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**Assessment of the environment  
for the development of women's  
entrepreneurship in Cameroon, Mali,  
Nigeria, Rwanda and Senegal**

Lois Stevenson, Annette St-Onge

Small  
Enterprise  
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Job Creation  
and Enterprise  
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## Preface

The primary goal of the ILO is to contribute, with its member States, to achieve full and productive employment and decent work for all, including women and young people, a goal embedded in the ILO Declaration 2008 on *Social Justice for a Fair Globalization*,<sup>1</sup> and which has now been widely adopted by the international community.

In order to support member States and the social partners to reach the goal, the ILO pursues a Decent Work Agenda which comprises four interrelated areas: Respect for fundamental worker's rights and international labour standards, employment promotion, social protection and social dialogue. Explanations of this integrated approach and related challenges are contained in a number of key documents: in those explaining and elaborating the concept of decent work,<sup>2</sup> in the Employment Policy Convention, 1964 (No. 122) and in the Global Employment Agenda.

The Global Employment Agenda was developed by the ILO through tripartite consensus of its Governing Body's Employment and Social Policy Committee. Since its adoption in 2003 it has been further articulated and made more operational and today it constitutes the basic framework through which the ILO pursues the objective of placing employment at the centre of economic and social policies.<sup>3</sup>

The Employment Sector is fully engaged in the implementation of the Global Employment Agenda, and is doing so through a large range of technical support and capacity building activities, advisory services and policy research. As part of its research and publications programme, the Employment Sector promotes knowledge-generation around key policy issues and topics conforming to the core elements of the Global Employment Agenda and the Decent Work Agenda. The Sector's publications consist of books, monographs, working papers, employment reports and policy briefs.<sup>4</sup>

While the main findings of the research initiatives are disseminated through the Employment Working Papers, the *Employment Report* series is designed to consolidate the major evaluations of employment programmes, conclusions and resolutions of workshops and seminars, and other information details that are particularly, though not exclusively useful to the work of the ILO and its constituent partners.

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<sup>1</sup> Available at: [http://www.ilo.org/public/english/bureau/dgo/download/dg\\_announce\\_en.pdf](http://www.ilo.org/public/english/bureau/dgo/download/dg_announce_en.pdf).

<sup>2</sup> See the successive Reports of the Director-General to the International Labour Conference: *Decent work* (1999); *Reducing the decent work deficit: A global challenge* (2001); *Working out of poverty* (2003a).

<sup>3</sup> Available at: <http://www.ilo.org/gea>. And in particular: *Implementing the Global Employment Agenda: Employment strategies in support of decent work*. "Vision" document, ILO, 2006.

<sup>4</sup> See <http://www.ilo.org/employment>



## Foreword

For the ILO, the promotion of small and sustainable enterprises is a key strategy for generating decent and productive employment for women and men. Women's entrepreneurship can make a particularly strong contribution to the economy and society. However since women face gender-based and systemic barriers to starting and growing their businesses, they tend to be overrepresented in micro enterprises, in low growth sectors and operate mainly in the informal economy.

In order to remove these barriers, it is important to understand the specific context and find realistic solutions to eliminating them. Therefore the ILO and the African Development Bank developed an assessment methodology that was later adapted (White, 2008) and enables stakeholders to build actionable recommendations for improving the environment for women's entrepreneurship development. The reports resulting from these assessments provide practical recommendations for policy-makers, ILO constituents and advocacy groups. So far, assessments have been undertaken for WED in Africa, Asia and Central Asia and Caucasus.

The following report is a consolidation of five assessments of the enabling environment for women entrepreneurs in Cameroon, Mali, Nigeria, Rwanda and Senegal. The resulting recommendations should be prioritized and then put into a national action plan or strategy for women's entrepreneurship development. So far, these assessments have resulted in a national action plan for WED or the formulation of a national WED strategy in some of the countries.

This report was a joint initiative between the Regional Office for Africa and the Small Enterprise Programme in Geneva. A number of people have made valuable inputs in preparation for the publication of this report. Firstly, thank you to all of the stakeholders and women entrepreneurs who provided key inputs and data for the compilation of this document. Thanks to the initial team of researchers and authors of the draft country reports in the five countries. The first round of draft national reports was spearheaded by Aminata Maiga, Africa Regional Office, in close collaboration with Joni Simpson, WED Programme in Geneva. Thanks to Lois Stevenson and Annette St-Onge who updated and compiled this final report; Virginia Rose Losada, Gulmira Asanbaeva, Cheickh Badiane, Mario Berrios, Graeme Buckley and Mwila Chigaga who contributed to finalization of the report and Chris Vuilleumier, who prepared it for publishing.

The views expressed in the report are the sole responsibility of the authors.

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Manager  
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## Abbreviations and acronyms

ACAFIA	Association Camerounaise de femmes ingénieurs agronomes
ADEPME	Agence de Développement et d'Encadrement des Petites et Moyennes Entreprises
AFAC	Association des Femmes d'Affaires et Femmes Commerçantes
AFCEM	Association des Femmes Chefs d'Entreprises du Mali
AfDB	African Development Bank
AFEPES	Association des Femmes pour la Promotion de l'Entreprise au Sénégal
AFER	Associations des Femmes Entrepreneurs au Rwanda
AFJS	Association des Femmes Juristes du Sénégal
ANEMCAM	Association Nationale des Etablissements de Microfinance au Cameroun
ANSD	Agence Nationale de la Statistique et de la Demographie
APCAM	Assemblée Permanente des Chambres d'Agriculture du Mali
APCMM	Assemblée Permanente des Chambres des Métiers du Mali
APDA	Agence pour la Promotion et le Développement de l'Artisanat
API	Agence de Promotion de l'Investissement
APIX	Agence Nationale pour la Promotion des Investissements et des Grands Travaux
APROFEM	Association for the Advancement of Women and Children/Association pour la Promotion de la Femme et de l'Enfant au Mali
ASAFE	Association pour le Soutien et l'Appui à la Femme Entrepreneur
BDS	Business development services
BIC	Business information centre
BICEC	Banque International du Cameroun pour l'Epargne et le Crédit
BLPRW	Better Life Programme for Rural Women
BOA	Bank of Agriculture
BOI	Bank of Industry
BSC	Business support centre
BUDFOW	Business Development Fund for Women
CAC	Corporate Affairs Commission
CAPMER	Centre d'Appui aux Petites et Moyennes Entreprise au Rwanda
CAT/CPEC	Cellule d'Assistance Technique aux Caisses Populaire d'Epargne et de Crédit
CBN	Central Bank of Nigeria

CCDSP	Conseil de Coordination du Développement du Secteur Privé
CCIA	Chambres de Commerce, d'Industrie et d'Agriculture
CCIM	Chambre de Commerce et d'Industrie du Mali
CCIMA	Chambre du Commerce, d'Industrie, des Mines et de l'Artisanat du Cameroun
CEDAW	Convention on the Elimination of All Forms of Discrimination Against Women
CEMAC	Communauté Economique et Monétaire de l'Afrique Centrale
CENAF	Centre National d'Assistance et de Formation pour les Femmes
CEPD	Competitiveness and Enterprise Development Programme
CFCE	Centre de Formalités de Création d'Entreprise
CFE	Centre de Formalités des Entreprises
CGA	Centre de Gestion Agréé
CIESP	Comité Interministériel Elargi au Secteur Privé
CNPM	National Employers Council of Mali/Conseil National du Patronal du Mali
COMESA	Common Market for Eastern and Southern Africa
CONAC	National Anti-Corruption Commission
COOPEDU	Coopérative d'épargne et de micro-crédit
COWAN	Country Women's Association of Nigeria
CPI	Corruption Perceptions Index
CPS	Cellule de Planification et de Statistique
CSCR	Cadre Stratégique de Croissance et de Réduction de la Pauvreté
CSR	Caisse Sociale du Rwanda
CSS	Caisse de Sécurité Sociale
CUCI	Centre Unique Collecte de l'Information
DEFSAM	Développement de l'Entrepreneuriat Féminin dans le Secteur Agroalimentaire
DNCC	Direction Nationale du Commerce et de la Concurrence
DNSI	National Directorate of Statistics and Informatics
DPS	Direction de la Prévision et de la Statistique
EAC	East African Community
ECOWAS	Economic Community of West African States
EDC	Entrepreneurship Development Centre
EDPRS	Stratégie de Développement Economique et de Réduction de la Pauvreté
EDS/BDS	Enterprise development and business development services
EESI	Enquête sur l'emploi et le secteur formel
EICV	Enquêtes Intégrales sur les Conditions de Vie des Ménages au Rwanda
ELIM	Enquête Légère Intégrée Auprès des Ménages
EPAM	Enquête Permanente Auprès des Ménages



ESAM	Enquête Sénégalaise Auprès des Ménages
FAAF	Support Fund for Women's Activities
FAFCEM	Fédération des Associations de Femmes Commerçantes et Entrepreneurs du Mali
FAFS	Fédération des Associations Féminines du Sénégal
FANAFER	National Federation of Rural Women
FAO	Food and Agriculture Organization
FAWE	Federation of African Women Entrepreneurs
FCFA	Franc de la Communauté Financière Africaine
FDI	Foreign direct investment
FENAFER	Fédération Nationale des Femmes Rurales
FENATRA	Fédération Nationale des Transformatrices du Mali
FIAS	Foreign Investment Advisory Service
FIRS	Federal Inland Revenue Service
FMOCI	Federal Ministry of Commerce and Industry
FMOWA	Federal Ministry of Women Affairs
FNAM	Fédération Nationale des Artisans du Mali/National Federation of Artisans and Crafts of Mali
FNE	Fonds National de l'Emploi
FNPEF	Fonds National de Promotion de l'Entreprenariat Féminin
FPE	Fonds de promotion économique
Frw	Franc du Rwanda
FSP	Fédération du Secteur Privé
GDP	Gross domestic product
GEM	Global Entrepreneurship Monitor
GFAC	Groupement des Femmes d'Affaires du Cameroun
GGGI	Global Gender Gap Index
GIC	Groupement d'Initiatives Communes
GICAM	Groupement Inter-patronal du Cameroun
GIE	Groupement d'Intérêt Economiques
GOWE	Growth-Oriented Women's Enterprise
GUCE	Guichet Unique du Commerce Extérieur
HE	Household enterprise
IAE	Institut Africain de l'Entreprise
ICT	Information and communication technologies
IFAD	International Fund for Agricultural Development
IFC	International Finance Corporation
ILO	International Labour Organization
IMCC	Investment Code Management Unit
IMF	International Monetary Fund
INPS	Institut National de Prévoyance Sociale
INS	Institut National de la Statistique
INSR	Institut National de la Statistique du Rwanda
INSTAT	Institut National de la Statistique
ITF	Industrial Training Fund
IWACU	Centre de formation et de recherche co-opératives

LPS/PME	Lettre de Politique Sectorielle des Petites et Moyennes Enterprises
MAN	Manufacturers Association of Nigeria
MCF	Micro Credit Fund
MEF	Ministry of Economy and Finances
MEFMF	Ministry of Women's Entrepreneurship and Micro Finance
MEIC	Ministère de l'Economie, de l'Industrie et du Commerce
MFB	Microfinance Bank
MFI	Micro Finance Institution
MFOFPE	Ministry of Family, Women's Organizations and Child Protection
MIGEPROF	Ministry of Gender and Family Promotion
MIIC	Ministère de l'Industrie, des Investissements et du Commerce
MINECOFIN	Ministry of Finance and Economic Planning
MINICOM	Ministère de l'Industrie et du Commerce
MINPMEESA	Ministère des Petites et Moyennes Entreprises, l'Economie Social et de l'Artisanat
MINPROFF	Ministry for Promotion of Women and Family/Ministère de la Promotion de la Femme et de la Famille
MPFEF	Ministry for Promotion of Women, Children and Family/Ministère de la Promotion de la Femme, de l'Enfant et de la Famille
MSE	Micro and small enterprise
MSME	Micro, small, and medium enterprise
NACCIMA	Nigerian Association of Chambers of Commerce, Industry, Mines and Agriculture
NACRDB	Nigeria Agricultural Cooperative and Rural Development Bank
NAPEP	National Poverty Eradication Programme
NASME	Nigerian Association of Small and Medium Enterprises
NASSI	Nigerian Association of Small Scale Industrialists
NAWE	Nigerian Association of Women Entrepreneurs
NBCI	Nigerian Bank for Commerce and Industry
NBS	National Bureau of Statistics
NCM	National Committee for Microfinance
NCWS	National Council of Women's Societies
NDE	National Directorate of Employment
NECA	Nigeria Employers' Consultative Association
NEEDS	National Economic Empowerment and Development Strategy
NEPC	Nigerian Export Council
NERFUND	National Economic Reconstruction Fund
NEXIM	Nigerian Export Import Bank
NGN	Nigerian naira
NGO	Non-governmental organization
NGP	National Gender Policy

NINA	Tax identification number
NINEA	National identification number for enterprises and associations
NISR	National Institute of Statistics of Rwanda
NPC	National Planning Commission
OEF	Observatoire de l'Emploi et de la Formation
OIT	Organisation Internationale du Travail
ONU	Organisations des Nations Unies
PANAF	Plan d'action national pour la femme
PAREHF	Programme d'Appui au Renforcement de l'Equité Hommes et Femmes
PDII	Programme de Développement Intégré de l'Industrie
PEF	Promotion de l'entrepreneuriat féminin
PEP	Private Enterprise Partnership for Africa
PIASSI	Projet intégré d'appui aux acteurs du secteur informel
PME	Petite et moyenne entreprise
PPMER	Programme de la Promotion des Petites et Moyennes Entreprises Rurales
PPP	Purchasing power parity
PRSP	Poverty Reduction Strategy Paper
PSF/FSP	Private Sector Federation/Fédération du Secteur Privé
PTA	Preferential Trade Area
RBSA—WED	Regular Budget Supplementary Account—Women's Entrepreneurship Development
RDB	Rwanda Development Board
RECOFEM	Renforcement des Capacités des Organisations Féminines du Mali (Projet)
REFAM	Réseau des Femmes Artisanes du Mali
REFAO	Réseau de l'Entrepreneuriat Féminin en Afrique de l'Ouest
REIC	Rwanda Enterprise Investment Company
RFOE	Réseau des Femmes Opératrices Economiques
RGE	Recensement Général des Entreprises
RITA	Rwanda Information Technology Authority
ROFE	Network of Women Economic Operators
RRA	Rwanda Revenue Authority
SAP	Structural adjustment programme
SARL	Société à responsabilité limitée
SAU	Société anonyme unipersonnelle
SCA	Accelerated Growth Strategy
SCS	Société en Commandité Simple
SFD	Système Financier Décentralisé
SIYB	Start/Improve Your Business
SME	Small and medium enterprise
SMEDAN	Small and Medium Enterprise Development Agency of Nigeria

SMEEIS	Small and Medium Enterprises Equity Investment Scheme
SMI	Small and medium industries
SNC	Société en nom collectif
SNEEG	Stratégie nationale pour l'équité et l'égalité des genres
SURL	Société unipersonnelle à responsabilité limitée
SYCREF	Système de Crédit et d'Epargne pour les Femmes
SYS COA	Système Comptable Ouest-Africain
TIN	Tax identification number
UDHR	Universal Declaration of Human Rights
UEMOA	Economic and Monetary Union of West Africa
UNACOIS	National Union of Trade and Industrialists of Senegal
UNAFAM	Union Nationale des Femmes d'Affaires du Mali
UNAFEM	National Union of Businesswomen of Mali
UNDAF	United Nations Development Assistance Framework
UNDP	United Nations Development Programme
UNECE	United Nations Economic Commission for Europe
UNIDO	United Nations Industrial Development Organization
US	United States
USAID	United States Agency for International Development
VAT	Value added tax
WDI	World Development Indicators
WEA	Women entrepreneurs association
WED	Women's entrepreneurship development
WEF	World Economic Forum
WFB	World Factbook
WOFEE	Women Funds for Economic Empowerment

## **SECTION 1. Background and introduction**

### **Background**

The International Labour Office (ILO) has focused on the issue of women's entrepreneurship development (WED) in African countries since the early 2000s. During 2002, the ILO commissioned research studies in Ethiopia, Tanzania and Zambia to examine the status of women entrepreneurs and the challenges they face in starting and growing micro and small enterprises (MSEs). These studies included a review of secondary information on gender, enterprise and women's entrepreneurship (Zwede & Associates, 2002; UDEC, 2002; JUDAI & Associates, 2002), followed by field studies with women entrepreneurs in each country (ILO, 2003b, 2003c, 2003d). The results were later summarized by Richardson et al. (2004) and led to a number of initiatives and actions to support women entrepreneurs in the eastern and southern African regions. In 2004, the ILO, in partnership with the African Development Bank (AfDB), commissioned additional studies in Ethiopia, Kenya, Tanzania and Uganda to assess the enabling environment for growth-oriented women entrepreneurs in these countries (Stevenson and St-Onge, 2005a, 2005b, 2005c, 2005d, 2005e) and, based on the approach to these studies, published an integrated framework and set of guidelines for assessing the enabling environment for women in growth enterprises in other African countries, with a particular focus on supportive policies and programmes (ILO, 2005). Using this integrated framework, an additional assessment was carried out in 2006, this time in Cameroon (St-Onge and Desjardins, 2006).

