



ON-LINE DISCUSSION SYNTHESIS

**Reaching Low-Income Women with
Enterprise Development Services:
Challenges and Opportunities**

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World Education
October 2005

ON-LINE DISCUSSION SYNTHESIS July 12 to August 19, 2004

Reaching Low-Income Women with Enterprise Development Services: Challenges and Opportunities

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. One critique of this “BDS market development approach” is that the approach is not effective at reaching low-income microentrepreneurs. In particular, low-income women microentrepreneurs are perceived to be largely disconnected from BDS markets due to cultural and social constraints.

The BDS Working Group of the SEEP Network sought to explore these assumptions and effective ways for BDS market development initiatives to benefit low-income women. Practitioners and other interested parties from around the world were invited to participate in an email listserve beginning on July 12 and ending on August 19, 2004. The objectives were to:

- Exchange experiences and frameworks from different development fields that can contribute to reaching low-income women with business services to improve family livelihoods;
- Share practical experiences, cases, and strategies that help low-income women access appropriate business services;
- Brainstorm innovative solutions to the challenge of reaching low-income women with beneficial enterprise development services;
- Facilitate better understanding, relationships, and dialogue among practitioners in different fields concerned with improving the lives of low-income women in developing countries; and
- Develop a research agenda for the next steps needed to further these objectives.

Seventy-three individuals joined the listserve and 17 from countries such as Armenia, Canada, Egypt, India, Kenya, Nepal, Pakistan, Sri Lanka, and the United States actively participated in the discussion.

Moderators Linda Jones and Mary McVay framed the discussion focus on three central themes: 1) the existing context and BDS initiatives to target low-income women;

Background Information

- For basic background on Business Development Services and the market development approach to BDS, see the 2003 ILO BDS Seminar Reader by Aly Miehlabradt and Mary McVay at <http://learning.itcilo.it/bdsseminar/>.
- For this and documents related to the on-line discussion including the “Thinkpiece” and background documents on gender and development, go to: http://www.seepnetwork.org/section/programs_workinggroups/bds/gender

2) the potential for BDS to overcome the business challenges facing low-income women; and 3) the potential for BDS practitioners to address the social, personal, and other challenges inhibiting low-income women. In the end, the listserv discussion focused primarily on the first two themes, which reflected the newness of gender equity as a key concern to BDS practitioners. Significantly more questions were raised than answered during the month-long discussion, resulting in the belief that more exploration into the application of BDS for low-income women is warranted.

In responding to the three discussion themes, participants centered their questions and responses on specific topics, which they elaborated through case studies to support an argument. Two key topics surrounding the existing situation and BDS initiatives were 1) the gender constraints that limit enterprise expansion and 2) the potential and challenge of delivering BDS through commercial channels. Discussion was focused on markets in which low-income microentrepreneurs usually operate, the ideal markets that business services could link them to, and the types of gender and power barriers that low-income women sometimes have to overcome to reach markets.

In talking about the potential for BDS to overcome the business challenges low-income women often face, participants debated the use of groups or cooperatives versus the individual approach that is most commonly associated with BDS market development. Payment for business services also was a favorite topic. Case studies from 18 countries provided credible arguments on all sides.

The following observations summarize the contributions of participants.

Gender Constraints Limiting Enterprise Expansion and the Application of Commercial BDS

Throughout the developing world, low-income, women microentrepreneurs tend to work in the same types of businesses—vegetable/ commodity trading, food kiosks, catering, beauty salons, and tailoring. Because these enterprises are familiar and relatively easy to start with low capital and minimal skill, a significant number of women operate businesses in these sectors. Women often get their business ideas when they see other women make money by selling a particular good or service. However, when too many women start similar businesses, the market becomes saturated and everyone's income suffers. A high percentage of low-income women lack the skills, ideas, or ability to innovate needed to respond to threats in the marketplace. When one business folds, they often begin another that requires similar inputs, but is in a different sector. In Kenya, women often cite more than five years of experience in business, but only one year of experience in the current business. Low-income women also tend to hold weak market positions and they can be vulnerable to gender exploitation because they lack economic and social power. An example is women fish sellers in Uganda who regularly find themselves subjected to sexual harassment and forced to provide sexual favors to fishermen in order to gain access to good quality, fresh fish at reasonable cost.

As is common in many countries, most businesses owned by women in Sri Lanka are micro in scale, located in rural areas, and require little capital input. Technology is simple, skills requirements are few, and family members often help with management. In many cases, if their businesses become successful, women owners face the dilemma of either handing over the business to male relatives to prevent conflict between household and business responsibilities or they slow the growth of the business in order to retain control.

Obtaining access to credit is frequently difficult for low-income women. In Tajikistan, MEDA quickly realized that land privatization excluded women even though a large number of men had left the countryside to find work elsewhere or were killed during the civil war. Without land to use as collateral, women had trouble obtaining credit to start up income-generating activities even though they needed to start businesses to have any income at all. In another project, MEDI, which is administered by Chemonics, Armenian women experience a similar situation. In many of these cases, women are interested in BDS, but they have trouble paying for them without donor subsidies.

