

# REACHING LOW-INCOME WOMEN WITH ENTERPRISE DEVELOPMENT SERVICES: CHALLENGES AND OPPORTUNITIES

## A Thinkpiece from the SEEP Network

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Low-income women in developing countries rely heavily on commercial, small-scale farm- and home-based microenterprises for their family livelihood. The field of business development services (BDS) attempts to help microentrepreneurs stabilize and grow their businesses by providing them with access to a range of critical services from training to technology, market access, and infrastructure. Best practices in BDS recommend developing commercial, business-to-business service markets as the most sustainable way to reach large numbers of microenterprises. But, are commercial service markets beyond the reach of low-income women and are they excluded from the potential benefits of such services? How can we help these women access business services markets and how can our experiences be incorporated into a commercial BDS approach that reaches these women effectively?

This editorial is an opening to the broader discussion on BDS and Gender and in which we invite you to participate. There are four sections:

- **Background:** Gender and development (for BDS practitioners who need gender background);
- **Background:** BDS market development approach (for gender experts who need BDS background);
- **Opportunities and Challenges:** Examples of BDS programs targeting women and the challenge of targeting low-income women using a BDS market development approach; and
- **Discussion Questions:** Respond to these during the on-line discussion.

### Background - Gender and Development

The discussion of reaching low-income women with BDS must be presented in the larger context of Gender and Development (GAD) and include Women's Entrepreneurship Development (WED).

Along with environmental protection and performance measurement, gender has become one of the key crosscutting issues in development over the past thirty years. In the seventies, as the realization grew that the development agenda had largely ignored women and their often special needs, donors and practitioners adopted a *Women in Development* (WID) approach that focused on increasing women's participation and involvement in program activities generally designed for men.<sup>1</sup>

However, over the next two decades it became increasingly clear that the WID approach tended to isolate women from the context of their lives, sometimes ignoring their economic contributions and adding to their labor burden.—

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<sup>1</sup> *Gender and Participation*, Akerkar Supriya. BRIDGE: Institute of Development Studies, University of Sussex. (2001) p.2.

Seventy-five percent of the world's poor live in rural areas and are dependent upon agricultural production for their livelihoods<sup>2</sup>. In addition, a high percentage of poor women make substantial contributions to family income as unpaid agricultural workers. The FAO (U.N. Food and Agriculture Organization) estimates that unpaid women family members account for 45.6% of total agricultural employment in Bangladesh and 25% of all full-time and 75% of all part-time workers in agricultural households in Pakistan.<sup>3</sup> Further, throughout the Near East<sup>4</sup>, women work up to 19 hours a day, with an average of 11 to 16 hours as unpaid labor.<sup>5</sup> This realization brought to the fore a critical development issue regarding poor women — their need to balance household responsibilities with economic activities.

As a result of a shift in perception, *Gender and Development* (GAD) became the new strategy for dealing with gender inequities. In addition to socio-cultural, political, and economic contexts, GAD focuses on social relations and interactions between women and men<sup>6</sup> and this enables development practitioners to design more effective programs by taking into consideration women's economic and social responsibilities, opportunities, and constraints. In 1996, USAID announced "a new *Gender Plan of Action* – an Agency-wide blueprint designed to ensure that gender considerations are institutionalized throughout USAID development program and projects."<sup>7</sup>

Within the GAD framework, Women's Entrepreneurship Development (WED) has grown as an area of research and programming (now sometimes called Entrepreneurship for Women or Female Entrepreneurship Development<sup>8</sup>). WED underlines the role of 'women's agency' in development – the view that women are agents of social change rather than passive participants or victims. From this perspective, women's economic empowerment derives from women's greater overall power and influence at different levels — micro, meso, and macro.

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<sup>2</sup> "Empowering Rural Producer Organizations." The World Bank Group. (2003)

<http://lnweb18.worldbank.org/ESSD/ardext.nsf/16ByDocName/ProducerOrganizations>

<sup>3</sup> FAO: <http://www.fao.org/sd/WPdirect/WPre0104.htm> and <http://www.fao.org/sd/WPdirect/WPre0111.htm>

<sup>4</sup> The Middle East countries included in this report are: Egypt, Iran, Iraq, Oman, Pakistan, UAE, Jordan, Syria, Turkey and Yemen.