The ILO/AfDB integrated assessment framework was later adapted to include a more complete assessment of the influence of the national business environment<sup>5</sup> on women's entrepreneurship and whether and how national policies, laws, regulations, and administrative arrangements impact on women in business differently than on men (White, 2008). The proposition underlying this framework is that in order for women to have equal opportunity to start and grow successful businesses, they must not only have equal access to education, training, skills, credit, information, business advisory services, business networks, markets and property ownership, but be subject to the equitable administration of laws, regulations, and procedures pertaining to business, including such laws as those related to business entry, employment and labour, and property rights. In addition, gender-related needs must be taken into consideration in the formulation of economic policies and business support programmes. Using this adapted assessment framework as the guide, the ILO, in partnership with the United Nations Economic Commission for Europe (UNECE), undertook studies in Azerbaijan, Kyrgyzstan and Tajikistan. The ILO undertook further studies in Armenia, Uzbekistan and Belarus, and assessments in two additional countries will be undertaken in this region in 2011 (Kazakhstan, by UNECE, and the Russian Federation.)

In 2008, the ILO adopted an overall strategy for a WED programme. The objectives of this programme are to:

<sup>5</sup> The business environment refers to government policies, laws, regulations, and administrative systems that affect business activities, as well as national organizational arrangements defining the relationship between public, private and civil society actors (White, 2008, p. 7).

- Strengthen national capacities for the creation of a favourable environment for entrepreneurship;
- Strengthen capacities of employer and worker organizations and other community organizations to carry out advocacy efforts to improve the environment for women's entrepreneurship development;
- Strengthen the technical capacity of business development service (BDS) providers to better respond to the needs of women entrepreneurs;
- Improve data and information for the promotion of women; and
- Systematically take gender into account and adapt related ILO tools in this process.

To better target its WED interventions and adapt these to the context of each African country, the ILO conducted assessments at the onset of a new project in Africa covering five countries: Cameroon (Ndzogoue, 2009), Mali (Traore, 2009), Nigeria (Anyanwu, 2009), Rwanda (Ngango, 2009), and Senegal (Diop, 2009). These assessments were designed to explore business environment issues in order to not only assess the situation with respect to women's entrepreneurship, but also to investigate the opportunities to help women develop more viable businesses, generate income, and create decent jobs in a legal and institutional environment that recognizes equal rights for women and men. These reports will form the basis for further implementation of the WED programme in Africa and other regions and provide strategic directions for the promotion and development of women entrepreneurs and their enterprises.

## Assessment approach

The assessments of the environment for WED in the five African countries were carried out by independent consultants following, as much as possible, the methodological approach described in the ILO guide: *Assessing the Business Environment for Women's Entrepreneurship Development Consultant's Guide* (White, 2008). This approach included:

- A review of the literature, documents, and statistical data: The literature review drew from analytical information stemming from national business environment and investment climate assessments<sup>6</sup> conducted by international and/or national agencies; country-level strategy documents, policies, and legislative and regulatory actions having a direct impact on development of the private sector and women's entrepreneurship; and statistical data on the small and medium enterprise (SME) sector. Although these sources often do not provide sex-disaggregated information at the national level, they provide an important overview of the business environment and serve as a starting point for a gender-based assessment. A review of national policies and strategies and the legislative and regulatory frameworks provides insight as to how the government manages the national economy to achieve its social and economic development objectives. It is within this context that criteria are set for the

<sup>6</sup> The investment climate has been defined as the set of location-specific factors shaping the opportunities and incentives for firms to invest productively, create jobs, and expand (World Bank, 2005) and the business environment as a subset of the investment climate consisting of the policy, legal, institutional, and regulatory conditions that govern business activities (DCED, 2008).

protection and promotion of entrepreneurship, in general, and the challenges faced by women in their attempts to develop businesses, in particular. The key questions are whether gender equality in opportunities and access to resources and financial services (property, credit, control over financial resources) are embedded in the policy, legislative, and regulatory frameworks, and whether these are applied equally to men and women.

- Interviews and focus groups: Interviews with women entrepreneurs, individual and in focus groups, were arranged to understand how the national level business environment affects their opportunities to create and develop enterprises. Further, consultations were held with officials and country-level experts on business environment and gender-related aspects.

## **Presentation of the report**

The main purposes of this report are to present an overview of the gender-related implications of policies and programmes to support WED in the five countries and to ascertain whether there are similarities among these countries that could lead to the design of sub-regional or regional approaches towards creating a more conducive environment for WED.

The first part of the report presents an integrated overview of the context for WED and the environment for development of women entrepreneurs and their enterprises in the five countries, an assessment of the policy and programme initiatives favouring the development of women's entrepreneurship, and an integrated set of conclusions and recommendations regarding the overall priority actions to improve the environment for women entrepreneurs, given limitations of the analysis and the complexity of the subject. The second part of the report (Sections 3 to 7) consists of updated and harmonized summaries of the information contained in the individual country-level assessment reports prepared in 2009 (and referenced above).

## **SECTION 2. Overview of the business environment context for women's entrepreneurship development in Cameroon, Mali, Nigeria, Rwanda and Senegal**

### **Highlights of the economic, social and political context in the five countries**

Cameroon, Mali, Nigeria, Rwanda and Senegal share several common characteristics, although at the same time, exhibit some significant differences (Table 1). In terms of differences, the most obvious is in population size. Although Rwanda is the most densely populated of the five countries, Nigeria has the largest population, eight times larger than Cameroon and more than eleven times larger than Mali, Rwanda, and Senegal. Cameroon is the most urbanized and the only one of the five with more than half of the population living in urbanized areas. Less than 20 per cent of the population of Rwanda is urbanized. Literacy rates vary across the countries, being highest in Cameroon and Rwanda. Among adult women, literacy rates range from a high of 65 per cent in Rwanda and 60 per cent in Cameroon and Nigeria to a low of 40 per cent in Mali and 29 per cent in Senegal (World Factbook, WFB). The literacy gender gap is smallest in Rwanda and largest in Nigeria. Although the level of poverty in all of these countries is high, with the proportion of the population living on less than US\$2 a day exceeding 57 per cent, the poverty level is much higher in Rwanda (over 90 per cent) and Nigeria (over 83 per cent) (UNDP, 2009a). During the 2000–2008 period, the economies in Nigeria and Rwanda were growing at a faster rate than in the other three countries, with an average annual growth in gross domestic product (GDP) exceeding 6.5 per cent (World Development Indicators, WDI) and these two countries continued to outperform the other three in 2009 and 2010. The 2010 growth rates in Cameroon (2.8 per cent) and Senegal (3.9 per cent) were particularly lower (WFB) (Table 1).

In terms of similarities, they are all low- or lower-middle-income countries,<sup>7</sup> with GDP per capita ranging between US\$1,100 (Rwanda) to US\$2,400 (Nigeria) in 2010 (WFB). They are largely agrarian societies with 70 per cent to 80 per cent of the labour force occupied in agricultural activities, although from an output perspective, agriculture accounts for over a third of GDP in Mali, Nigeria and Rwanda, but less than 20 per cent or less in Cameroon and Senegal.

Rwanda has the highest employment to population ratio, at 80 per cent, but in Mali, this is only 47 per cent. Rwanda also has the highest labour force participation rate, almost the same for both men and women at 80 per cent or above. With the exception of Rwanda, the labour force participation rates are much lower for women than for men in the other four countries. The lowest female labour force participation rates are in Mali (37 per cent, compared to 66 per cent for men) and Nigeria (39 per cent, compared to 71 per cent for men) (WDI). The female share of the total labour force is highest in Rwanda

<sup>7</sup> Mali and Rwanda are low-income countries; Cameroon, Nigeria and Senegal are lower-middle-income countries.



(over 50 per cent) and lowest in Nigeria (35 per cent).<sup>8</sup> The employment story in these countries is very similar. The share of workers in the formal private sector is low (5.3 per cent in Senegal, 4.7 per cent in Cameroon, and 0.6 per cent in Rwanda) and only a small percentage of workers have waged jobs. These countries all share the same severe challenges of high unemployment, underemployment and poverty. The combined effect of low growth of employment opportunities in the formal private sector and the lack of waged jobs (in both the formal and informal economy) has been to push increasing numbers of people into informal self-employment activity. In fact, the majority of employment growth in these countries is coming from self-employment and non-wage farm-related activity, predominantly in the informal economy.

Their economies are characterized by a high degree of informality. According to Schneider (2005), the informal economy accounted for 59 per cent of official GDP in Nigeria in 2003, between 42.2 per cent and 47.5 per cent in Rwanda, Mali and Senegal, and 35 per cent in Cameroon (Table 1) (compared to a developing economy average of 38.7 per cent of GDP). The vast majority of enterprises are in the informal economy and the informal economy accounts for a large share of employment (90 per cent in Cameroon, 87 per cent in Mali, about 94 per cent in Rwanda, and 91 per cent in Senegal) (Table 1).

A large share of workers in these countries are independent workers (self-employed) or unpaid/family helpers. For example, in Rwanda, 40 per cent of workers in 2006 were self-employed, and 40 per cent were unpaid family workers. In Mali, 56.5 per cent of workers were self-employed in 2007 and another 26.4 per cent were family helpers (or apprentices). Even more striking is the lack of waged jobs for women. Over 56 per cent of working women in Rwanda were unpaid farm workers in 2006 (accounting for 78 per cent of all unpaid workers) and 34 per cent of working women in Mali in 2007 were unpaid family helpers (accounting for 67.8 per cent of all such workers). Women in these countries do not have the same opportunity for paid employment as men, which is a serious concern. They are generally less educated than men, overburdened with domestic and household responsibilities, used as the main source of unpaid labour in agricultural production, and biased against by formal private sector employers. Motivated by the need to supplement household income, or in the case of female household heads to provide for their families, many women turn to small-scale income-generating or subsistence self-employment activity, primarily in the agricultural sector, producing crafts, or buying and selling simple goods for retail or wholesale distribution in local markets. Often with low levels of education, skills, and business acumen, their enterprises have low potential for growth.

<sup>8</sup> In Rwanda, the role of women in the economy was accelerated during the post-genocide period when women assumed many of the roles previously performed by men. Nigeria, on the other hand, was ruled by a military dictatorship before becoming a democracy in 1999 and is a particularly patriarchal society.

Table 1. Cross-country comparisons on socio-economic indicators

Indicator (and source)	Cameroon	Mali	Nigeria	Rwanda	Senegal
Population (2011 estimates) (WFB)	19.7 million	14.1 million	155 million	11.3 million	12.6 million
Urbanization (% urban population 2010, WFB)	58%	36%	50%	19%	42%
Adult literacy rates (WFB)	67.9%	46.4%	68.0%	70.4%	39.3%
Male	77.0%	53.5%	75.7%	76.3%	51.1%
Female	59.8%	39.6%	60.6%	64.7%	29.2%
Gender gap	-17.2%	-13.9%	-15.1%	-11.6%	-21.9%
Poverty (% of population living on less than US\$2 day) (WDI)	57.7% (2001)	77.1% (2006)	83.9% (2003–04)	90.3% (2000)	60.3% (2005)
GDP per capita (US\$, PPP) 2010 (WFB)	US\$2 300	US\$1 200	US\$2 400	US\$1 100	US\$1 900
Average annual GDP growth 2000–2008 (WDI)	3.5%	5.2%	6.6%	6.7%	4.5%
GDP growth 2010 (WFB)	2.8%	5.2%	6.8%	6.0%	3.9%
Industrial output/GDP	30.9%	17%	32.9%	14.3%	21.4%
Agricultural output/GDP	20.0%	45%	31.4%	42.1%	14.9%
Service sector output /GDP (WFB)	49.1%	38%	35.7%	43.6%	63.6%
Size of labour force (2010, WFB)	7.8 million	3.2 million	48.3 million	4.5 million	5.5 million
Employment to population ratio (2008, WDI)	59%	47%	52%	80%	66%
Male labour force participation rate (2008, WDI)	75%	66%	71%	80%	87%
Female labour force participation rate (2008, WDI)	53%	37%	39%	85%	62%
Female share of labour force (2008, WDI)	39.8%	36.8%	34.9%	52.8%	43.1%
% of labour force engaged in agriculture (WFB)	70%	80%	70%	80%	78%
Size of informal economy to official GDP (Schneider, 2005, data for 2002/03)	34.9%	44.7%	59%	42.2%	47.5%
Share of workers in the informal economy (country statistics)	90%: 85% of men and 95% of women (2005)	87%: 85% of men and 87.5% of women (2007)	About 70% (2006)	93.8% (over 75% as subsistence farmers; 72.4% of waged workers (2005)	91.3% (55% were in the primary sector) (2007)
Rate of self-employment	63.3% of informal employment (2005)	56% of workers (2007)	n.a.	40% of all workers (2006); 32% as farmers, 8% as non-farm workers	53.6 % of the economical-ly active (2002)

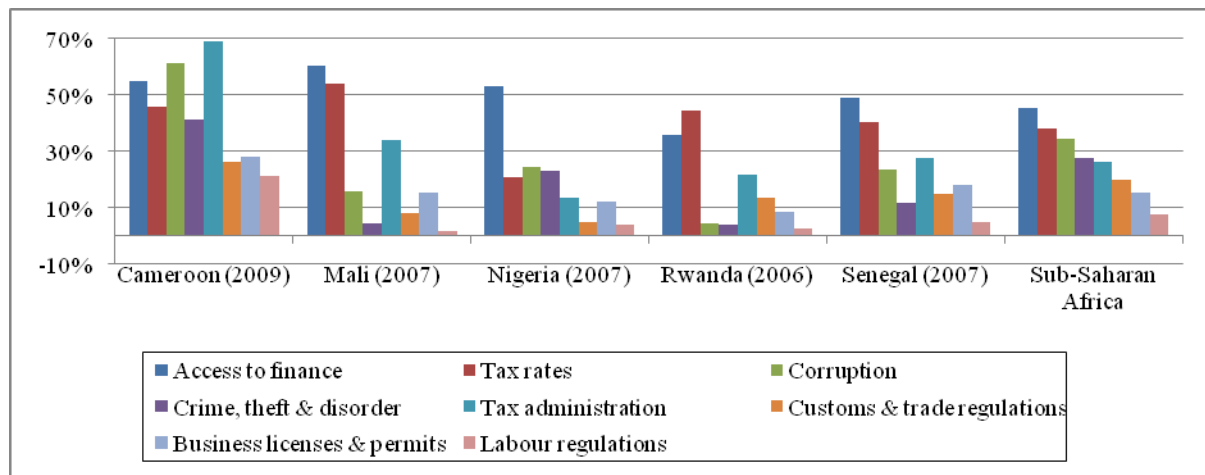
## The national business environments

Over the past decade, governments in the five countries have made progress in transitioning to market economies. They have recognized the critical importance of the private sector, including SMEs, in achieving their medium- and long-term strategic visions for economic growth, job creation, and poverty reduction. In order to strengthen the role of the private sector in economic development and attract foreign direct investment, the governments have engaged in radical reforms to improve the investment climate and business environment. They have all taken steps to liberalize trade, reform

fiscal and regulatory regimes, privatize state-owned enterprises, modernize legislative, regulatory, and administrative systems and processes, invest in infrastructure improvements, and improve public sector management and governance. This has included the passing of new laws on investment promotion, establishing investment promotion and export development agencies, enacting changes to customs codes, tax codes, commercial codes, and labour regulations, implementing anti-corruption measures, and establishing one-stop shops for investors and business creation and registration processes. The primary goals of these reforms have been simplification, reduction of administrative burden, modernization, and enhanced competitiveness.

However, many of the reforms have been relatively recent, with insufficient time to witness concrete outcomes, and, in addition, implementation of some reforms has progressed very slowly. In spite of the progress that has been made, private sector enterprises continue to experience many constraints: access to (and cost of) land; access to electricity, transportation and telecommunications; an inadequately trained labour force; regulatory and administrative burden; heavy taxation and compliance burden; and access to finance. According to the results of the World Bank Enterprise Surveys in the five countries, access to finance is perceived by business leaders as the top rated constraint to doing business, followed by tax rates and tax administration, but several country differences are noted in the perceived severity of a number of the constraints (Figure 1). For example, a higher percentage of businesses in Cameroon feel the weight of tax administration; corruption; crime, theft, and disorder; and labour regulations as constraints to doing business than in the other four countries.

Figure 1. Businesses stating selected factors as a major constraint to doing business in their country



Source: Data from World Bank Enterprise Surveys (<http://www.enterprisesurveys.org>).

