two sides of the same coin and it is the only way to bring wider changes in gender inequality.”

--Akinyi Janet, The African Executive Magazine
United Nations Millennium Development Goals
The Millennium Development Goals (MDGs) are eight objectives designed by the UN to improve social and economic conditions in developing countries by the end of 2015. Each month we focus on the MDGs impacted by our theme and our monthly featured project. This month we highlight three MDGs:

Goal 1: Eradicate Extreme Poverty and Hunger
This month’s featured program, Village Enterprise Fund (VEF), directly addresses Goal #1. More specifically, VEF addresses the problem of extreme, rural poverty in East Africa, where more than 70% of the population is living below $2/day.

Goal 3: Promote Gender Equality and Empower Women
Women and girls are most affected by bias and neglect: 7 out of 10 of the world’s hungry are women and girls, according to the UN World Food Program. “Until very recently, women had been historically underrepresented in business in Africa. But, when women are afforded the equality of opportunity that is their basic human right, the results in terms of economic advancement are striking.” --VEF

Goal 7: Ensure Environmental Sustainability
Among the targets for this Goal 7 are: 1) Integrating the principles of sustainable development into country policies and programs and reverse the loss of environmental resources and 2) Reduce biodiversity loss.

“Over the last twenty years, the relationship of men and women to the environment has changed drastically in response to the heavy ecological stress in many areas of poor developing countries. Too frequently, rural women inherit a situation in which their rights and access to cultivable land have decreased, and forest, woodlands and water have grown scarce or disappeared. These women are knowledgeable, experienced and adaptable environmental managers, because sustainable natural systems are fundamental to the survival of their families and their livelihoods.” --The Rio Declaration on Environment and Development

Village Enterprise Fund (VEF) has begun a unique approach that empowers women and ensures environmental sustainability. “We have expanded our model to create an integrated model of micro-enterprise that empowers individuals and local communities, promotes chimpanzee and forest conservation and lifts the income levels of local communities.” --VEF

Gender Equality = Good Economic Sense
Equality between men and women is more than a matter of social justice - it’s a fundamental human right. But gender equality also makes good economic sense. When women have equal access to education, and go on to participate fully in business and economic decision-making, they are a key driving force against poverty. Women with equal rights are better educated, healthier, and have greater access to land, jobs and financial resources. Their increased earning power in turn raises household incomes. By enhancing women’s control over decision-making in the household, gender equality also translates into better prospects and greater well-being of children, reducing poverty of future generations.

-- United Nations Development Programme
INNOVATIVE APPROACHES TO PROMOTING WOMEN’S ECONOMIC EMPOWERMENT
Meeting the Challenges

VEF Impact evaluations indicate investing in women can power lasting changes to both family and community poverty.

Village Enterprise Fund points out that women micro-entrepreneurs in rural and agricultural areas are underserved by other micro-finance institutions (MFIs) and non-governmental organizations because:
1. Most MFIs don't operate in rural areas but urban centers where a sizable client base in a compact area can support their administrative costs
2. First-time rural poor entrepreneurs are especially averse to risk and fear borrowing,
3. Agriculture micro-enterprises cannot meet the rigid 2-4 week start of repayment schedules required by many MFIs.

About 65% of VEF micro-entrepreneurs are women.

VEF’s economic development model plays a unique role in the micro-finance industry, providing economic opportunities in rural, agricultural areas that other organizations are not reaching, and gives hard-working women the opportunity to transform a small grant ($150) into a new business, a better standard of living, and hope for the future.