<sup>5</sup> "A synthesis report of the Near East Region – Women, agriculture and rural development." FAO's Programme of Assistance in Support of Rural Women in Preparation for the Fourth World Conference on Women, and the Regional Plan of Action for Women in Agriculture in the Near East (RPAWANE 2000).

<http://www.fao.org/docrep/x0176e/x0176e00.htm#TopOfPage>

<sup>6</sup> *Gender and Participation*, Akerkar Supriya. BRIDGE: Institute of Development Studies, University of Sussex. (2001) p.2.

<sup>7</sup> *USAID Gender Plan of Action: Bringing Beijing Home Fact Sheet*, March 1997, A Publication of USAID's Office of Women in Development. <http://www.usaid.gov/wid/pubs/actionfs.htm>

<sup>8</sup> See for example "ESCAP/ GMS-BF/WASME Training on Entrepreneurship Development for Women in GMS Countries" (2003) <http://www.gmsbizforum.com/Event/172203%202003.htm> and European Forum on Female Entrepreneurship (2003)

[http://www.ilo.org/dyn/empent/empent.Portal?p\\_prog=S&p\\_subprog=&p\\_category=MEET](http://www.ilo.org/dyn/empent/empent.Portal?p_prog=S&p_subprog=&p_category=MEET)

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According to WED researchers, there are three spheres of engagement for women entrepreneurs. The *micro* sphere is the family and household where intra-familial relationships impact women's economic empowerment. In patriarchal societies, women are at a disadvantage due to traditional dictates regarding living with the husband's family (patrilocal) and limited inheritance rights (patrilineal). The *meso* or institutional/enterprise level comprises any organization outside the family, including schools, businesses, NGO offices, civil society organizations, etc. In many societies the men set up and organize institutions and enterprises and often do not allow women to become involved. The *macro* sphere is the larger environment in which women live and work. It includes national and international forms and dynamics and involves "many interconnecting structures and dynamics, including laws and regulations, the economy, competition, international trade... availability of finance and credit, the labor market, human capital resource, technology, physical infrastructure, natural resources."<sup>9</sup>

Key lessons for BDS practitioners from the experience of WID, GAD, and WED are: 1) the importance of context in assessing women's needs and in targeting women with effective services; 2) the prevalence of women's role as unpaid laborers, especially in rural settings; and 3) the need to empower women at different levels of interaction.

## **Background – Business Development Services**

In an effort to increase outreach, sustainability, cost-effectiveness and impact, the field of BDS has adopted guiding principles focused on providing services — access to markets, infrastructure, information & communications technology, better inputs, product development, and technical training, etc. — that businesses are willing and able to pay for and that add immediate value to their bottom line.<sup>10</sup> The providers of these services ideally should be private enterprises that offer them through business-to-business deals. NGOs or the government facilitate development and strengthening of the BDS market by supporting providers and stimulating demand for their services. This is how best practice programs strengthen commercial markets for business services.

The basic principles involved in developing BDS markets are<sup>11</sup>:

1. **High-impact strategy** — identifying the impact the program is attempting to achieve, the causal links between services and changes in the business, and the ultimate impact of the services;
2. **Tailored services** — best practices studies conclude that it is difficult to measure the impact of generic management training and that this training is in low demand. Enterprises want training tailored to their needs and targeted marketing, communications, and technical services;

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<sup>9</sup> Finnegan, Gerry and Katrine Danielsen "Promoting the Development of Women Entrepreneurs: Means and ends in women's entrepreneurship development." Paper presented at the First Inter-Cultural Micro Enterprise Development Summit, Colombo, Sri Lanka. New Delhi: ILO-SAAT. (1997) p.2.

<http://www.ilo.org/public/english/employment/ent/sed/pub/mewed.htm>

<sup>10</sup> For further discussion of the market development paradigm see: *Business Development Services for Small Enterprises: Guiding Principles for Donor Intervention*, Prepared by the Committee of Donor Agencies for Small Enterprise Development, Washington, DC: World Bank Group (2001).