Table 2 indicates the percentage of business leaders in the World Bank Enterprise Surveys who reported selected constraints as the ‘greatest’ obstacle to firm investment. Electricity is seen as the greatest obstacle by the largest percentage of business leaders in four of the countries: Nigeria (63.6 per cent), Senegal (41.2 per cent), Rwanda (32.9 per cent), and Mali (29 per cent). Access to finance is reported as the greatest obstacle by a smaller percentage of entrepreneurs than electricity, but is the greatest challenge for almost a quarter of the business leaders in Mali and 12 per cent to 15 per cent of those in Senegal and Nigeria. Informal economy practices are reported as the greatest obstacle by a quarter of the business leaders in Cameroon and about 10 per cent of those in Mali and

Senegal.<sup>9</sup> Tax rates are the greatest obstacle for over a quarter of Rwandan business leaders and 15 per cent of those in Mali.

Table 2. The greatest obstacle to firm investment (per cent of business leaders responding)

Cameroon	Mali	Nigeria	Rwanda	Senegal
Informal sector practices (24.9%)	Electricity (29.0%)	Electricity (63.6%)	Electricity (32.9%)	Electricity (41.2%)
Tax administration (19.4%)	Access to finance (23.5%)	Access to finance (15.6%)	Tax rates (27.4%)	Access to finance (12.2%)
Access to finance (16.6%)	Tax rates (15.1%)	Transportation (7.5%)	Access to finance (13.6%)	Access to land (11.0%)
Electricity (13.6%)	Informal economy practices (10.9%)	Access to land (2.2%)	Transportation (6.5%)	Informal economy practices (10.0%)

Note: Percentage (%) of firms identifying the problem as their 'greatest' obstacle.

Source: World Bank Enterprise Surveys (<http://www.enterprisesurveys.org>).

One indicator of the relative ease of doing business among countries is performance on the World Bank *Doing Business* assessments. The 2011 results for the five African countries (World Bank/IFC, 2010) are summarized in Annex 1. Rwanda's performance is far superior to that of the other four countries. In fact, Rwanda has been one of the top *Doing Business* reformers for the past two years and since 2005 has implemented 22 relevant business regulation reforms. Given its low level of economic development compared to other developing countries, Rwanda's business environment is much more favourable than might be expected. Cameroon's measured progress on business reforms has been very poor, although its ranking rose to 168 out of 183 countries on *Doing Business 2011*, compared to 173 on *Doing Business 2010* (World Bank/IFC, 2010); Nigeria's relative performance has progressively worsened over the past five years, dropping in the ease of doing business rankings from 114 in 2007 to 137 in 2011. However, as these countries continue to develop, assuming they also continue to work on business environment reforms, their business environments should also improve. In the meantime, there is still much that needs to be done to create an environment for private sector growth, and in particular, the sustainability and growth of SMEs. That said, *Doing Business* indicators do not specifically address the differential impact on enterprises owned by women and men and their respective ease of doing business (the indicators are gender-neutral). However, the World Bank has produced a quasi-gender analysis of the impact of *Doing Business* indicators in selected African countries (in Cameroon, Rwanda, Senegal, South Africa, Swaziland, Tanzania, and Uganda), providing some insights (from case studies) into how women entrepreneurs themselves experience legal, regulatory, and financing obstacles, the means they find to overcome them, and the importance of supportive government policies (World Bank/IFC, 2008). The World Bank has also published a guide for policymakers and practitioners on how to assess the

<sup>9</sup> Informal economy practices are problematic for formal enterprises because they are seen to pose unfair competition (have lower costs because they do not pay taxes, non-wage labour charges, etc.).

gender dimensions of investment climate reforms (World Bank, 2010a), but no assessments using the guide have yet been carried out in African countries.

The relationship between gender, entrepreneurship and competitiveness is considered in *The Africa Competitiveness Report 2007*, stating that, “in particular, property rights, labour laws, personal security, functioning of the judiciary system, and the time and cost required to register, license, and operate a business, all factors which affect competitiveness, may affect women and men in different ways (WEF, World Bank, and AfDB, 2007). In many African societies, customary laws and practices impede women to a greater extent than men, particularly in the areas related to accessing credit, productive inputs, education, training, and business information.” *The Africa Competitiveness Report 2007* argues that “the regulatory environment is, for the most part, gender-neutral in principle, but with possibly gender-differentiated outcomes in practice, rendering women more disadvantaged than men in starting and managing enterprises, and concludes that priority needs to be given to addressing gender-based legal and regulatory obstacles to starting a business as a specific component of the wider effort to improve the business-enabling environment.”

## **Profile of women’s entrepreneurship development**

### *The SME sector*

Official definitions for a micro, small, and medium enterprise (MSME) have been adopted by the government in Cameroon, Nigeria, Rwanda and Senegal (but not in Mali), however, different size thresholds have been applied to distinguish between micro, small, and medium, so even in the presence of good country data, it would be very difficult to compare SME sector statistics across the countries.

The lack of comprehensive data on SMEs and the SME sector in the five countries is a challenge. In addition, there are very limited available sex-disaggregated data. None of the countries is able to report on the precise number of all MSMEs or the distribution of enterprises by size (measured in increments based on the number of employees). Consequently, not only is there a dearth of information on the number of MSMEs in the country and their specific contribution to employment and value-added, there is very little information on the role of women-owned enterprises. Some attempts have been made in some of the countries to address the information gaps. The Private Sector Federation of Rwanda (PSF/FSP) carried out a census of Rwandan economic operators in 2007 (PSF/FSP, 2007); the National Agency for Statistics and Demography (ANSD) in Senegal reports annually on enterprises in the formal private sector; the National Institute of Statistics (INS) in Cameroon carried out a general census of enterprises in 2009,<sup>10</sup> and national studies on the informal economy have been carried out by the national statistical agencies in Cameroon (INS, 2006) and Rwanda (NISR, 2007a). In addition, data on independent workers and the self-employed are available from household and living conditions or labour force/employment surveys carried out in Cameroon (INS, 2006), Mali (INSTAT, 2004; OEF, 2007), Rwanda (NISR, 2007b), Nigeria (see NBS, 2009a) and Senegal (ANSD, 2008a). A picture of the composition of the SME sector, including

<sup>10</sup> Only preliminary results from the 2009 Enterprise Census in Cameroon are available (see INS, 2010).

enterprises that employ only the owner (the own-account self-employed<sup>11</sup>), can only be compiled by searching across a number of possible data sources — enterprise censuses, labour force surveys, household surveys, surveys of the informal economy, and surveys conducted by international organizations, such as the World Bank Enterprise Surveys<sup>12</sup>. Even so, many data gaps remain. It is noted that in 2010, the government of Nigeria committed itself to establishing functional data on the SME sector, but efforts are only recently underway.

Based on any existing MSME-related data, the number of enterprises per 1000 population (one of the indicators commonly used to measure the density of MSMEs in an economy) would appear to be low, even though the vast majority of enterprises in these countries are MSMEs (over 97 per cent of enterprises in Cameroon, Nigeria, and Rwanda, and 90 per cent in Senegal<sup>13</sup>). The estimated SME share of employment varies from 89 per cent in Rwanda, 61 per cent in Cameroon, 50 per cent in Nigeria, to 30 per cent in Senegal. Most of the MSMEs are clustered in the informal economy. This is especially the case for enterprises owned by women.

Self-employment activity comprises most of the enterprise activity, again predominant in the informal economy. Self-employed workers account for 63 per cent of informal employment in Cameroon (2005, data), 40 per cent of all workers in Rwanda (2006), and almost 54 per cent of workers in Senegal (2002). Although the high level of self-employment activity largely reflects a lack of capacity in the private sector to create waged jobs and results in a low level of economies of scale in production of goods and services.

### *Women entrepreneurs and SMEs*

There are virtually no sex-disaggregated SME data or comprehensive studies of the role and contribution of women entrepreneurs and the dynamics of women-owned enterprises in these countries.<sup>14</sup> In order to develop even a sense of the prevalence of women in MSME ownership and self-employment activity (in both formal and informal economies), it is necessary to piece together fragmented data from government statistics and other small-scale surveys.

According to the World Bank Enterprise Surveys, women participate in the ownership of registered (formal) enterprises to varying degrees in the five African countries; ranging from 41 per cent of the registered enterprises in Rwanda, 26 per cent in Senegal, 20 per cent in Nigeria, 18 per cent in Mali, to 15 per cent in Cameroon (Table 3). However, it must be remembered that most of the female enterprise ownership in these countries is in the informal economy, for which data are either very fragmented or non-existent. Generally, it appears that women's participation in ownership declines in larger size enterprises. In Cameroon, for example, women comprise over 60 per cent of the sole traders, but participate in the ownership of only 3.9 per cent of large enterprises. What would be evident, if more data were available, is that a high percentage of economically active women are either self-employed or unpaid family helpers. In fact,

<sup>11</sup> The own-account self-employed are defined as self-employed persons who do not employ any other workers.

<sup>12</sup> Available at: <http://www.enterprisesurveys.org>

<sup>13</sup> The authors of this report were unable to find relevant MSME data in Mali.

<sup>14</sup> The Nigerian National Bureau of Statistics (NBS) reportedly completed a survey of women entrepreneurs in 2009, but the results have not yet been published.

there are few opportunities for women to gain access to paid employment in the private sector; becoming self-employed in informal economy activity is the only livelihood option available to many of them.

Table 3. Participation of women in SME ownership and self-employment

Ownership activity	Cameroon	Mali	Nigeria	Rwanda	Senegal
% of registered enterprises <sup>1</sup>	15.0%	18.0%	20.0%	41.0%	26.3%
Small (1-19 employees)	28.8%	17.7%	22.2%	43.5%	25.5%
Medium (20-99 employees)	3.0%	17.0%	13.5%	41.4%	30.7%
Large (100 + employees)	3.9%	56.6%*	1.5%	20.5%	26.7%
% of modern enterprises <sup>2</sup>	25%	n.a.	n.a.	n.a.	35%
% of informal enterprises	n.a.	n.a.	n.a.	58%	n.a.
% of all enterprises	n.a.	n.a.	n.a.	43%	n.a.
% of all enterprises with employees <sup>2</sup>	23.5% of informal microenterprises with employees	25.5% of the self-employed with employees	n.a.	n.a.	n.a.
% of all self-employed <sup>2</sup>	61.3% of sole traders	49.2% of the self-employed with no employees	n.a.	41% of independent non-farm workers	n.a.
% of self-employed women among working women <sup>2</sup>	n.a.	54.7% of working women are self-employed	n.a.	6% of working women are independent non-farm workers	53.6% of working women are self-employed
% of working women who are self-employed with employees <sup>2</sup>	n.a.	0.3%	n.a.	0.3% (rising to 2.3% in non-agricultural sector)	0.6%

Notes: \*There were only seven large enterprises in the 2007 World Bank Enterprise Survey in Mali, so this data is not representative of the situation in all large enterprises; thus, the proportion of women participating in the ownership of large enterprises is likely over represented.

Sources: <sup>1</sup> World Bank Enterprise Surveys, country profiles. <sup>2</sup> Data from country statistical sources.

Due to a lack of research studies in these countries, there is very little profile information on the demographic composition of women entrepreneurs or of the type of enterprises they own. However, evidence suggests that women entrepreneurs are more dominant in agricultural activities (farming, husbandry, food-processing), small-scale crafts, retail trade (including as sole-traders and street hawkers), and personal services (Table 4). Women's lack of formal education, vocational training, and private sector employment experience are limiting factors in their choice of enterprise type and sector of activity. They tend to concentrate start-ups in areas related to their knowledge and experience, for the most part, traditionally female activities.

Table 4. Sector concentration of women entrepreneurs

Country	Concentration of sector activities of women entrepreneurs
Cameroon	Own over half of informal production units in industry, trade, and service sectors, but tend to cluster in agri-food production, retail (textiles, crafts, etc.), clothing, food services
Mali	Farming (livestock, food); retail trade (food products, prepared foods, textiles); manufacturing (handicrafts, food-processing); services (catering, hairdressing, sewing/tailoring, dyeing, some professional services)
Nigeria	Retail trade, micro food-processing, traditional crafts (pottery and textiles), catering, beautician services
Rwanda	Agriculture, retail trade, street hawkers, handicrafts
Senegal	Agro-food, retail trade, personal services

Women entrepreneurs in these countries operate almost exclusively in local and domestic markets. Their contribution to exports, consideration in regional trade negotiations and agreements, and capacity to benefit from these agreements are low, although women entrepreneurs in some of the countries actively participate in trade fairs and exhibitions. The Economic Community of West African States (ECOWAS) (to which Mali, Niger, and Senegal are members) and the Common Market for Eastern and Southern Africa (COMESA) (to which Rwanda is a member) both have gender policies and place a priority on the economic empowerment of women through trade participation and the specific inclusion of women in regional integration. However, little is known about the provisions made for the inclusion of women entrepreneurs in regional and country-level trade agreements.

In addition to the general constraints faced by SMEs in these countries (such as lack of access to financing, information, technology, and markets; administrative burden; cumbersome business registration and taxation procedures; etc.), as highlighted in the country summaries in subsequent sections of this report (which women entrepreneurs experience more severely), women's entrepreneurship is constrained by other barriers. These include cultural attitudes in society that are not supportive of women's role in entrepreneurial activity and business ownership; limited capital (savings) and access to external financing; lack of institutional support in the form of technical assistance and advice; and difficulty in obtaining up-to-date information on markets and opportunities. The application of customary laws and practices hinders their access to property ownership (thus, reducing their ability to offer collateral for loans) and it is often necessary for them to have their husband's permission to start an enterprise and borrow money, even if this permission is not legally required. They are further hindered by a lower level of literacy and education than men and fewer opportunities to learn technical and job-related skills in private sector employment. Constraints such as these are partly responsible for the high level of informality among women's enterprises in these countries, and being informal results in further isolation from access to information, financing, training, and markets. They also contribute to the starting of enterprises with very low entry and exit barriers and costs (and, thus, more competition) with limited potential for growth.

## The policy, legal, and regulatory environment for women's entrepreneurship development

### *SME promotion policies*

A major observation from examining SME promotion policies in these five countries is that, although SMEs have been an important part of the social and economic



fabric of these economies for decades, the formal policy focus on MSMEs is relatively recent, as noted in the comparison in Table 5. The Senegalese government adopted its SME Charter in 2003, followed in 2008 by the Orientation Law on Promotion and Development of SMEs. It is the only one of the five countries to have an SME Charter. Cameroon, the other country with an SME Law, enacted the law in April 2010. There is evidence of formal SME policy documents in three of the countries: Nigeria (SMEDAN, 2006), Rwanda (MINICOM, 2010), and Senegal (Ministère des Mines, de l'Industrie, de l'Agro Industries et des PME, 2010). In Cameroon, the policy framework for SME development is built into the proclamations of the new SME law. In Mali, although a proposal in 2008 recommended that an SME policy document be prepared, there is no evidence that this has been done.

However, the importance of SMEs to the future economic development of these countries has been stressed in governments' National Development Plans, as well as in other strategic economic growth, employment, and poverty reduction policies and strategies. The creation of new enterprises and the development and upgrading of existing SMEs, and their formalization, are seen as being the key contributors to job creation, poverty reduction, and competitiveness of these economies.

Ministries have been assigned responsibility for the promotion of SMEs. In Cameroon and Senegal, these are ministries with 'SMEs' in the title; in Mali and Rwanda, the responsibility for SMEs resides in the ministry responsible for industry. In Nigeria and Senegal, there is also a designed SME agency: the Small and Medium Enterprise Development Agency of Nigeria (SMEDAN), created in 2003, and the Agence de Développement et d'Encadrement des PME (ADEPME) in Senegal, created in 2001. Other ministries and agencies are also involved in the promotion of SMEs in the five countries, including ministries responsible for gender and/or women. In fact, WED is often promoted under the Ministry responsible for women's affairs, however, these women's ministries are generally under resourced and lack capacity to implement their mandate related to women's entrepreneurship and in mainstreaming gender equality across other economic ministries.

Senegal is the only country that has implemented a formal mechanism for coordinating SME policy and programmes. The Senegalese government has established a National Technical Monitoring Unit and regional Technical Monitoring Units in each of the regions with the mandate to coordinate actions and measures, follow-up on support measures, and evaluate their impact. Overall, it appears that Senegal has the most sophisticated policy structure for the promotion of SMEs.

The SME policy agendas in these countries are similar. The SME policy objectives include those to: create a favourable environment for the creation of new enterprises and operation of existing SMEs through simplification of administrative procedures; improve access to information, finance, business support services, land, and premises; facilitate access to technology and markets; upgrade the production quality and technical skills of SME workers; and promote diversification into higher value-added products, particularly from agricultural production in rural areas. Governments also promote the development of cooperatives and association forms of enterprise as a way of generating economies of scale in production activities and making better use of resources. Aspects of these policy areas are further described in the relevant sub-sections of this report.