Practitioners use a number of techniques to help women break into new markets, offer new products, or strengthen their businesses. In Ethiopia, the Amhara Credit and Savings Institution would like to reach more women, but its success rate remains minimal and BDS clients in the country are overwhelmingly male. In Ghana, Opportunity International (OI) offers a joint business training and credit program, but market saturation keeps women from generating sufficient income even after they complete the program. In an effort to encourage women to branch out from traditional businesses, OI established an apprenticeship program in non-traditional sectors, but almost all of the young women eventually chose to enter traditional sectors anyway. OI then assisted food vendors, a traditional business for women, to form institutional partnerships with schools, hospital cafeterias, and restaurants. In this instance, women were willing to pay high fees for high quality training that would help them obtain lucrative institutional contracts.

In India, rural women produce goods for urban markets, but have difficulty with packing and cannot compete with larger businesses. They now are seeking packing design assistance and financing for a packing machine so they can link to an expanded value chain through urban markets. And in Pakistan, ECDI and the ILO (IPEC) were able to link women microentrepreneurs into a broader value chain. Though homebound and possessing limited exposure to markets and poor access to BDS, many of the women were eager to increase household income by establishing enterprises. ECDI and the ILO offered the women management training, courses in developing entrepreneurial competency skills, and access to micro-technologies so they could take their products to higher-end markets. The women established tent markets outside their homes, which eventually encouraged the government to allocate space for a weekly bazaar where they could sell their products.

Application of BDS Principles to Reach Low-Income Women

Best Services for Women

To some extent practitioners agree on the most appropriate services for low-income women entrepreneurs—skills development/ training (there is some debate over the need for training but most respondents are in agreement), credit, marketing, assistance purchasing inexpensive inputs, market assessment training, help with product diversification and quality assurance, and links to new markets. Some practitioners feel that advocacy is also very important to prevent harassment by local authorities. In Kenya, SITE worked with municipal authorities and private sector actors to support construction of handicraft sheds, which municipal authorities and private sector actors viewed as an advertising opportunity as well as a demonstration of social responsibility.

To avoid the saturation problem, practitioners recommend that BDS providers help women learn how to conduct market assessments and identify growth areas, and they offer training in starting-up businesses with high growth potential. The key is to continue innovation and avoid stagnation. One way to do this is through exchange visits so that women have an opportunity to observe non-traditional businesses. The goal here is to encourage women to assess the market economy and move forward with an idea to generate income—success leads to openness to try new ideas. For example, in Pakistan, MEDA and ECDI are assisting homebound rural women to access mainstream embroidery markets because local markets are saturated. The producers are linked to middleclass urban women who seek to buy hand-embroidered garments. In this way, producers do not need to change industries and they can tap into a broader value chain by modifying their products to serve a new market.

But offering business services may not be enough to help low-income women become more successful. Because external social constraints are so powerfully positioned against low-income women microentrepreneurs, the best BDS programs will likely entail a social dimension such as linking women with specialized agencies like literacy centers, health clinics, or legal advocacy groups. That said, it is important for providers not to let the social dimensions of a program become too cumbersome and constrain success.

An example of a program with a dual social and business purpose was developed by Tuokoe Binti Zetu, a Kenyan NGO. The fishing sector in Kenya is very profitable and is considered a male domain, even though 75% of the sector's customers are women traders. In order to buy fresh fish at affordable prices, women who need a guaranteed, steady supply of fish to generate a living wage are subject to the whims of fishermen who demand sexual favors. Tuokoe Binti Zetu helped women fish traders form a group to acquire fishing permits, training from experienced fishermen, and a fishing boat and gear. The group employed young, male HIV-positive orphans to fish on the group's behalf and employed truckers to transport the fish. Elimination of the middle man, i.e., the fishermen, has greatly increased the group's profit. Tuokoe Binti Zetu also helped secure a safe place for the boats to dock and educated the community in embracing cultural change. As conflicts between the group and male fishermen emerged, Tuokoe Binti Zetu arbitrated the settlements.

Options to Deliver Services

The listserve discussion also raised the topic of approaches providers can use to reach low-income women. Suggestions included focusing on sectors in which the majority of actors are women; marketing key business services to women to raise awareness of their importance; and working through organizations that already target women. Other options center on women providers who likely are able to obtain women clients easily. One model is a leader within a group like a cooperative—a woman whose role evolves from managing the exchange of money and products to offering market links, identifying new markets, investigating prices, suggesting new technology, etc. This woman is paid through group sales and is often viewed as a role model for other women. However, questions remain about the feasibility of women providers—is this model sustainable on a commercial basis? Must the provider remain in a single group or could she move from group to group?