[www.sedonors.org](http://www.sedonors.org) and

"*SEMINAR READER - Developing Commercial Markets for BUSINESS DEVELOPMENT SERVICES: BDS Primer*" by Alexandra Overy Miehlsbradt and Mary McVay for the Annual BDS Seminar, Turin, Italy. Geneva: International Labour Organization, Small Enterprise Development Program (2003). <http://www.ilo.org/dyn/bds> . For additional BDS basics, see [www.seepnetwork.org/bdsguide.html](http://www.seepnetwork.org/bdsguide.html)

<sup>11</sup> As synthesized by the SEEP Network in the course State of the Art in BDS."

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3. ***Demand-driven services*** — service providers are under financial and commercial pressure to deliver quality services for which enterprises pay or which are delivered as part of a business deal, such as when input suppliers advise on how to use agricultural inputs properly or buyers supply information on product specifications and market trends;
4. ***Sustainable services*** — services should be delivered by financially and institutionally independent, profitable organizations, generally private sector businesses rather than NGOs or government agencies;
5. ***A competitive, vibrant BDS market*** — many enterprises are reached by developing the entire market for services rather than supporting a small number of providers who sell to only a few enterprises. Identify the demand and supply in the market, build on existing supplier capacity, and respond to and stimulate demand. This basic principle is surrounded by additional principles.

### **The Challenge: Reaching Low-Income women through commercial BDS**

#### ***Challenges to applying BDS market development principles to women-focused programs:***

Some principles and BDS market development program structures present challenges to reaching specific target populations, particularly women. For example:

- Many BDS programs, especially those using a sectoral approach, aim for high-impact through business growth. However, many low-income women prefer business stabilization and income security to high risk growth opportunities;
- Many consider tailored services to be those oriented toward production enterprises. However, women are concentrated primarily in trade and services and need basic business skills before being able to take advantage of highly specialized services designed to grow businesses;
- Demand-driven means ability to pay or at least to engage in high-value business relationships. But, women are often in the lowest-value sectors with low profit margins that don't leave a lot of room for adding value through hidden (embedded) services;
- Sustainability — how can a program target women and work primarily through private sector providers? Programs cannot tell private businesses who to sell to or do business with and monitoring the gender of their customers may pose challenges;
- Market-development — how can a program both target low-income women and develop the entire market? Low-income women operate in the least viable businesses and least viable markets, so stimulating a business service market with this weak market base of customers is challenging.

### **Markets**

In today's BDS best practices, donors and NGOs have adopted a market development paradigm focused on building vibrant, commercial and sustainable service markets. The new paradigm attempts to overcome the limitations of subsidized service provision by facilitating the growth of a range of commercial providers who offer demand-driven, affordable, and high-impact services to large numbers of SEs.<sup>12</sup>

<sup>12</sup>Ibid.

*SEMINAR READER - Developing Commercial Markets for BUSINESS DEVELOPMENT SERVICES: BDS Primer* by Alexandra Overy Miehlebradt and Mary McVay for the Annual BDS Seminar, Turin, Italy. Geneva: International Labour Organization, Small Enterprise Development Program (2003).

<http://learning.itcilo.it/bdsseminar/pub/home.aspx?l=Eng&IdSezione=1>

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A key challenge for BDS practitioners is: can gender issues be adequately addressed within the market development paradigm? Is it possible to establish the widespread commercial provision of services for women given their specific needs, the role they play in the unpaid labor force, and the need to empower them on several levels?

A number of BDS programs demonstrate considerable success in addressing these issues, though their sustainability remains in question.

## **BDS Practitioners – Some Recent Experiences**

### **Foundation for International Training**

FIT (Foundation for International Training) is implementing a CIDA-funded CDN \$10 million program to improve the economic conditions of marginal population groups through supporting small business start-ups in three governorates in Upper Egypt. The program has a significant gender equity component designed to ensure that women are involved in all aspects of project management, monitoring, and outputs as both decision makers and clients. Further, from the outset, the project attempts to integrate gender equity at five levels:<sup>13</sup>

- Project Level,
- Institutional Level,
- Women as Small Business Owners,
- Women as Small Business Workers,
- Working With External Stakeholders.