Although national development plans, economic policy and strategy documents, and SME policies reference the important role of women and their economic contributions to the future of the country, the actual policy focus on development of women's entrepreneurship is somewhat marginal. Senegal is the only country with a ministry that has specific responsibility for women's entrepreneurship: the Ministry of Women's

Entrepreneurship and Microfinance. A Directorate for Women's Entrepreneurship within that ministry is in the process of preparing a formal strategy for the entrepreneurial development of women and advancement of their enterprises. The 2010 SME policy in Senegal includes an objective to increase the number of women entrepreneurs and the 2008 SME Law states that women (and young people) are to be subject to positive discrimination with respect to training and other benefits, and specifies that 15 per cent of the 30 per cent of government purchases (public markets) reserved for SMEs is to be granted to women-owned enterprises (Ministère des Mines, de l'Industrie, de l'Agro Industries et des PME, 2010). In Nigeria, the Vision 20:2020 strategy established a target to increase women's access to paid employment, land, credit, and other productive resources by 80 per cent by the year 2020, and stated objectives to set up micro-credit schemes for rural women and to allocate more land to women for farming activities (Federal Republic of Nigeria, 2009).

Table 5. Comparison of SME policy and structures in the five African countries

Elements of SME promotion policies	Cameroon	Mali	Nigeria	Rwanda	Senegal
SME Charter	No	No	No	No	SME Charter (2003)
SME Law	SME Law (2010)	No	No	No	Orientation Law on Promotion and Development of SMEs (2008)
Formal SME policy/ strategy	Inherent in the 2010 SME Law; formal document not yet released	No (2008 proposal that one be developed, but no evidence this was done; the development of small-scale enterprises has been promoted since 1991)	National Policy on SMEs (2006)	SME Development Policy and Strategy approved by the Cabinet in the spring of 2010	Lettre de Politique Sectorielle des PME (2009, 2010)
SMEs identified as priority in national development plans	Importance stressed in Cameroon Vision 2035 paper (2009)	Yes	Importance stressed in National Development Plans and the Vision 20:2020 plan	Importance stressed in 'Vision 2020' paper	Yes
Integration of SMEs in other national policies and strategies	Major component of the Growth and Employment Strategy (2009), national employment policy, agriculture policy, gender policy	Major component in Accelerated Growth Strategy 2008–2012, Strategic Framework for Growth and Poverty Reduction (2007–2011), agricultural policy, national employment policy, industrial sector policy	Key cornerstone of National Economic Empowerment Strategy (2004); component of all sector strategies as part of the Vision 20:2020 Implementation Plan; Export Strategy	Major component of the Economic Development and Poverty Reduction Strategy 2008–2012, industrial sector policy, national employment policy, Five-Year Action Plan for Promotion of Women's Employment 2006–2010	Major component of the Accelerated Growth Strategy (2007), the Poverty Reduction Strategy Paper, agricultural policy
SME Ministry	Ministry of SMEs, Social Economy and Handicrafts (MINPMEESA) (2004)	No SME Ministry. Since 2009, responsibility for SMEs rests with the Ministry of Industry, Investments and Commerce (MIIC)	No	No SME Ministry, but responsibility for SMEs rests with the Ministry of Trade and Industry and is shared with the Rwanda Development Board; role also played by the Rwanda Enterprise Investment Company (REIC) and the Private Sector Federation (PSF/FSP)	Ministère des Mines, de l'Industrie, de l'Agro-Industrie et des PME; has a national SME Directorate.

Elements of SME promotion policies	Cameroon	Mali	Nigeria	Rwanda	Senegal
SME Agency	No, but in 2009, Enterprise Cameroon was created as the national institution to promote SMEs and microenterprises (a partnership between the government and United Nations Programme for Development)	No	Small and Medium Enterprise Development Agency of Nigeria (SMEDAN) (created in 2003)	No, but the Centre d'Appui aux Petites et Moyennes Entreprises au Rwanda (CAPMER) delivers programmes and plays a key support role (created in 2000)	Agence de Développement et d'Encadrement des PMEs (ADEPME) (created in 2001)
Other ministries/ agencies involved in the promotion of SMEs and entrepreneurship	Ministries responsible for employment, labour, occupational training, agriculture, and social security; Ministry of Promotion of Women and Family (MINPROFF)	Ministries responsible for industry, agriculture, employment, and Ministry of Promotion of Women, Early Childhood and Family (MPFEF)	Ministry of Commerce and Industry; Central Bank of Nigeria; National Employment Directorate; Ministry of Agriculture; Nigeria Export Promotion Council, Federal Ministry of Women Affairs (through the National Centre for Women Development)	Rwanda Development Board, ministries responsible for labour, employment, women, agriculture, etc.	Ministry of Crafts, Tourism and Relation with the Private Sector and the Informal Sector; Ministry of Commerce; Ministry of Technical Education and Professional Training; Ministry of Agriculture, Ministry for Women's Entrepreneurship and Microfinance, Export Promotion Agency, etc.
SME policy coordination structure	SME Ministry cooperates with other ministries, but no evidence of a formal coordination structure	No evidence	No evidence	No evidence	National Technical Monitoring Unit led by Ministry responsible for SMEs, and regional Technical Monitoring Units in each region (created in 2008); coordinate actions and programmes, follow-up on support measures, evaluate impact.

In each of the countries, there is a ministry responsible for women and/or gender that is more or less actively involved in supporting the income-generating activities of women, women's entrepreneurship, and initiatives to enhance their level of education, knowledge, skills, access to credit, and exposure to information and networks. These ministries are also responsible for promoting the integration of gender in economic policies, including in SME policies. As well, other ministries may have minor policy objectives to support the income-generating activity of women, whether these are related to training, access to credit, sector development (particularly in the agriculture sector), technical skills, market promotion, or assistance with the formation of cooperatives.

However, none of the five governments has a specific policy framework for the development of women's entrepreneurship. In some cases, women are referenced in the SME policy documents as a target group, but few actions appear to be directed at addressing their specific needs. The lack of comprehensive research and data on women entrepreneurs may be a contributing factor, although some diagnostic studies have been performed to inform policy, such as in the case of Senegal. It is noted that the Ministry of Women's Entrepreneurship and Microfinance in Senegal is in the process of preparing a national strategy for the development of women entrepreneurs, and in Nigeria, the Vision 20:2020 Implementation Plan outlines some policy initiatives to increase women's access to skills and entrepreneurship training and micro-credit.

Given that women entrepreneurs are more likely than men to be in the informal economy, to have smaller enterprises, to be own-account self-employed, to be operating from their houses or without fixed premises, to be concentrated in traditionally-female areas of production or services (with limited growth potential), and to have less access to resources and information, there is justification for a dedicated policy effort. In the absence of a formal policy framework for women's entrepreneurship, it is essential to have a strong focus on gender mainstreaming of generic SME policies and programmes.

Although there is no evidence of sex-disaggregated data on the beneficiaries of SME policies and programmes, overall, it appears that substantial work remains to be done to ensure that women are fully included in their implementation. For example, SMEDAN (Nigeria) has set a goal to provide direct support to 10,000 entrepreneurs a year for the next five years; the key related question is how many of these entrepreneurs will be women? Research on SMEs in the informal economy conducted by the national statistical office in Rwanda found that only 26 per cent of informal enterprises had ever accessed BDS; of these, 70 per cent were led by men (NISR, 2007a). This not only suggests a gender bias (in favour of men), but that very few women entrepreneurs in the informal economy are actually accessing business support services. Possible reasons for this could be lack of awareness of the existence of these services, poor geographic accessibility of the services, or a general absence of support services, but the specific reasons should be further explored.

### *Business registration and licensing*

Simplifying the registration process for new enterprises and reducing the associated time and costs has been a priority of the five governments in very recent years. They generally started by introducing single windows or one-stop shops to facilitate procedures for foreign investors and for importers/exporters, and then gradually creating structures and simplified procedures for domestic enterprises. Governments in Cameroon, Mali and Senegal have recently opened 'centres de formalités des entreprises' on a pilot basis, with plans to roll them out throughout the country. In Senegal, the centre is located in the Chamber of Commerce in Dakar, and in Mali, it is located in the

Chamber of Commerce and Industry. Through these efforts, Cameroon has reduced the time to register a new business to 24 hours and Mali to 48 hours. The One-Stop Centre in the Rwandan Development Board facilitates the processing of a simple business registration in 24 hours and the procedures and costs for registering low-income enterprises (earning a daily income equivalent of US\$20) have been minimized to encourage the registration of informal enterprises. Although there is a one-stop shop for investors (domestic and foreign) in Nigeria, the business registration process is still viewed as cumbersome, expensive, and requiring the services of legal practitioners. According to *Doing Business, 2011*, it takes 31 days in Nigeria to obtain approval to operate a business (World Bank/IFC, 2010). In Senegal, the one stop centre is streamlining the registration process (one application that links to the company register, the social security register, and the tax authorities; telematic access, etc.), and the ADEPME has published a guide to entrepreneurs outlining information on all necessary procedures to start a business. Even so, micro and small businesses in these countries are still not well informed about formal procedures, the costs of becoming formal are expensive, and the rate of informality remains very high. The majority of enterprises do not register, do not have a tax card, and do not register their workers for social security (in cases where they have workers).

While there does not appear to be any gender discrimination in the requirements or procedures for starting a business, women lack knowledge about the requirements and can be confused about how to proceed. As noted above, the vast majority of women entrepreneurs in these countries have informal enterprises, not registered at all or only partially registered. Limited access to information is one factor, but also some women are reticent to register because they would have to pay value-added and other statutory taxes or, if they are located in rural areas, have difficulty accessing registration facilities.

In terms of remedial actions, the newly-created Rwanda Development Board, which is responsible for business registration, has plans to sensitize women about registration processes in an attempt to mobilize more of them to become formal. In Senegal, the Women's Entrepreneurship Directorate in the Ministry of Women's Entrepreneurship and Microfinance has published the '*Guide de la Femme Entrepreneur*' to better inform women about the steps to take in starting a business. In addition to further efforts to inform women about the business registration process, it is suggested that women entrepreneurs would also benefit from hands-on guidance to help them through the process. In Nigeria, it is suggested that better tax incentives might work to improve the poor registration practices.

Having a registered enterprise is important because informal enterprises have more difficulty in accessing lines of credit, microfinance, BDS and markets. Because women are more likely to be in the informal economy than men, they are at a disadvantage in accessing resources and opportunities. The situation may be improved by efforts to create greater awareness among women of the procedures and benefits of registering an enterprise, guidance on how to comply with the requirements, and improved access to business registration facilities, especially in rural areas.

### *Finance and credit policies*

Commercial banks do not play a large role in the financing of SMEs in these African countries. The banking systems are not well developed, banks lack experience and tradition in lending to SMEs, the costs of financing and collateral requirements are high, and access to credit is limited in rural areas. Furthermore, a large proportion of the adult population in these countries is un-banked (without bank accounts) and lack credit histories. SME owners do not have knowledge and experience in developing bankable

financing proposals. Development banks often have a mandate to finance SMEs. For example, in Nigeria, the Bank of Agriculture (BOA) (previously the Agricultural Cooperative and Rural Development Bank) acts as an MFI for the rural enterprises in the agricultural sector, and the Bank of Industry (BOI) as a source of financing for SMEs. In Rwanda, the Banque Populaire is the most favoured for SME financing. However, in each of these countries, SMEs are largely self-financed through personal savings or money from family and friends. The lack of access to external financing, especially longer-term financing, is a deterrent to the scale of an enterprise and a limiting factor in its growth and sustainability.

In light of the difficult financing environment for SMEs, the governments have all taken some actions to improve SMEs' access to financing. In 2009, the Mali government funded the five-year *Projet d'Appui au Financement des PME* and established a Guarantee Fund and National Investment Fund for private sector enterprises. In 2010, the Rwandan government announced the creation of a SME Development Fund, one objective of which is to alleviate the lack of financing for SMEs. The Central Bank of Nigeria (CBN) requires all banks in Nigeria to allocate 5 per cent of their after-tax profits to a Micro-Credit Fund (MCF) that is then used to lend to SMEs. The CBN has also developed a framework for microfinance banks (in 2005), which number close to 900. In addition, governments in Rwanda and Senegal have developed microfinance policies, strategies, and action plans to supervise the development of microfinance institutions (MFIs). Rwanda has a microfinance law, and in Senegal and Mali,<sup>15</sup> MFIs are regulated by a law on mutual savings and credit institutions. In Cameroon, MFIs have grouped into a National Microfinance Committee, and in Nigeria, a Committee of Microfinance Banks was formed in 2008. These are examples of some of the policy and programme initiatives in these five countries to ensure that SMEs have more access to credit.

The global challenge of women's access to financing has been well documented. Within the context of the five African countries, the situation is very similar. The financial challenge for women entrepreneurs is more severe than it is for men because they have fewer opportunities for paid work and, thus, less savings; they are less likely to own property, so do not have collateral to pledge; and they do not have as much access to informal networks, so may have more difficulty making contacts with other lending bodies. Women are largely excluded from the traditional banking system in these countries. Banks are not very friendly to SMEs, in general, but are even less so to women entrepreneurs, due to a combination of factors, including discriminatory attitudes towards women; the small scale of women's enterprises; and their inability to provide collateral to secure their loans. In addition, banks have a low presence in many of the rural areas where women are developing their enterprises, and the loan application procedures tend to be complex, which is particularly problematic for women with low literacy and education levels. It was noted that the Bank of Industry and the Access Bank in Nigeria, and the Banque Populaire in Rwanda, have desks or windows for women entrepreneurs and deliver special loan products to them, but the reach of these initiatives is still limited. Generally, those women entrepreneurs who are able to secure financing for their income-generating activities make primary use of family and friends, tontines, communal savings and credit systems, and microfinance. Although there is a dearth of sex-disaggregated data on the share of women entrepreneurs among microfinance clients, some evidence

<sup>15</sup> The law on mutual savings institutions and credit unions in Mali states an objective to facilitate women's access to savings and credit.

suggests that women make up about one-third of micro-credit clients in Nigeria and Mali, and 39 per cent in Senegal.

Table 6 highlights the special financing schemes established in each country to help address the financing obstacles faced by women. These include guarantee funds targeting women (Cameroon, Rwanda, Senegal), efforts of banks to specially target the financing of women entrepreneurs (Nigeria, Rwanda), the creation of government-funded financing and micro-credit programmes for women (Mali, Nigeria, Rwanda, Senegal), and other support funds and credit and savings systems for women delivered by non-governmental organizations (NGOs) (Mali, Nigeria, Rwanda).

**Table 6. Access to financing initiatives targeted to women entrepreneurs**

Country	Access to financing initiatives
Cameroon	<ul style="list-style-type: none"> <li>▪ Growth-Oriented Women's Enterprise (GOWE-Cameroon) Project provides a partial credit guarantee to commercial banks for loans to women-owned enterprises.</li> </ul>
Mali	<ul style="list-style-type: none"> <li>▪ Government-supported Support Fund for Women's Activities (FAAF) and Credit and Savings Scheme for Women (SYCREF) have made women's credit access easier.</li> </ul>
Nigeria	<ul style="list-style-type: none"> <li>▪ Bank of Industry (BOI) has a Gender Desk handling loan requests from women entrepreneurs; provides soft loans to them under the Business Development Fund for Women (BUDFOW), an initiative of the Federal Ministry of Women Affairs (FMOWA).</li> <li>▪ Women Fund for Economic Empowerment (2006), FMOWA-fund administered by the Bank of Agriculture to provide micro-credit to rural women in the form of revolving loan schemes through women's cooperative societies.</li> <li>▪ ACCESS Bank, a member of the Global Alliance for Women (since 2006), has lent US\$18 million to Nigerian women entrepreneurs.</li> <li>▪ The Country Women's Association of Nigeria (COWAN) and the Nigerian Association of Women Entrepreneurs (NAWE) offer micro-credit programmes to women.</li> </ul>
Rwanda	<ul style="list-style-type: none"> <li>▪ Women's Guarantee Fund (1998) offers guarantees to banks for loans to women entrepreneurs (as individuals or in groups).</li> <li>▪ Banque Populaire in Kigali has set up a Women's Branch to meet needs of women clients.</li> <li>▪ Savings and Credit Cooperative for Women (COOPEDU).</li> <li>▪ District Fund for granting micro-credits to women in cooperatives.</li> <li>▪ Urwego Opportunity Microfinance Bank (88 per cent of clients are women).</li> </ul>
Senegal	<ul style="list-style-type: none"> <li>▪ Fond National de Promotion de l'Entreprenariat Féminin (2004) provides loans to women entrepreneurs, often in the form of guarantees to banks or MFIs (administered by the Women's Entrepreneurship Directorate in the Ministry of Women's Entrepreneurship and Microfinance).</li> <li>▪ National Credit Fund for Women launched by the government in October 2010; offers loans between 250,000 FCFA and 5 million FCFA, at interest rates of 3–5 per cent, to rural women in the agricultural sector.</li> </ul>

To improve women entrepreneurs' access to financing, the country assessments of the environment for WED in the five African countries point in three directions. First of all, efforts are needed to develop functioning and gender-sensitive loan guarantee models for women entrepreneurs, expand national access to microfinance (including in rural areas), and mobilize more lines of credit for women entrepreneurs. Secondly, it is important to improve women's knowledge about the sources of external financing and how to package their financing requests, which implicates the need for information, training, and financial advisory services. Thirdly, there is a need for enhanced capacity building of the staff and loan officers of financial institutions on how to serve SMEs, whether owned by men or women, in a non-discriminatory and relevant manner.