Strategic Priorities for Women’s Economic Empowerment

• Expand women’s access to finance governments, private-sector banks and micro-finance institutions need to accelerate women’s access to capital
• Invest in infrastructure to reduce women’s and girls’ time burdens, as unpaid work is productive in its own right.
• Eliminate gender inequality in employment.
• Guarantee women’s and girls’ property and inheritance rights, and enable women’s access to finance.
• Increase women’s share of seats in national parliaments and local government bodies, as a means of bringing women’s voices into decision-making

--Source: The Millennium Project Task Force on Education and Gender Equality

Two VEF business owners at their hair care retail store north of Kampala, Uganda.
Questions for Discussion:
1. According to the African Executive Magazine, in traditional Africa, “women were involved in the economy since they were defacto managers of income generating activities on farms as husbands were involved on non-farm business. Then came the colonial economy which created title deeds, making men the sole owners of land, thereby rendering women economically weak.” In this post-colonial economy, what do you think are some factors preventing women from owning businesses in the developing world?
2. Women have not achieved equality with men in any country, and only 1% of the world’s assets are in the name of women. How do you think an increasing number of women-owned businesses around the world will change global economics?

Global Economic Decision-Making Facts & Figures

- Only 1% of the world’s assets are in the name of women.
- Men in the Arab states have 3.5 times the purchasing power of their female counterparts.
- 70% of people in abject poverty—living on less than $1 per day—are women.
- Among the developed countries, in France only 9% of the workforce and in the Netherlands 20% of the workforce are female administrators and managers.
- Among the developing countries, in Ecuador and the Bahamas, 33% of the workforce is comprised of women administrators and managers.
- Women’s participation in managerial and administrative posts is around 33% in the developed world, 15% in Africa, and 13% in Asia and the Pacific. In Africa and Asia-Pacific these percentages, small as they are, reflect a doubling of numbers in the last twenty years.
- In Silicon Valley, for every 100 shares of stock options owned by a man, only one share is owned by a woman.

Source: Women’s Learning Partnership

Voices
Interviews from the Village Enterprise Fund:

A Kenyan woman affected by HIV/AID who started a business of African basket weaving
http://www.youtube.com/watch?v=IisojzI9Ekl

“We have been able to be self-reliant; I have work each day that has helped improve our lives.” – Jesca Minayo, Kenyan Business Owner

Five women founded the Abilayep Women Agricultural Farmers Association (AWAFA) to improve their farming technique and market their produce. After a successful start-up phase, they received an empowerment grant to augment their product line with egg production. The group expanded to 25 members and spun off six additional small businesses. Profits go into a revolving savings and credit fund from which members borrow to expand individual enterprises.
Jennifer Judd has soft eyes that contradict her noticeable strength. She is a tall woman and carries herself with a quiet confidence. Her confidence stems from her amazing transformation from a widowed mother of 8, struggling to provide for her children, to a successful business owner who can now provide for her family.

Jennifer spent four years trying to make ends meet and care for her large family after her husband died. She had the same desire all mothers have for their children -- to see them healthy and successful, but she had no means to do this.

Then Jennifer received business training, a seed capital grant, and mentoring from Village Enterprise Fund to help start a business with four other women in their local market. Together, these five women turned their initial grant into a successful business selling chickens. Jennifer now owns a dairy cow (a very expensive investment in Africa) and brings in additional income selling milk. Most importantly, Jennifer’s business successes have translated into improvements for her family. She can now send her children to school, feed them nutritious meals, and provide better housing.

It’s apparent that Jennifer’s role as a strong business woman has made her children what they are today. Two of her older children have completed high school, and one has even completed college. She provided the capital for one daughter to open a hair salon and two others have ventured into selling flour and shoes. Her children are pushing her to retire and spend more time at home, but Jennifer has different plans.

She says “I still have two children to get through school, but I have been dreaming about buying a motorcycle, hiring a driver and going into the taxi business!”

When asked how the grant and business training from VEF changed her life, Jennifer responds “It has lifted me up -- I feel confident and can stand in my home and do the jobs of a man. I have the assurance that I can feed and support my children, the fear is gone.”

Jennifer is an inspiration to her children and her community. A small investment in an entrepreneur like Jennifer reaps benefits for her family and generations to come!

Sources:
The Rio Declaration on Environment and Development
African Executive Magazine
Village Enterprise Fund
United Nations Development Programme
Women’s Learning Partnership

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Changing the world one dinner at a time