At each level, Ffit looks at the specific needs of women (skills, home-work balance, empowerment issues) and addresses these needs in a broad range of program activities. The results are impressive: women hold over one third of the 5300 newly created jobs and account for a staggering 43% of new business owners. When asked about this success, however, Mazen Bouri, Project Manager for Ffit in Egypt cautions:

“Our concern is that many of our approaches to integrating gender equality...have been subsidized through the donor program and it is not clear how these can be sustained on a market basis. As we try to move out of the regional urban centers and into more rural communities, we encounter additional costs such as transportation and the need for basic awareness and training on entrepreneurship and small business management.”<sup>14</sup>

### **Grupo Intercambio**

Grupo Intercambio took a highly innovative approach to the advancement of gender best practices amongst BDS providers in the Andes Region and Central America (Bolivia, Colombia, Costa Rica, Ecuador, El Salvador, Guatemala, Honduras, Nicaragua, Panama, Peru). The organization ran a contest aimed at identifying, recognizing, rewarding, and disseminating gender best practices in microenterprise support programs. There were national and regional competitions, with the final event held in Arequipa, Peru in April 2002. Each competition took place at a trade fair implemented by Grupo Intercambio, allowing significant awareness raising and information sharing amongst trade fair participants and visitors.<sup>15</sup>

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<sup>13</sup> Bouri, Mazen “Gender, Small Enterprise and Business Development Services: *Experience of Small Enterprise Development in Upper Egypt Project.*” Presented at the SEEP Network General Meeting Washington DC, October 23, 2003

<sup>14</sup> Bouri, Mazen. FIT. Personal Communication. (April, 2004)

<sup>15</sup> For more details see the Grupo Intercambio website - “Our Best Practices Contest” at <http://www.intercambio.org.pe/english/index.php?id=37.0.0.1.0.0>

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At the Turin BDS Seminar in 2002, Grupo Intercambio synthesized the critical issues they learned from the gender and BDS contest:

- Understand the different needs of women and men, identify market niches where women have a comparative advantage, and recognize competing demands placed on women; and
- Realize that there are critical gaps in the empowerment of women entrepreneurs — technical and management skills, access to credit, public perception, and women’s organization/ leadership.<sup>16</sup>

At Turin, Grupo Intercambio discussed the sustainability of incorporating gender into commercial BDS and stated emphatically that extra efforts and costs are essential for wider social gains and gender impact. They suggest that cross-subsidizing with microfinance may support the viability of gender programming and lessen the “sustainability drive” to move away from poorer clients.<sup>17</sup>

### **Swisscontact, Vietnam**

In their report on gender and the plastics subsector in Vietnam, Giles and Thao make a number of recommendations involving services and empowerment:<sup>18</sup>

- Strengthen women’s organizations;
- Educate workers and entrepreneurs about policies and enforcement;
- Encourage service providers to offer specialized products and training;
- Inform women about favourable credit options;
- Make information on technology more accessible to women; and
- Encourage business linkages.

Again, the issues of technical and management skills development, access to credit, organizational/ leadership concerns, and public perception/ policy are seen as fundamental to the realization of gender equity.

The report also recommends a number of gender interventions that Swisscontact could implement as part of its SME Promotion Program. All activities involve donor support and therefore would be heavily subsidized. No analysis is offered regarding the sustainability of gender activities once the program is complete. Thus, the challenge remains.