## *Labour laws and regulations*

The situation regarding labour laws and regulations in the five countries is very similar. Their labour codes generally prescribe equal and universal access to labour market opportunities and provide maternity protection for women workers. However, women workers are also generally restricted from working the same hours as men (are not permitted to work at night) and some occupations are reserved only for men. In reality, even in countries with laws stating that women have the right to equal pay for work of similar value, as in Senegal, there are large disparities in wage rates between women and men (Hausmann et al., 2010). In addition, the formal private sector labour market is heavily dominated by men, indicating gender biases in the hiring practices of formal private sector employers.

Although governments in these countries have been undertaking labour law reforms to introduce more flexibility in employment contracts and dismissal requirements, and to simplify processes to register employees in the social security system, overall, the procedures and requirements are complicated and expensive for smaller enterprises. Consequently, there is a high level of informal hiring and employment practice. Generally, a very small percentage of workers are covered by the social security system (only 10 per cent of workers in Cameroon, only 4 per cent of private sector workers in Rwanda), and women are benefiting even less (in Rwanda, women make up only 14 per cent of workers registered with the Social Fund). There is an effort in the National Social Security Fund in Cameroon to introduce social security coverage for informal workers, but informal workers, who make up the majority in these five countries, are generally left out of the social protection system.

Evidence from the country assessments of the environment for women's entrepreneurship suggests that very few women entrepreneurs observe national labour laws and social welfare codes. Many of them are simply unaware of the texts and regulations regarding hiring and employment requirements, but even more importantly, the majority of women have informal enterprises, and either have no employees or informally employ family members, neighbours, or friends. Hiring informally is seen as easier, much less complicated and less costly.

Governments in these countries should undertake a review of the labour and social security laws and regulations with more consideration to assessing the impact on MSEs, and implementing MSE-friendlier requirements (simpler worker registration processes, more flexibility in employment contracts and reduced costs). In addition, they need to start a process that will better inform women entrepreneurs of the texts regarding labour laws and of how to apply them in their businesses.

## *Property rights*

Recent constitutional provisions and/or land tenure laws in these countries promote the rights of women to own land and property; however, in all five countries it is still cumbersome and lengthy for either men or women to obtain property titles. Rwanda appears to be more advanced than the others in reforms to the land/property registration system. By simplifying the process and reducing registration costs, the government is enabling land owners to have proper title deeds that can then be used as collateral for loans.

In most of these countries, land ownership by women is very low. In Nigeria, for example, only 7 per cent of women are land owners, compared to 38 per cent of men (NBS, 2009). Women in Senegal have the right to inherit land from their mothers, and, in

fact, own significant parcels of land in certain regions of the country. The Minister of Women's Entrepreneurship and Microfinance in Senegal has implemented a strong lobby for the active enforcement of the disposition in the 2001 Constitution that gives women equal rights to own land and property, and further conceived a special project to facilitate women's access to land (Projet de Périmètres d'Intérêt Communautaire).

In spite of laws guaranteeing the rights of women to own property, prevailing customary practices and traditional laws do not recognize these rights. In Cameroon, for example, matrimonial property is most often held in the husband's name. While he can pledge these assets as collateral for loans, the wife cannot do this without her husband's authorization. In Senegal, married women also have difficulty in maintaining control over their assets, even assets related to their business or household assets purchased with proceeds from the business. In the case of divorce, she may lose all of her property to her husband. In Mali, priority is given to men in the allocation of land and women are left to work on small plots of borrowed land that they cannot use as collateral. Discrimination also exists in customary inheritance practices in these countries, even in cases where inheritance laws themselves state that women and men and boys and girls have equal inheritance rights.

Basically, the situation is similar in the five countries. Women do have legal rights to property, but their ability to exercise these rights is pre-empted by customary laws and practices. Consequently, their legal rights are not enforced. In addition, women are often unaware of their legal rights or do not have access to recourse mechanisms. The implication for women entrepreneurs is a lack of control over assets of the business and the inability to offer secure collateral for loans. Addressing these property ownership issues is imperative for the development of women's enterprises.

## **Administrative systems for women's entrepreneurship development**

### *Gender and mainstreaming policies*

Gender equality is very important to the development of women's entrepreneurship. If women do not have equal opportunity in education and training and to participation in economic and political life, then it is not impossible, but certainly more difficult for them to access the required knowledge and resources to start and grow successful businesses, and, thus, to contribute fully to the socio-economic development of their countries. The governments in each of these five African countries have committed themselves to gender equality. They have all incorporated the principle of 'gender equity and equality for all' or freedom from sex discrimination into their national Constitutions, ratified international and regional conventions pertaining to equity and equality for women, committed to achieving the Millennium Development Goals, some of which pertain specifically to the advancement of women, and created national mechanisms for integrating gender considerations into their national and local development policies and strategies. For the most part, these developments have been relatively recent and some governments have done more than others (Table 7). For example, it appears that Rwanda is further advanced. It has a National Gender Policy, a National Council on Women, a Gender Budgeting Unit in the Ministry of Finance and Economic Planning (MINECOFIN), and a National Gender Observatory that promotes and monitors gender integration and reports on its progress.

Albeit, more needs to be done in all of these countries to address a range of persistent systemic and cultural obstacles to the full and equal integration of women in

social, political, and economic life. Even in cases of the strong will of government, such as is evident in Rwanda and Senegal, profound constraints to full gender equity and equality in the application of policies and laws are anchored in the customs and traditions of these countries. Continuing efforts are needed to promote and enforce the application of equity principles, and to make women more aware of their rights so they can lobby for their entitlements.

Table 7. Comparison of gender mechanisms in place in the five countries

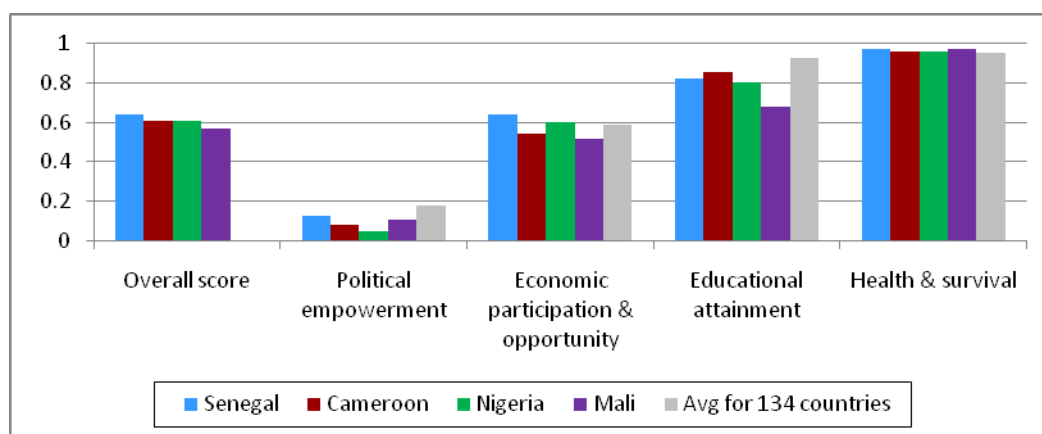
Mechanism	Cameroon	Mali	Nigeria	Rwanda	Senegal
Gender equality in Constitution	1996 Constitution guarantees gender equity and equality	1992 Constitution guarantees gender equity and equality	1999 Constitution prohibits discrimination based on sex and guarantees equal rights for all citizens (no specific affirmative action clauses)	2003 Constitution guarantees gender equity and equality	2001 Constitution guarantees gender equity and equality
National Council on Women	Evidence not available	Evidence not available	Evidence not available	National Women's Council (1996) to ensure women's participation in governance and government programmes	National Women's Advisory Committee (1990)
National gender policy	National policy for integration of women in development (1999); chronic delays in implementation	National Policy on Equality between Women and Men (adopted in November 2010)	National Policy on Women (2000); replaced by 2006 National Gender Policy	National Gender Policy (2004)	National Strategy for Gender Equity and Equality 2005–2016
Ministry responsible for gender and women	Ministry for Promotion of Women and Family (MINPROFF) (2004)*	Ministry for Promotion of Women, Children and Family (MPFEF) (1997)	Commission for Women (1989); converted to Federal Ministry of Women Affairs (FMOWA) in 1996; Ministries of Women Affairs in all States	Ministry of Gender and Family Promotion (MIGEPROF)	Ministry of Gender (2010); Ministry of Family, Women's Organizations and Protection of Children (MFOFPE) (2010)**
Gender focal points in other ministries	Gender focal points in all ministries and government institutions	Gender focal points in many ministries	Evidence not available	Gender focal points in other ministries	Evidence not available
Integration of gender in national development plans and economic strategies	Integrated in poverty reduction strategy, employment and growth strategy and Vision 2035 document	Cross-cutting theme in poverty reduction strategy; focus areas in the <i>Projet pour le Développement Economique et Social 2007–2012</i>	Integrated in Vision 20:2020 Implementation Plan as key component	Integrated in Vision 2020 document, Economic Development and Poverty Reduction Strategy, and decentralization processes	Integrated in Poverty Reduction Strategy and Accelerated Growth Strategy
Gender Budgeting Unit	Evidence not available	Evidence not available	Gender Budget Initiative (Ministry of Finance and FMOWA)	Launched in 2003 (MIGEPROF with MINECOFIN)	Gender and Budget Working Group (Ministry of Economy and Finances)
Gender Observatory	Evidence not available	No, but has a National Centre for Documentation and Information on Women and Children (2004)	No, but the NBS produces the <i>Women and Men in Nigeria</i> annual report	National Gender Observatory (2007)	National Observatory of Women's Rights (2008)

<b>Mechanism</b>	<b>Cameroon</b>	<b>Mali</b>	<b>Nigeria</b>	<b>Rwanda</b>	<b>Senegal</b>
Government commitment to gender-disaggregated statistics	Evidence not available	Evidence not available	Commitment in the Vision 20:2020 Implementation Plan to facilitate effective analysis and impact assessment	National Institute for Statistics produces gender statistics for most socio-economic indicators	Yes

Note: \*A ministry responsible for promotion of women has been in effect in Cameroon since 1975. \*\*The Ministry of Gender created in 2010 as part of a government restructuring, but a ministry responsible for women and family has been in place for a number of years.

One benchmark of how well these countries are doing in the area of gender equality is the Global Gender Gap Index (GGGI) developed by the World Economic Forum (Hausmann et al., 2010). Unfortunately Rwanda is not one of the assessed countries, but the rankings of the other four countries (out of 134) were: Senegal, 101; Cameroon, 114; Nigeria, 118; and Mali, 131. Figure 2 graphs the performance of these countries on the four sub-indexes of the GGGI: economic participation and opportunity; educational attainment; health and survival; and political empowerment.

Figure 2. The gender gap in the five African countries, 2010



Notes: Data on scale of 0-to-1 (0 = inequality, 1 = equality). Rwanda was not included in the 2010 assessment.

Source: *The Global Gender Gap Report 2010* (Hausmann et al., 2010).

This reveals that each of the countries has almost closed the gender gap on health and survival indicators, and is well on its way to closing the gender gap on educational attainment, although the education gap in Mali is larger than in the others. However, Cameroon, Mali, and Nigeria have closed less than 60 per cent of the gap in economic participation, and none of them has closed more than 13 per cent of the gender gap in political empowerment. Wage inequality, the gender gap in earned income, and the low rate of participation of women in senior-level and management positions are areas of concern.

It should be noted, however, that if Rwanda had been included in the GGGI assessment, its performance on political empowerment would be relatively strong. In Rwanda, the Constitution dictates that women will hold a minimum of 30 per cent of the seats in the Parliament and other decision-making positions. In 2009, women held 55 per cent of the seats in the lower House of Parliament, 30 per cent at the Senate level, 44 per cent of the Supreme Court, and 40 per cent of the heads of provinces, which would likely place it among the top five of the 134 countries.

### *Support structures, programmes, and initiatives*

A number of structures and programmes to support SME development exist in the five countries (Table 8). These include government bodies, such as the Centre for SME Assistance at Enterprise Cameroon, the National SME Agency in Senegal (ADEPME), the Support Centre for SMEs in Rwanda (CAPMER), and the SME Development Agency in Nigeria (SMEDAN). These bodies offer business advice, counselling, and information to SMEs and often deliver training on how to start a business as well as business upgrading programmes. In both Nigeria and Rwanda, there are networks of business development and entrepreneurship development centres in regions of the country, and in Cameroon, management centres (Centres de Gestion Agréés) are being

piloted in urban centres with plans to roll them out across the country. Business associations and NGOs are also involved in providing business support. One of the prime examples is the Private Sector Federation (PSF/FSP) in Rwanda, which has established business and entrepreneurship development centres in key centres and plans to have 30 such centres by 2012. The PSF/FSP in Rwanda and Enterprise Cameroon are also partners with the International Finance Corporation (IFC) in delivering Business Edge training programmes to SMEs. In addition, donors partner with governments on SME support programmes with finite timeframes. However, most of the SME support structures and initiatives in these countries are relatively recent (since the 2000s) and there is virtually no available information on the take-up of these services by SMEs.

Although there is also a lack of sex-disaggregated data on users of generic SME programmes and support services, these can be accessed by women entrepreneurs, with some evidence of specific efforts to reach out to women. For example, the Centre for SME Assistance at Enterprise Cameroon offers special training programmes for women entrepreneurs, the Groupement Inter-patronal du Cameroon delivers the Growth-Oriented Women's Enterprise (GOWE) programme, the National Employers Council of Mali (CNPM) delivers the Promotion of Women's Entrepreneurship Project that includes training and know-how on the creation and management of microenterprises and SMEs, (Table 9). In addition, there are a number of other women-targeted initiatives in the five countries, some that are offered by government bodies, for example, Nigeria's Vision 20:2020 Implementation Plan includes a Women Vocational and Entrepreneurship Development Programme that targets the training of 10,000 women over the 2010–2013 period (to be delivered by SMEDAN), women entrepreneurs' associations and others. Senegal is the only country with a Ministry responsible for women's entrepreneurship and national level projects to support the development of women entrepreneurs. Except for Senegal, these countries do not have coordinated and systematic approaches for support to women entrepreneurs, and even in Senegal, there is concern about the lack of sufficient funding for activities of the National Directorate for Women's Entrepreneurship.

The country assessment reports point to the need for more coherent and coordinated SME support and entrepreneurship training to women, and more widespread access to these services across rural regions and sectors where women are dominant.

Table 8. Generic SME support structures, programmes and initiatives in the five countries\*

	<b>Cameroon</b>	<b>Mali</b>	<b>Nigeria</b>	<b>Rwanda</b>	<b>Senegal</b>
Generic SME support structures and initiatives	<ul style="list-style-type: none"> <li>▪ Enterprise Cameroon (2009), national institution to promote SMEs and microenterprises; has a Centre for SME Assistance; offers Business Edge training to entrepreneurs.</li> <li>▪ Centres de Formalités de Création d'Entreprise (CFCE) (2010).</li> <li>▪ Centres de Gestion Agréées opening across the country.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Limited available information on specific SME support structures, but no evidence that dedicated government structures exist.</li> <li>▪ Ministry of Industry, Investments and Commerce (MIIC) offers Mise à Niveau upgrading programme for industrial SMEs.</li> <li>▪ MIIC support programme for retail enterprises (training and financing) (2009).</li> <li>▪ Business and sector associations, such as the National Federation of Artisans and Crafts of Mali (FNAM) and the Conseil National du Patronat du Mali (CNPM), offer training and other support services to enterprises.</li> </ul>	<ul style="list-style-type: none"> <li>▪ SMEDAN (2003) has developed Business Support Centres (BSCs) and Business Information Centres (BICs) in locations across the country to provide information and advisory services and entrepreneur/management training to SMEs and new entrepreneurs.</li> <li>▪ National Productivity Centre.</li> <li>▪ The Central Bank of Nigeria has established three Entrepreneurship Development Centres (in Lagos, Kano, and Onitsha) to offer skills and entrepreneurship training, counselling and mentoring to potential entrepreneurs and existing SMEs.</li> <li>▪ Abuja Entrepreneurship Centre.</li> <li>▪ Industrial Training Fund.</li> </ul>	<ul style="list-style-type: none"> <li>▪ CAPMER (2000) offers entrepreneurship training, advice, management assistance, access to finance, and information.</li> <li>▪ The PSF/FSP operates at least 4 Business Development Service (BDS) Centres with plans for 30 BDS and Entrepreneurship Development Centres by 2012; offers Business Edge training to entrepreneurs and training for artisans.</li> <li>▪ The Centre for Training and Research on Cooperatives offers management training to build capacity of cooperatives.</li> </ul>	<ul style="list-style-type: none"> <li>▪ ADEPME (2001) provides information and advice to SMEs and entrepreneurs and facilitates access to financing, advisory/consulting services, and management training.</li> <li>▪ Mise à Niveau upgrading programmes for SMEs.</li> <li>▪ Several Chambers, sector associations, and employer organizations offer support services.</li> </ul>

Note: \* The noted SME support structures and initiatives are not meant to be an inclusive list, but are illustrative of the major ones.