The Group vs. the Individual Debate

The most provocative topic in the discussion was the debate about the preferred structure of women BDS clients, i.e., group or individual. Is the BDS market development approach more likely to succeed if providers can work with groups rather than individuals? The core of this issue concerns when and whether women need to form groups to overcome social and economic barriers to reaching markets. The question of the commercial nature of BDS is also significant—can groups pay for services more easily than individuals?

On the pro-group side, practitioners argue that the likelihood of women overcoming gender constraints and accessing needed BDS, credit, and markets is higher if services are implemented through cooperatives or associations. Low-income women own the process and collectively have substantially more influence and bargaining power. For the Meru in Kenya, the sale of dairy cattle traditionally was limited to men. But, they changed gender norms by purchasing dairy cattle through women's associations, selling the animals and the milk, and allowing women to manage the income. Also in Kenya, a cooperative owned by small-scale women farmers specializing in cow pea production contributed materials to build a granary, collected produce during the harvest season, informed buyers in urban areas of the availability of cow peas, and then held an informal auction in their village. Once the pre-established price was met, the cow peas were sold. Today the cooperative has market agents and, with the assistance of the Kenya Small Scale Farmers Forum and the Kenya Agriculture Commodity Exchange, its members use mobile phones to obtain information about the current market prices of agricultural produce. In both cases, groups of women reached out to providers and were able to successfully pay for services.

In contrast, practitioners on the pro-individual side argue that markets function better for individuals than for groups. FIT Uganda found that during a supported training program people were willing to form groups to get training, but that after donor support ended, trainers tended to sell training more to individuals. This is believed to have occurred

because of personalized contacts, the ability of individuals to more easily negotiate payment mechanisms, and tailored post-sales follow-up. Groups can be challenging for other reasons—corruption; the lack of recourse when mismanaged in weak legal environments; the high expense of successfully forming a group; and the use of members' time, which is especially difficult for poor women. Although individual, program-supported groups may perform well, group formation is a strategy that is challenging to replicate on a large scale. The group vs. individual debate on which form of clientele is most compatible with the BDS market development approach was not resolved during the discussion.

Payment for Business Services

Due to the low-income nature of the target group, payment for business services also was a hot topic in the listserve discussion. For the provider, the major question focuses on how to acquire a critical mass to pay for services. What is the incentive for providers to offer services to low-income women if payment is so very difficult? For the entrepreneur, the question is, “why pay for services when an immediate and tangible impact is not evident?”

Discussion participants identified several ways to facilitate payment. One is through subsidies, though that raises the question, “if subsidies are okay, is the approach still BDS market development?” Another payment suggestion concerned embedded costs. This is seen as affordable by poor women who usually are more willing to pay if costs are clearly associated with business expansion—an equipment purchase, more customers, or additional bank loans.

One means of encouraging payment is to bring the services to the client, e.g., via a mobile training center. The actual and opportunity costs of traveling to a provider to receive services can be too high for low-income women to bear though Opportunity International found that women in Ghana who experienced the benefits of training over a number of years would eventually go to a provider. Initially, though, services are far more popular if providers go to the women.

Linking BDS provision to MFIs was yet another suggestion for facilitating payment. In this case, the MFI would pay upfront training costs through fees on loans. In theory, such a relationship would benefit both the MFI and the BDS provider since both would increase their market outreach. Generally, clients are more willing to pay a fee for a perceived tangible good (a loan) than for an intangible good (business advice/ link).

FfIT Egypt has tried many payment options— combining BDS with bank credit, microfinance, and related community interventions. However, it remains uncertain about the sustainability of its efforts. Previously, many services were subsidized by donor programs, yet FfIT director Mazen Bouri says, “it is not clear how these programs can be sustained on a market basis.”

Conclusion

Providing or facilitating commercial BDS to low-income, women microentrepreneurs is not, nor will it ever be, easy. Practitioners need to be flexible in applying the BDS market development approach in order not to marginalize such clients. If BDS is to reach these low-income women, the services and their delivery must consider the household, family, and business responsibilities that women have and be custom tailored to respond to them. The fact that management of a business and all household issues is perceived as “normal” for Armenian women echoes the need for practitioners to look beyond the business and address broader social issues when possible.

Interestingly, the questions posed by the discussion moderators about the potential for BDS practitioners to address the social, personal, and other challenges constraining low-income women were the same ones left unanswered during the listserv discussion. Many participants cited examples of the challenges facing low-income women and several offered case studies of programs that are attempting to overcome them. However, the case studies responded primarily to business challenges and those that delved into social and cultural challenges often did not directly involve the application of the BDS market development approach. This paradox led participants to question the applicability of commercial BDS to situations low-income women microentrepreneurs experience. Although payment options were suggested, they were discussed only briefly and rarely supported by case studies.

A conclusion reached by many during and following the discussion is that further research is warranted in order to develop and test commercial BDS approaches for targeting low-income women microentrepreneurs. The discussion raised many challenges that such programs need to overcome, and participants agreed that any methodology must address not only business, but also social, personal, and gender challenges to be effective.