### **MEDA – ECDI Pakistan**

MEDA – ECDI are working with homebound rural embroiderers in Pakistan. Recognizing the strong tradition of gender segregation within these conservative groups, the program makes no effort to include women in male-dominated business environments, nor does it attempt to create new, alternative market channels. Rather, interventions are developing women-to-women networks by replicating a fledgling, but existing business model observed during the BDS market assessment.<sup>19</sup> Enhanced commercial networks will involve embroiderers, sales intermediaries, designers, and retailers. (Men may be involved at the wholesale/ export level depending upon the market channels pursued.) Information on product design, quality control, and input supplies will travel down the value chain in the form of an embedded service

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<sup>16</sup> See also, for example, *A Manual for Practitioners: Gender-oriented entrepreneurship promotion*. Swiss Agency for Development and Cooperation (2003) - download available at <http://www.intercooperation.ch/sed/download/wep-manual/>

<sup>17</sup> “[Gender Best Practices and Quality of Business Services](#).” ILO Third Annual Seminar on Business Development Services, Developing Commercial Markets for BDS, 9-13 September 2002, Turin, Italy.

<sup>18</sup> Giles, Ceinwen and Nguyen Phuong Thao “Gender in the Plastics Sub-Sector: An analysis of the position of women workers and entrepreneurs in plastic SME’s in Ho Chi Minh City, Vietnam.” Swisscontact Vietnam (January 2003).

<sup>19</sup> Jones, Linda and Perveen Shaikh “MEDA & ECDI Pakistan - Assessing Supply of BDS for Women MSEs.” (2003) available in the ILO Inter-agency exchange at <http://www.ilo.org/dyn/bds/bdssearch.home>  
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package through women intermediaries. Finished products appropriate to the demands of targeted consumers (embroidered clothing in contemporary styles), will travel up the value chain via the same intermediaries.

Many of the overriding constraints faced by the target beneficiaries are the same as those noted by other organizations: limited technical and business skills, lack of profitable market linkages, and curtailed access to resources (credit in the form of input supplies). These will be handled on a commercial basis through the embedding of services described above. However, empowerment issues are very different since, for the most part, women will remain in their current segregated spheres of activity. The one exception to this will be the women intermediaries. Although only a few are currently active, they tend to sell directly to consumers, ladies' boutiques, and niche outlets. Accessing larger, male-dominated outlets such as wholesale and export establishments may involve greater challenges (although, interestingly, this has not been our experience to date.)

This is an attempt to help women in their existing economic and social context by building on viable business models benefiting women and by relying on economic empowerment to address gender imbalances.

### **Discussion Questions**

Though there are some examples of successful programs that help low-income women access enterprise development services, there is still much learning to be done to improve and increase the scope of programming. The following questions, designed to stimulate dialogue in an on-line discussion, will be posted in groups of three, but participants should feel free to raise any additional or different questions they may have:

#### *1. Existing Situation/Initiatives:*

- In what kinds of businesses are low-income women typically engaged? What types of markets do they have access to and what sorts of services do they want or need? Which categories do low-income women fall into and what are the different challenges and opportunities they face?
- What types of programs/ initiatives help low-income women develop their livelihoods, particularly through BDS (use attached set of questions to answer), and to what extent do they reflect best practice? Which strengths should the field keep as we try to apply best practices?
- What are the results, impact, or consequences — intended and unintended — of income-generating efforts targeting low-income women?

#### *2. Potential for applying Best Practice BDS to overcome challenges to helping low-income women improve their livelihoods:*

- What kind of markets could low-income women potentially gain access to and how can they be strengthened and/or protected?
- What kinds of BDS are needed to help low-income women take advantage of these market opportunities? What situations would convince BDS providers that selling to low-income women is a good business opportunity?
- What kinds of commercial transactions, asset development, or financing strategies can help low-income women procure BDS on a more commercial basis? Are links with microfinance advisable in these settings?
- What kinds of private sector providers can be found or developed to serve low-income women?
- What types of market assessments could help practitioners understand an existing situation quickly, affordably, and repeatedly as a situation changes?

- What kinds of coordination efforts might quickly help bring other agencies on-board with a more market-based strategy?
3. *Potential for addressing social, personal, and other development challenges to entrepreneurship and market development*
- How can (or do) efforts (to help low-income women) work simultaneously on livelihood security and gender equity?
  - What can development organizations do if gender inequity, prohibitions on property rights, movement, security, and autonomy impede low-income women in their efforts to conduct business? Are these challenges beyond the capacity of development organization to address?

We hope that this dialogue will spur new thinking on the topic and help practitioners improve the quality and scope of programs for low-income women.