Table 9. SME support structures, programmes and initiatives targeted to women's entrepreneurship in the five countries

	Cameroon	Mali	Nigeria	Rwanda	Senegal
SME support structures and initiatives targeting women entrepreneurs	<p>The Centre for SME Assistance at Enterprise Cameroon offers special training programmes for women entrepreneurs.</p> <p>The Association pour le Soutien et l'Appui à la Femme Entrepreneur (ASAFE) provides counselling, training and information to women entrepreneurs, operates an ICT training academy for women, and manages a women's credit-loan scheme.</p> <p>The Groupement Inter-patronal du Cameroun (GICAM) delivers the Growth-Oriented Women's Enterprise (GOWE) programme, and also the ACCESS! For African Businesswomen in International Trade Programme.</p> <p>'Opération 100,000 Femmes Horizon 2012' has provided informatics training to almost 70,000 women.</p>	<p>The National Council of Employers of Mali delivers the Promotion of Women's Entrepreneurship Project that offers training and know-how experiences on the creation and management of microenterprises and SMEs.</p> <p>The Promotion and Development of Women's Entrepreneurship in Mali creates awareness about starting a business and offers training to women entrepreneurs.</p> <p>Projet Karité assists women's groups in rural areas to produce and market shea butter.</p> <p>Women entrepreneurs associations offer training and facilitate the participation of women in trade fairs.</p>	<p>No evidence of existing specific programmes for women entrepreneurs, but women entrepreneurs' associations do some business-related training and organize women's participation in trade fairs and international conference venues.</p> <p>Vision 20: 2020 implementation plan includes a Women Vocational and Entrepreneurship Development Programme that targets the training of 10,000 women over the 2010–2013 period (to be delivered by SMEDAN).</p>	<p>The Chamber of Women Entrepreneurs in the PSF/FSF offers training, coaching and mentoring to women entrepreneurs, facilitates their involvement in trade fairs, and exposes them to the use of ICT tools; delivers the Goldman Sachs '10,000 Women' project in Rwanda.</p> <p>ILO Start &amp; Improve Your Business (SIYB) 'train the trainers' programme.</p> <p>Rwanda Development Board includes 'woman entrepreneur' category in 2011 Business Excellence Awards</p>	<p>The Women's Entrepreneurship Directorate (in the Ministry for Women's Entrepreneurship and Microfinance), created in 2002, has several projects to reinforce the management skills of women (training), and facilitate access to financing, primarily through the National Fund for the Promotion of Women's Entrepreneurship that provides support to women in the creation of new enterprises and consolidation of existing ones.</p> <p>The ILO Women's Entrepreneurship Development (WED) project is concerned with capacity building of women entrepreneurs and their associations.</p>

## *Access to information*

Access to information is very important to the development of MSMEs. Entrepreneurs benefit greatly from access to different types of information, including information on government actions and programmes, business and market/trade opportunities, supplier, technology and financing sources, and how to start a business and manage its operations (business planning, marketing, record-keeping, etc.).

The challenge of accessing government-related information is one that affects all businesses, particularly SMEs. Economic operators are entitled to know how and why decisions affecting businesses are made. Transparency in this regard is an important aid in preventing capture of the decision-making processes by special interest groups as well as corruption practices. However, access to information on government actions is somewhat difficult to obtain in the five African countries as there are no systematic systems of information access provided by government bodies and few ministries disseminate information to users. Databases of the laws and regulations affecting MSMEs and their workers are either not available or not readably accessible. Businesses are not adequately informed about recent reforms, such as simplification of land and business registration processes, or changes in tax and customs regimes. This lack of knowledge makes it difficult for economic operators to challenge officials who may continue to apply the old rules and procedures. MSME owners in general are not adequately informed, but rural entrepreneurs are especially disadvantaged in being able to access information. The geographic coverage of information dissemination is uneven, primarily only available in the capital cities and possibly in regional centres. However, given the relatively low literacy rates in the five countries, even if print information was more available, many micro and small business owners would not be able to benefit. The government of Cameroon is making use of community radio stations to disseminate information to citizens, which may be a very effective vehicle for reaching MSMEs.

To access business-related information, entrepreneurs can benefit from membership in chambers of commerce and sector and business associations; however, owners of informal enterprises are less likely to be involved in these organizations than formal enterprises. It is possible to access information on market opportunities and support services on the websites of some of these organizations (the website, <http://www.senegal-entreprises.net>, is a good example), but the Internet capacity of micro and small business owners in these countries is also very limited, and even less so for women-owned and rural-based enterprises.

According to the assessments of the environment for WED in the five countries, women entrepreneurs generally have a low level of awareness of government laws and regulations and limited access to formal sources of business-related information. This may be one of the main reasons for the high degree of informality in women's enterprise activity. The most common source of business information for women is other business owners, thus, making use of women's networks to disseminate government and business-related information would appear to be very important. In Rwanda, the main formalized sources of information for women entrepreneurs are the Chamber of Women Entrepreneurs and the Support Centre for SMEs of Rwanda (CAPMER), but access is deemed to be insufficient, particularly in rural areas. In Senegal, the Ministry responsible for women's entrepreneurship also disseminates information to women, but again, adequate reach is a challenge. It is noted that the ministry has prepared the '*Guide de la Femme Entrepreneur*' that outlines basic how-to information for Senegalese women entrepreneurs (supplementing the Entrepreneur Guide published by the National SME

Agency for all entrepreneurs). This at least indicates an effort to specifically tailor business information to women.

One of the conclusions from the country-level assessments of the environment for WED is that decentralized systems of regularized information outreach and dissemination to women entrepreneurs are needed to make information about government policies and regulations, business and market opportunities, support programmes and financing sources substantially more available, including in rural areas where many women entrepreneurs are located. Because of low literacy levels of many of the informal women entrepreneurs, information dissemination must go beyond printed forms to include creation of 'women's desks' in chambers of commerce and business/sector associations, using broadcast media and networking events, and building the capacity of women entrepreneurs' associations to serve as a major source of information and its dissemination. In the longer-term, in the interest of information access and closing the digital divide, the country assessments also stressed the need to increase the internet-literacy of women entrepreneurs.

### *Participation in business networks and public-private sector dialogue*

There are numerous women's associations, cooperatives, and professional/sector organizations in these five countries. Some have formed into umbrella organizations or federations covering a variety of interests. Some are focused on advocating for the protection of human rights, women's rights, and further integration of gender in policies, programmes, and society in general. Others are focused on promoting sector and business interests or providing mutual support and cooperation. Women entrepreneurs might belong to different types of women's associations/organizations, as well as to chambers of commerce and industry and other mixed membership business/sector-related associations.

Women entrepreneurs' associations exist in each of the countries, some of the main ones of which are noted in Table 10. Membership data is not readily available for all of these associations, but in some cases, the numbers are significant. For example, the Association for Support to Women Entrepreneurs (ASAFE) in Cameroon has more than 5,000 members (mostly self-employed), and the Association of Women for the Promotion of Enterprise in Senegal (AFEPES) has 40,000 members. However, for the most part (with some exceptions), these associations lack the capacity to advocate effectively with government on behalf of women entrepreneurs and struggle to provide and sustain relevant services to their members.

Table 10. Major women entrepreneurs' associations in the five countries

Country	Women entrepreneurs' associations
Cameroon	Groupement des Femmes d'Affaires du Cameroun (GFAC) Association for Support to Women Entrepreneurs (ASAFE)
Mali	Network of Women Economic Operators (ROFE) Federation of Associations of Commercial Women and Entrepreneurs of Mali (FAFCEM) Association of Femmes Chefs d'Entreprises du Mali (AFCEM) National Federation of Rural Women (FANAFER) Fédération Nationale des Transformatrices du Mali (FENATRA) Bureau Nationale des Femmes de la Fédération Nationale des Artisans du Mali (FNAM) National Union of Businesswomen of Mali (UNAFEM)
Nigeria	Nigerian Association of Women Entrepreneurs (NAWE)
Rwanda	Chamber of Women Entrepreneurs
Senegal	Association des Femmes pour la Promotion de l'Entreprise au Sénégal (AFEPES) Association des Femmes d'Affaires et Femmes Commerçantes (AFAC) Union des Femmes Commerçantes de Dakar Collectif des Femmes Commerçantes du Groupement Economique Sénégal

There are no data on the percentage of women among members in mixed-membership (men and women) associations and professional organizations, although the country assessments of the environment for WED suggest that this is low. As well, women do not generally hold high leadership positions in the mixed associations.

The concept of public-private sector dialogue is viewed as an important component of the development process in Mali, Rwanda and Senegal, although not so much in Cameroon and Nigeria. It is difficult to draw definitive conclusions about the level of representation of businesswomen in formal dialogue between the public and private sector, mainly because there are no sex-disaggregated data on the membership of formal public-private sector committees or councils. There is also limited information on the extent to which issues affecting women in business are raised in dialogue between the government and the business community. Certainly there is at least some evidence of the impact of women's associations in affecting policy changes. For example, the Association of Women Entrepreneurs in Rwanda (AFER) was instrumental in its lobby to gain Rwandan women the right to have their own bank account, to register their businesses, and to carry out business without the consent of their husband.<sup>16</sup>

At the current time, the Senegalese government appears to have the most organized system for soliciting the input of women's organizations and associations in policy dialogue. The Women's Entrepreneurship Directorate in the MEFMF and the Ministry of Family, Women's Organizations and Child Protection (MFOFPE) have developed extensive lists of the key women's associations in the country that can be called upon to represent and defend the interests of women on policy issues. Women in Senegal are well represented in forums, conferences and workshops dealing with private sector development matters, including those related to SMEs, and their participation in public-private sector dialogue considered generally effective. However, Senegalese women entrepreneurs do not feel that sufficient analysis of the explicit distinctions between men

<sup>16</sup> AFER was dissolved in 2007 and its mandate assumed by the Chamber of Women Entrepreneurs in the Private Sector Federation.

and women are taken into consideration in the design of programmes and actions, and that gender-related issues are not treated in a substantive fashion. In Rwanda, the Chamber of Women Entrepreneurs, one of the nine chambers of the PSF/FSP, plays an advocacy role for women entrepreneurs with the government. More generally, because the 2003 Constitution of Rwanda set a 30 per cent target for women in all decision-making bodies, women are, in fact, well represented in District Councils and in Parliament. Women are not well represented in formal public-private sector councils, dialogue mechanisms, or government advisory bodies in Mali and Nigeria.

The country assessments of the environment for WED conclude that more organized and coordinated efforts are needed to ensure women entrepreneurs and business women associations are represented in formal public-private sector dialogue mechanisms, such as the Cameroon Business Forum and the Partnership Forum Between the Public and Private Sector in Rwanda, and that women are included among the members of government advisory boards, committees and councils.

### **Recommendations to enhance the environment and create opportunities for women's entrepreneurship development**

The recommendations flowing from analysis of the business environment for women's entrepreneurship in each of the five countries, as per the summaries presented in the following country sections of this report, tend to concentrate in eight major areas (in order of their frequency):

1. making BDS more available to women entrepreneurs (by for example, establishing women's desks in government ministries and business associations to provide referral information and business support services), and increasing their opportunities to participate in entrepreneurship and business management training;
2. increasing women's participation and representation in business associations and public-private sector dialogue, building the capacity of women entrepreneurs' associations so they can expand their membership base, provide more services to women members, and more effective in negotiating and lobbying of their behalf with the government;
3. improving women's access to various kinds of business-related information and know-how regarding government regulations and formalization procedures;
4. increasing the quantity of statistics and information regarding women's enterprise ownership, and more effectively integrating gender into SME policies;
5. strengthening the process of integrating gender into national economic strategies (consultations, capacity-building of gender focal points);
6. improving women entrepreneurs' access to financing by creating and/or expanding credit guarantee schemes and microfinance funds and educating women entrepreneurs on the process of developing viable financing proposals;
7. accelerating the creation of one-stop shops for business creation formalities in rural areas of the country and carrying out initiatives to better inform women entrepreneurs about the procedures and benefits of formalization; and
8. improving women's access to land and property rights by eliminating any discrimination against women in property ownership and inheritance, strengthening their legal rights, and ensuring that women are aware of these rights.

The emphasis on recommendations by area varies somewhat across the countries, reflecting differences in the already existing support structures for women and the level of commitment to gender equity and equality in the country and, thus, the priority policy and programme gaps. For example, in Senegal, the priorities seem to be on improving

business support and training services for women entrepreneurs, making financing more accessible to women, and making the business registration and licensing regime more accessible to women; whereas in Nigeria, the priorities are more on improving women's access to business development and training services, improving the level of statistical and research data on women entrepreneurs/business owners to better integrate their concerns in SME policy, and increasing women's participation in business associations and their representation in public-private sector dialogue.

The most common recommendations across the five countries are summarized in Table 11.

Table 11. Summary of key cross-country recommendations

Area of recommendation	Recommendation
SME promotion policies	<ol style="list-style-type: none"> <li>1. Produce sex-disaggregated data on SMEs and special studies on women entrepreneurs in order to better inform economic development and SME promotion policies.</li> <li>2. Better integrate the needs and concerns of women into SME policy formulation and programmes.</li> <li>3. Develop a strategic policy framework for WED and establish a national structure to achieve more effective coordination of policies affecting women entrepreneurs.</li> </ol>
Business registration and licensing	<ol style="list-style-type: none"> <li>4. Continue to simplify business registration and licensing processes and to make business registration facilities more accessible in rural areas.</li> <li>5. Develop widespread awareness and outreach strategies to inform women on the business registration and licensing requirements and procedures, and the advantages of formalizing their enterprises.</li> </ol>
Access to financing	<ol style="list-style-type: none"> <li>6. Develop more women-focused financing programmes, with emphasis on setting up loan guarantee schemes for women and extending access to microfinance schemes.</li> <li>7. Implement women-focused training and information programmes to educate women about sources of financing, the criteria used in making funding decisions, and how to prepare proposals and plans to secure financing. This training should also include components on financial literacy.</li> </ol>
Labour laws and regulations	<ol style="list-style-type: none"> <li>8. Examine gender biases in private sector employment (for salaried jobs) and eliminate socio-cultural and economic barriers to women's participation in the labour market and in business.</li> </ol>
Property rights	<ol style="list-style-type: none"> <li>9. Design instruments to allocate more land to women, especially in rural areas, and systems to allocate more land/spaces for women entrepreneurs (such as in incubators, technology parks, and industrial zones).</li> </ol>
Gender policies and mainstreaming	<ol style="list-style-type: none"> <li>10. Enhance integration of gender in strategic policy documents and programmes and build gender capacity of all government institutions.</li> <li>11. Increase use of gender statistics for all indicators of economic life.</li> </ol>
SME support structures, programmes, and initiatives	<ol style="list-style-type: none"> <li>12. Implement business support structures for women, notably, one stop shops and women's desks where they can easily access information, referral, and advice-giving services in both urban and rural areas.</li> <li>13. Establish and expand entrepreneurship training programmes for women, including establishment of entrepreneurship training centres.</li> <li>14. Implement an awards programme to recognize and celebrate the achievements of women entrepreneurs.</li> </ol>
Access to information	<ol style="list-style-type: none"> <li>15. Create information desks for women entrepreneurs (generally within existing organizations, such as Chambers, women's associations, and regional bodies) to disseminate business-related information to women entrepreneurs and women entrepreneur associations in both urban and rural settings, and to inform them of their legal rights.</li> <li>16. Publish information from government administrative and regulatory bodies on the laws, regulations, and procedures required for registering businesses and complying with administrative obligations, and make this information widely available to women.</li> </ol>

Area of recommendation	Recommendation
Participation of women in businesswomen associations and their representation in public-private sector dialogue	<p>17. Create more networks of businesswomen organizations/associations and strengthen their capacity to increase membership among women entrepreneurs, with an ultimate goal of forming these groups of associations into a national federation that can represent the voice of women entrepreneurs in the country and in regional and international forums.</p> <p>18. Develop capacity-building initiatives for women entrepreneur associations to enhance their negotiation, advocacy, and organizational leadership skills.</p> <p>19. Increase the representation and participation of women entrepreneurs and their associations in key private sector and business advocacy organizations in the country in order to better ensure that the concerns and interests of women entrepreneurs are raised in public-private sector dialogue.</p> <p>20. Increase the representation of women entrepreneurs and their associations on government economic and SME-related advisory boards and councils in order to better ensure that the concerns and interests of women in business are taken into consideration.</p>

In reviewing the collective of recommendations presented in the next five country summary sections of this report, it is important to stress a number of key points that apply to all of the countries. First of all, there is a dire need for better data and statistics on women entrepreneurs (women-owned SMEs, self-employed women, women as employers). Currently, only minimal data exists and is fragmented at best. Each country should make an effort to compile any existing data on the role of women in SMEs and self-employment, both in the formal and informal economy, identify data gaps, and develop a strategy for collecting the missing information. This will likely have to be approached in partnership with the national statistical office in each country. As well, independent surveys of a large and nationally-representative sample of women entrepreneurs should be conducted to develop a profile of the characteristics of women entrepreneurs and their enterprises.

Secondly, because the responsibility for the economic and social advancement of women is generally assigned to a ministry responsible for women or gender, it is important to align the policies and initiatives of that ministry with respect to women's entrepreneurship with the policies and strategies of the economic ministries. This will require creation of a working group on women's entrepreneurship, possibly led by the ministry responsible for women, with representation from the key economic ministries (such as industry, commerce, SMEs, labour and employment, agriculture, etc.). The formation of women's entrepreneurship focal points in each of the relevant ministries to work collaboratively to design and implement a more cohesive policy and set of programmes and projects for development of women's entrepreneurship would be very helpful. This could be in the form of a national directorate for promotion of women's entrepreneurship, such as exists in Senegal.

Thirdly, countries would benefit from developing a strategic framework for WED. Without this, it is difficult to achieve coordinated actions, and there is also the risk of imbalance in policy and programme measures. For example, the Senegal country summary concludes that the heavy emphasis on micro-credit for women dwarfs efforts to meet other needs of women entrepreneurs, such as in the area of training; whereas, the Mali country summary concludes that there is too much focus on awareness and training at the expense of financing activities.

Fourthly, recommendations to develop women-focused support structures, one-stop shops, information desks, business support centres, and entrepreneurship training centres should be taken very seriously. Evidence in a number of other countries demonstrates the effectiveness and impact on the development of women's enterprises of establishing networks of women's enterprise centres, such as the good practices in the United States, Canada, and a number of other developed countries (Stevenson and Lundström, 2002). Most of the policies and programmes targeting women's entrepreneurship in these

countries reflect the view that entrepreneurial activity is a path out of poverty for women, which is likely true given the overall low levels of literacy, education, and skills of women. To address the over representation of women entrepreneurs in agricultural work in these countries, particularly in rural areas, specific efforts should be made to improve the literacy rates of women, and to combine this with more diversified skills training to prepare them for entry into non-agricultural activity, along with entrepreneurship training to enlarge their ability to start businesses in non-agricultural sectors. However, policies and programmes do not appear to reflect the view that women's businesses, with the necessary financial and institutional support, can make a substantive contribution to productivity and economic growth, thus, there are few initiatives focused on supporting the modernization and growth of existing women-owned enterprises. It would be helpful to profile examples of existing women entrepreneurs with small and medium enterprises in the formal economy, which are largely invisible, to help change perceptions regarding the economic importance of women entrepreneurs and of their capacity to create jobs for others, pursue innovative activities in high-potential sectors, and engage in exporting. Micro-credit programmes, by themselves, are not sufficient to have an effective and sustained impact on women's productivity. They need to be complemented by services which meet the needs of women as producers, such as training, access to technology, commercialization of their products, and information (means and know-how).

Fifthly, monitoring of the take-up of generic SME programmes by women should be put into place. Collecting gendered data on the number of clients or beneficiaries of SME support agencies, centres, programmes, projects, and initiatives is essential to identifying service gaps and designing remedial actions.

Lastly, the implementation of gender policies and the integration of gender considerations in business environment issues are very important to the advancement of women in these countries. Some of the countries have made significant gains in this area, with Rwanda specifically standing out, but equality of opportunity in education, labour markets, particularly in private sector employment, property ownership, accessing credit, and decision-making is essential to creating a favourable context for WED. Furthermore, studies show that improving equality in women's access to education, employment opportunities, land (including for agricultural production), credit, and modern technology will lead to increased economic growth (Klasen and Lamanna, 2009). Efforts to promote and enforce gender equity and equality in all economic and social domains should be strengthened and accelerated.

The next five sections of this report present summaries of the environment for women's entrepreneurship in each of the countries, including descriptions of the national business environment, the role of the SME sector and the role played by women within it, and the support structure in place to promote women's entrepreneurship, including financial and non-financial supports and structures. These sections also report on key legislation and regulations that impact directly on the ability of women to function as economic operators in the MSME sector and as entrepreneurs, and the efforts to promote gender equality and equity in legislation, regulations, policies, and strategies to support the emergence of women entrepreneurs and the strengthening of their enterprises. Finally, each of the sections proposes a list of specific country-level recommendations to improve the business and cultural environment for women's entrepreneurship.



## **SECTION 3: Summary of the environment for women's entrepreneurship development in Cameroon<sup>17</sup>**

### **Approach to the study in Cameroon**

This assessment of the business environment for women's entrepreneurship in Cameroon complements an earlier diagnostic commissioned by the International Labour Organization (ILO) in 2006 to assess the policy environment for the development of women's entrepreneurship and to make recommendations for policy and programme actions (St-Onge and Desjardins, 2006). The objectives of the 2009 assessment were to broaden the analysis of the business environment issues affecting the development of women's entrepreneurship and introduce new information required for informed decision-making on future directions. The approach to the 2009 Cameroon assessment (Ndzogoue, 2009) included:

- a review of current literature and a gender analysis of regulations;
- interviews with 27 key informants involved in the development of women's entrepreneurship;
- two group meetings with a total of 50 participants that included women entrepreneurs, representatives of associations of women entrepreneurs, and stakeholders in rural and urban centres; and
- a validation workshop to present the preliminary analysis and synthesis to 31 stakeholders.

### **The economic, social and political context**

Cameroon is a lower-middle-income country located in the central part of Africa, slightly north of the equator and bordering on the Gulf of Guinea. It has a population of over 19 million and gross domestic product (GDP) per capita, in purchasing power parity (PPP), of US\$2,300 in 2009 (*World Factbook*, WFB). Over 40 per cent of the population lives in rural regions of the country and a significant proportion of the population (close to 70 per cent) is employed in agricultural activities. However, the agricultural sector contributes only 19 per cent to GDP (*World Development Indicators-WDI*, 2010<sup>18</sup>), indicating a low level of productivity in the sector.

<sup>17</sup> This summary, prepared by L. Stevenson and A. St-Onge, is based on the more extensive report on the Cameroon environment for women's entrepreneurship prepared for the International Labour Office in 2009 by B.A. Ndzogoue (Ndzogoue, 2009). The information in the original report has been updated and supplemented.

<sup>18</sup> 2008 data.

**Box 1**  
**Key statistics – Cameroon**

Government: Republic

Population: 19.7 million (2011)

Urban population rate: 57 per cent (2008)

Literary rate: male – 77 per cent; female – 60 per cent

GDP: 2.8 per cent growth rate (2010)

Agriculture share of GDP: 19 per cent (2008)

Agriculture share of labour: 70 per cent (2001)

Per capita GDP (PPP): US\$2,300 (2010)

Unemployment rate:\* 4.4 per cent (2005)

Labour force participation rate: 66.9 per cent\*; male — 75 per cent; female — 53 per cent (2008)

Sources: *World Factbook*, *World Development Indicators*

\* <http://www.statistics-cameroon.org/>

Cameroon ranked 153 out of 182 countries on the 2009 Human Development Index (UNDP, 2009b), ahead of Mali, Nigeria, Rwanda and Senegal. The latest international figures indicate that almost 58 per cent of Cameroonians live below the international poverty line of less than US\$2 a day, and 33 per cent on less than US\$1.25 a day. This is the lowest poverty rate of the five countries under review in these WED assessments. The adult literacy rate is in excess of 68 per cent: 77 per cent for men and 60 per cent for women. (WFB)<sup>19</sup>

According to the Institute of National Statistics (INS) in Cameroon, about 10 million people were economically active in 2009. In 2008, the employment to population ratio was 59 per cent, but only 33 per cent in the 15–24 age group (WDI). The labour force participation rate in 2008 was 67 per cent:<sup>20</sup> 75 per cent for men and 53 per cent for women (WDI). However, women accounted for slightly less than 40 per cent of the labour force in 2008 (WDI). At the present time, unemployment and underemployment are major issues, especially for women and young graduates. Considering that almost 44 per cent of the population is under 15 years of age (and almost two-thirds under the age of 25), there will be pressure on the government to create the necessary conditions for absorption of new job-seekers over the next several years, primarily in the private sector and preferably in formal economy activity.

The Cameroon labour market is dominated by informal economy activity. In 2005, over 90 per cent of workers were employed in the informal economy (more than 85 per cent of male workers and more than 95 per cent of female workers) and only 10 per cent in the formal economy (4.9 per cent in the public sector and 4.7 per cent in the formal private sector) (Table 12). Again, there were significant gender differences. Fewer than 5 per cent of women workers were employed in the formal public and private sectors, compared to over 13 per cent of men. Informal agricultural activity accounted for over

<sup>19</sup> 2001 data from the WFB; also as reported in the *Human Development Report 2009* (UNDP, 2009).

<sup>20</sup> Country data from the Institut National de la Statistique (INS).

half of total employment (almost 73 per cent in the rural regions) and 60 per cent of economic output.

Table 12. Distribution of employment by institutional sector, urban-rural location, and gender, Cameroon

Institutional sector	Total (per cent)	Urban (per cent)	Rural (per cent)	Male (per cent)	Female (per cent)
Public sector	4.9	10.5	2.6	6.7	2.9
Formal private sector	4.7	11.8	2.0	7.5	1.8
Informal economy — non-agricultural	35.2	67.4	22.5	34.8	35.7
Informal economy — agricultural	55.2	10.3	72.9	51.0	59.6
Total	100	100	100	100	100

Source: Enquête sur l'emploi et le secteur informel (EESI) 2005 (INS, 2006).

In 2009, only about 6.3 per cent of the estimated 10 million economically active Cameroonians were either employed in public sector or the modern private sector, indicating a lack of capacity of the modern sector to meet labour force demands (INS, 2010). The result is an extraordinary expansion of the informal economy. The fact that informal economy workers (those dependent on an employer) have a low likelihood of having a pay slip or an employment contract,<sup>21</sup> and receive an hourly wage much lower than workers in the formal economy (three times lower for informal non-agricultural workers and 11 times lower for informal agricultural workers),<sup>22</sup> suggests that decent working conditions are accessible to very few people. This also contributes to poverty conditions in Cameroon.

Because of its modest oil resources and favourable agricultural conditions, Cameroon has one of the best-endowed primary commodity economies in sub-Saharan Africa. However, per capita income has not been rising, the civil service is top heavy, and the climate for business is generally unfavourable. GDP growth, which averaged 3.5 per cent over the 2000–2008 period (WDI), declined to less than 1 per cent in 2009, and rebounded to 2.8 per cent in 2010 (WFB).

Structural adjustment programmes began in the late 1980s, causing an increase in unemployment and an accompanying increase in informal economy activity. In its economic policy, the Cameroonian government began to embrace small and medium enterprises (SMEs) as the key vector of job creation and economic activity in the late 1970s, although for many years, macro-economic policies have largely favoured large enterprises.

Cameroon is a republic with the government empowered to exercise regulatory power (initiate bills, amendments or proposed laws) that is subject to the discretion of the President of the Republic before eventual deposition in the National Assembly. Conforming to the Constitution of Cameroon (Fundamental Law No. 96/06 of January 1996), Cameroon is a unitary and decentralized state. The country is organized into 10

<sup>21</sup> Informal workers have a 3.2 per cent likelihood of having a pay slip and a 10.8 per cent likelihood of having an employment contract (of fixed or open duration), falling to 0.7 per cent and 2.6 per cent for workers in the informal agricultural sector (INS, 2006).

<sup>22</sup> Data from the *Survey on Employment and the Informal Sector 2005* (INS, 2006).

regions and 362 districts, administered by elected councils, with national representation through a system of regional, community, and municipal councils. For some years now, the government has been making efforts to make decentralization a reality, the aim of which is to accelerate economic growth at the local level, encourage regional development and inter-regional dialogue, and move the nation's economy towards an equitable and harmonious countrywide development, without regional disparities in the standard of living. The government believes that effective transfer of competence to the regional councils, scheduled to go into force from 2010, will help improve poverty alleviation results.

## **Overview of the national business environment**

Cameroon is a market-based, mixed economy. Since 1990, the government has been implementing International Monetary Fund (IMF) and World Bank programmes to enhance the private sector investment environment, to increase efficiency of the agricultural sector, to promote trade, and to improve functioning of the banking system. However, there is still a need for more reforms, including privatization efforts, increased transparency in governance, and poverty reduction programmes. To a great extent, prescriptions for economic reforms come from the outside, and while almost all of the actors in Cameroon society believe that market economy and democracy are the goals of reform, this is only partially true of the government (Bertelsmann Stiftung, 2010). However, with the formation of the new government in 2004, serious efforts appear to be underway to improve Cameroon's ability to attract investment and its international competitiveness.

In the *Cameroon Vision 2035 Working Paper* (Ministry of Economy and Planning, 2009), the government places emphasis on job creation and poverty reduction as two of the most urgent economic and social priorities. The goal is to move Cameroon to the status of a middle-income country, achieve a 10 per cent GDP growth rate by 2017, increase the manufacturing share of GDP to 23 per cent, and reduce the level of poverty to below 10 per cent. Development of the private sector is at the core of the government's *Growth and Employment Strategy Paper* released in 2009 (Republic of Cameroon, 2009), with a strong emphasis on the development of small and medium enterprises (SMEs) and their formalization as a critical component for economic sustainability and growth.

In recent years, the government has carried out a number of reforms to laws and regulations governing commercial activities. These include: the removal of the prior license for several business activities, including for imports; the establishment of one-stop shops for business creation and investment; the liberalization of prices; and creation of the National Anti-Corruption Commission (CONAC). The Investment Charter, adopted in 2002, aims to promote investment in Cameroon with the goals to: create jobs; strengthen the competitiveness of local industry and increase its capacity to export; create, expand and modernize the basic infrastructure, roads, rails, etc.; encourage investment in export industries and economic sectors employing raw materials and other local products; create SMEs and micro-enterprise development around large firms (clusters); and transfer the necessary and appropriate technologies.

The Government has implemented an ambitious policy for rural development, however, a shortage of machines and equipment for farming is an important issue. With the financial support of several development partners, many programmes have been implemented to encourage young people to return to the villages and start agricultural

businesses. In rural areas, small farm machinery will reduce the arduous nature of the work of rural women who, in addition to household work, are required to cultivate and maintain fields, harvest, and transport goods.

In spite of government efforts to provide an enabling environment for SMEs, there are still many impediments to sector competitiveness and growth, especially pertaining to cost factors and the availability of basic infrastructure, such as water, electricity, fuel, transportation, and telecommunications. The majority of the enterprise owners responding to the 2009 Enterprise Census (RGE) did not view the economic environment as very favourable to the development of their activities, citing administrative, legal, and financial obstacles (INS, 2010). Taxes and corruption were reported as the most pressing obstacles, followed by access to credit, administrative formalities, and unfair competition (Table 13).<sup>23</sup> These results are consistent with the top ranked ‘most problematic factors for doing business’ reported for Cameroon in the 2008-09 Global Competitiveness Index: corruption and access to financing were the top ranked constraints for over 20 per cent of the respondents, followed by tax regulations and tax rates, and inefficient government bureaucracy (WEF/World Bank/AfDB, 2009).

Table 13. Enterprise-related constraints

Obstacles to economic activity	Per cent respondents
Taxes	58.8
Corruption	50.6
Access to credit	37.6
Administrative formalities	35.2
Unfair competition	25.8
Inadequate infrastructure	18.4
Cost of financing credit	18.0

Source: INS/RGE 2009 (INS, 2010, pp. 6–7).

Informal production units surveyed in the 2005 survey on employment and the informal sector (EESI) stated their major problems as being strong competition, weak demand for their products, and access to credit and markets (INS, 2006).

Cameroon ranked 114 out of 134 countries in the Global Competitiveness Index 2008–2009 (WEF/World Bank/AfDB, 2009). The major observation is that Cameroon has a global presence, with laws and regulations that are fairly well written, but not sufficiently implemented.

Although Cameroon is not very competitive against other countries on the ease of doing business, it did improve its ranking in the *Doing Business 2011* report, moving up to 168th spot out of 183 countries from 173rd in the previous year (IFC/World Bank, 2010). However, its ranking is still below that of two years ago (162 out of 183). Its weakest performance is on paying taxes (rank of 169)<sup>24</sup> and enforcing contracts (rank of

<sup>23</sup> Further gender analysis of these results, when the data is publicly available, will allow a determination of differences between how men and women experience these obstacles.

<sup>24</sup> According to *Doing Business 2011*, taxes in Cameroon absorb 49.1 per cent of a business profits, require 44 tax payments a year, and consume an average of 654 hours per year of a business owner’s time to deal with tax-related issues.

173); its strongest performance is on dealing with construction contracts (rank of 118) and protecting investors (rank of 120).

## Profile of women's entrepreneurship development

### The SME sector

The 2010 SME law provides a formal definition for small and medium enterprises in Cameroon, outlining three categories, based on the number of employees and revenue (before tax): very small, small and medium (Table 14).

Table 14. Official SME definitions in Cameroon

Category	Number of employees	Annual revenue (before tax) (in FCFA)
Very small enterprise	1–5	≤ 15 million
Small enterprise	6–20	15–100 million
Medium enterprise	21–100	> 100 million–1 billion

Note: Definitions approved in the 2010 SME law (Loi N° 2010/001 du 13 avril 2010 portant promotion des petites et moyennes entreprises au Cameroun).

The 2009 RGE, covering only those establishments with a fixed location, indicates a count of 93,969 formal, modern enterprises in the country (INS, 2010). (In addition, there are hundreds of thousands of informal<sup>25</sup> enterprises that are not covered in the 2009 census.) The census reported that 94 per cent of (fixed location) enterprises fall within the very small (less than 5 employees) and small (less than 50 employees<sup>26</sup>) categories, and account for almost half of enterprise employment, but only 15 per cent of enterprise revenue (Table 15). On the other hand, large enterprises comprise less than 1 per cent of the total number of enterprises, but are responsible for 39 per cent of enterprise employment and 69 per cent of revenue. By sector, 86.5 per cent are in the service sector, 13.1 per cent in the industry sector, and 0.4 per cent in the primary sector.<sup>27</sup> Very few enterprises are limited liability companies; in fact 89 per cent are personal enterprises. About 60 per cent of the formal modern enterprises are located in Douala (35 per cent) and Yaoundé (24 per cent), which account for 68 per cent of the jobs (47 per cent and 21 per cent respectively), and almost 74 per cent of total enterprise revenues. Thus, modern enterprises are much more prevalent in these two centres, which together comprise only about 19 per cent of Cameroon's population.

<sup>25</sup> For the purposes of conducting the 2005 Survey on Employment and the Informal Sector (EEIS), the INS defined informal units as those not having a tax number and/or formal written sets of accounts (INS, 2006). According to this survey, only 17 per cent of informal production units have specific premises (workshops, offices, fixed stalls in market places), 45 per cent operate from home, and 38 per cent have no premises at all.

<sup>26</sup> For data reporting purposes, the INS categorizes small enterprises as those with 6–50 employees.

<sup>27</sup> The majority of activity in the primary sector takes place in the informal economy.

Table 15. Distribution of enterprises and employment by size, Cameroon

Size category	Per cent of enterprises	Per cent of employment	Per cent of revenue
Very small enterprises	75	31	6
Small enterprises	19	18	9
Medium enterprises	5	12	15
Large enterprises	1	39	69

Source: Recensement des entreprises (RGE) 2009 (INS, 2010).

Men own/manage three quarters of the modern, formal enterprises and women own/manage a quarter (INS, 2010). Women occupy 27 per cent of the permanent jobs in these enterprises, although, at the same time, the 2005 EESI found that women are much more active in the informal economy.

The 2005 EESI results provide a picture of the informal economy, where most SMEs operate. The majority of informal economy workers are self-employed, accounting for 63.3 per cent of informal employment. Another 3.3 per cent are organized as microenterprises that employ others, and only 6.6 per cent are employees receiving regular wages. On average, informal enterprises employ 1.5 persons, including the owner. Thus, the owners of microenterprises (employing fewer than six workers) and the self-employed play a very important role in the non-agricultural informal economy, accounting for almost 90 per cent of informal jobs. Two-thirds of informal jobs are in the services sector, 28 per cent in the trade sector, and only 6 per cent in the industry sector (of which 60 per cent of the activity is related to agri-food production) (INS, 2006). The informal economy is primarily organized to meet local market needs and to provide essential products, such as food, clothing and other day-to-day household consumer products.

Only 7 per cent of informal production units are registered for a tax number (and even fewer for the trade register, individual professional registration, or registration of employees with the National Social Security Fund), and only 3 per cent belong to an organization of producers or traders.

The biggest constraints for development of SMEs and the sector have been identified as the lack of financing tailored to their needs, the lack of management skills, the lack of reliable data, and weaknesses in the movement to defend the interests of SMEs. The majority of owners of modern enterprises complain that the administrative, legal, and financial environment is not favourable to the development of their activities. Among the main obstacles cited by business owners are: taxation (58 per cent); corruption (50.6 per cent); access to credit (37.6 per cent), administrative formalities (35.2 per cent); unfair competition (25.8 per cent); poor infrastructure (18.4 per cent); and the cost of credit financing (18 per cent) (INS, 2010, p. 7). Additional obstacles to the good conduct of business are the insufficient dialogue between the private sector and the government, access to electric energy, transportation systems, and functioning of the justice system.

## Role of women in SMEs

Approximately 40 per cent of adult women participate in economic activities. Active in the informal and formal economies, they are responsible for 75 per cent of the agricultural work, and produce 80 per cent of the food.

Currently, there is no comprehensive data coverage on women entrepreneurs or women-owned enterprises in Cameroon. The best that can be done is to cobble together a somewhat incomplete picture from what data does exist, based on official surveys that often cover different segments of the enterprise population. The 2009 enterprises census, covering the modern enterprise sector, will allow for a comprehensive gender disaggregation of the data when they are fully analysed, but, at present, only preliminary results have been published. These data indicate that women own 25 per cent of the modern enterprises (with fixed locations) and hold 27 per cent of the permanent jobs (INS, 2010).

In addition, the 2005 EESI (informal sector survey) reveals that women own 23.5 per cent of the informal microenterprises (with employees), comprise 61.3 per cent of the sole traders,<sup>28</sup> and a significant proportion of the family helpers (59.2 per cent), but account for only 14.3 per cent of informal employees. The EESI survey also indicates that almost 87 per cent of women with enterprises operate principally from their homes, without a professional, fixed location, compared to 77 per cent of the men. Although women own over half of the informal production units in each of the industry, trade, and services sectors, there are significant differences between men and women in the types of activity. Women are more often clustered in agri-food production, the clothing industry, and food services, while men are more likely to be working in repair, construction, transportation, and wholesale trade activities.

The World Bank Enterprise Survey in Cameroon, which covers registered enterprises with employees, estimates that women participate in the ownership of 15.7 per cent of these enterprises: 28.8 per cent of the small enterprises (1–19 employees), 3 per cent of the medium enterprises (20–99 employees), and 3.9 per cent of the large enterprises (100 or more employees) (World Bank/IFC, 2008). This World Bank survey also reveals that 10 per cent of registered enterprises have women in top management positions and that women make up 35 per cent of their full-time workers.

Overall, it is estimated that 99.3 per cent of women's enterprises (non-agriculture) are either very small or small, compared to 92 per cent of male-owned enterprises.<sup>29</sup> Similar to the situation in other countries, women's enterprises are smaller in size, have lower revenues, and are more likely to be unregistered. There is additional evidence from a 2003 study of women entrepreneurs in Douala, Yaoundé, and Mbalmayo that they have a tendency to organize themselves into cooperatives (26 per cent of the women) or women's associations (41 per cent of the women). However, the 2003 data was based on interviews with only 100 women in the three centres and is quite dated.

There have only been a few studies of women entrepreneurs in Cameroon and the small size and convenient sample selections of these studies do not allow for a comprehensive profile of their characteristics. There are likely different profile categories depending on the scale of activity (sole trader versus SME owner with employees), sector (agriculture versus manufacturing), location (urban-rural), education, personal resources, etc. This is an area worthy of further investigation.

<sup>28</sup> The authors of this Cameroon assessment report summary have not, unfortunately, been able to access data verifying the total number of sole traders in Cameroon from the INS website in order to calculate the actual number of women sole traders.

<sup>29</sup> Author's estimates based on calculations with existing data.



## **Constraints for women-owned enterprises**

Many Cameroonian women have shown entrepreneurial characteristics (honesty, dynamism, and rigour in management). However, they lack opportunities such as access to paid employment in the private sector, where they could learn important work-related skills and experience. Also, the level of competition they face in female-dominated sectors, such as food crop production and informal activity is weak, they lack the capacity to access financing, and customary laws hinder their access to property ownership. Other obstacles are poor infrastructure, especially in rural areas and the dual burden of household responsibilities, which hinder their ability to maximize their entrepreneurial potential. Despite working extremely hard, most women are not rising above a subsistence-level existence. There are no formal institutions to help women entrepreneurs, trade support organizations benefit larger, male-owned businesses producing the cash crops traditionally grown by men, and husband's may still stop women's activities if they consider that these are disturbing family life.

There is a need for more research and data to evaluate the various initiatives for women entrepreneurs, but it is apparent that the implementation of programmes designed to build the management capacity of women entrepreneurs (see discussion in 6.2) are not sufficient to produce a significant impact. The majority of women are in the informal economy, making it difficult to obtain reliable data for informed decision-making. The isolation, lack of adequate equipment, problems related to the storage of their goods, transportation and pricing, as well as numerous other difficulties are not conducive to the development of small rural enterprises, especially those headed by women. During the course of conducting this assessment of the business environment for women's entrepreneurship, key informants reported that several obstacles hinder the participation of women entrepreneurs in trade fairs. Since women entrepreneurs are primarily engaged in microenterprises in the informal economy and are not part of the mainstream economy, they are isolated and do not receive information on trade fairs and training and other services required to prepare them for entrance into new markets.

## **Policy, legal and regulatory environment for women's entrepreneurship development**

### **SME promotion policies**

Since the late 1970s, the government established a number of organizational structures and support systems for SMEs, although many of their previous attempts did not succeed for various reasons of dysfunction and poor implementation. The most recent effort, initiated by the new government formed in 2004 as part of its reform agenda, was the establishment of a ministry responsible for SMEs: the Ministry of Small and Medium Enterprises, Social Economy and Handicrafts (MINPMEESA).<sup>30</sup> The mission of the SME ministry is to promote and supervise the SME sector, promote SMEs products, monitor the activities of organizations providing support to SMEs, develop a database of investment projects in the SME sector, and integrate informal enterprises into the formal economy. Its more specific objectives are to: remove institutional constraints to SMEs

<sup>30</sup> Before the creation of MINPMEESA in 2004, there was a Directorate for SMEs at the former Ministry of Industry and Commercial Development.

related to infrastructure, the business environment (complete revision of the legal and statutory framework for the promotion of SMEs with the view towards streamlining and simplification), and access to financing (elaboration of financial institutions adapted to their needs), markets and information. In this work, the Ministry routinely cooperates with other ministries and partners.

Following a consultation process to identify SME constraints and proposed strategies to address them, the long awaited-for SME law was approved by the National Assembly in April 2010. The law has three axes: support for the creation of enterprises (simplify start-up procedures through establishment of single windows for administrative dealings); support for the development and upgrading of existing SMEs (incubation and management development centres); and support for financing SMEs (through a SME Promotion Fund, the modalities of which were to be determined). The law also provides for the establishment of a national agency for the promotion of SMEs, mechanisms to improve SME management, and a more effective organization of the SME sector, as well as its representation.

Consideration for the promotion of SMEs is also carried through other key policies and strategies of the government. The *Growth and Employment Strategy Paper*, which lays out the government's economic strategy for the 2010 to 2020 period, places heavy emphasis on the development of SMEs for the creation of employment and reduction of poverty (Republic of Cameroon, 2009). Being the major job creator in the country, SME development factors weigh heavily in the national employment policy, which makes provision for entrepreneurship and enterprise training (especially among women and young people) and upgrading of SME management skills. This is illustrated by the project partnership between the National Employment Fund (FNE) and MINPMEESA to promote self-employment and microenterprise among young people as a vehicle to create jobs.

In addition, policies of the Ministry of Promotion of Women and Family (MINPROFF) are committed to the promotion and better integration of women in SME activities.

### *SME promotion policies for women's entrepreneurship*

Several ministries have been charged by the government to address issues related to women, notably, the ministries responsible for SMEs, women and family, and employment and professional training. In addition, units dealing with questions linked to women's entrepreneurship are found in the ministries responsible for agriculture, husbandry, labour, professional training, and social security. The government has created other organizations, such as the FNE and Chambers that support entrepreneurship, including women's entrepreneurship. Support policies for the development of women's economic activities include, for example, projects to support dairy farmers, the pig industry, and non-animal breeding. The FNE, in particular, supports programmes that integrate the training needs of women entrepreneurs at each stage of the business development process.

However, these programmes and support projects have done little to increase the level of formality of women's enterprises and help them grow. There is an absence of synergy between projects and initiatives led by the different ministries and other support organizations in their efforts to promote women's entrepreneurship, and women themselves are rarely consulted on their design. The lack of an overall policy framework for the promotion of women's entrepreneurship has led to a series of stand-alone projects

that are not ensuring the sustainable development of women's enterprise. A single, central authority is needed to mobilize a strategic, coordinated, and integrated approach to addressing the needs of women entrepreneurs in an effective manner.

## **Business registration and licensing**

To have a legal existence, any business in Cameroon must go through a formal process to obtain an identification number which permits registration with the Registry of Commerce and allows them to proceed with other registrations with the tax service and the social insurance fund, and to have a bank account. In addition, the business must have a tax identification number, and if incorporated, must have notarized documentation. According to the *Doing Business 2011* assessment, it still requires 6 procedures and 19 days to receive approvals to start a business (World Bank/IFC, 2010). The government has recently taken further efforts to simplify procedures and reduce the turnaround time for business registrations to 24 hours (if all documentation is complete) by piloting one-stop shops (Guichet Unique des Formalités de Création d'Entreprises) in Douala and Yaoundé, an initiative of the MINPMEESA launched in April 2010. The goal is to roll these centres out across the country. There is currently no data on the use of these one-stop shops by women entrepreneurs.

Procedures for the importing and exporting of products have been simplified by removing the prior license for a number of products and opening a single window for foreign trade (GUCE). Real progress has been made in reducing red tape and processing time for those engaging in trade since the establishment of this one-stop shop. There is also an Investment Code Management Unit whose function is to serve as a one-stop shop for investors, mainly foreigners.<sup>31</sup>

In order to facilitate rural development, the government has also eased the registration requirements for cooperatives and Community Initiatives Groups (GICs).

### ***Business registration and licensing for women's entrepreneurship***

Although there appears to be no gender discrimination in the actual business registration procedures, access to information pertaining to registration remains an issue for many women. The fact that many women remain in the informal economy, predominantly as sole traders, may indicate a lack of knowledge about the requirements and procedures for registration and the benefits. On the other hand, it may also indicate a reluctance to register for other reasons. Walther (2006), for example, found that many informal economy operators in Cameroon have a real or imagined fear of the impact of taxation, lack confidence in the public administration that is considered corrupt, and are concerned about losing their freedom of action as a result of burdensome and restrictive administrative regulations. To encourage more women entrepreneurs to register their enterprises would require these issues to be addressed.

In the handicrafts sector, where many women operate, the law requires craftspeople to register annually with the municipal authorities, at no cost. The registration certificate

<sup>31</sup> This Management Unit has been basically idle since the tax and customs reforms dismantled many of the tax benefits previously enjoyed by investors.

serves (would serve) as the base document for all social and administrative relations, however, no municipality has yet established such a registry.

Based on analysis of the situation and interviews with women entrepreneurs, there is a need for effective implementation of one-stop shops for the creation of enterprises in all urban and rural centres in Cameroon and the dissemination of information to women about the steps involved and the ensuing benefits.

## **Finance and credit policies**

Cameroon has a history of trying to facilitate the access of SMEs to bank financing. In fact, an early policy of the Central Bank was to obligate commercial banks to allocate 20 per cent of their lending portfolio to SMEs. However, this requirement was hardly followed due to perceptions of risk among the banking community. In the 1980s, the government introduced three revolutionary institutions to support SMEs: the Cameroon Development Bank (BCD), whose mission was to finance the fixed assets of enterprises; a national guarantee fund in aid of SMEs to provide credit guarantees so that SMEs could be more easily financed by conventional banks; and a SME Centre to provide technical services to businesses. Unfortunately, these three institutions were dismantled during the initial stages of the economic crisis in the late 1980s. Since then, low access to bank financing has been a major problem for SMEs in Cameroon and only 6 per cent of bank credit was allocated to SMEs in 2009.

Banks in Cameroon justify their risk perception of lending to SMEs on the basis that many loan applicants are inexperienced; have important shortcomings in their financial management ability; have inadequate management structures and systems in place; are only able to offer collateral judged insufficient by the bank (cars, equipment); do not have sufficient long-term deposits to guarantee long-term financing for wealth-creating activities; lack rigor in their cost calculations; and lack knowledge of national and international markets (St-Onge and Desjardins, 2006).

Financing was cited as a major constraint by 55 per cent of the formal enterprises in the World Bank Enterprise Survey in Cameroon in 2009.<sup>32</sup> Only 30 per cent of these formal firms have a line of credit or loans from financial institutions, 31 per cent use banks to finance investments, and 41 per cent to finance expenses. Security requirements for loans are reported to be 213 per cent of the loan amount. Basically, the financial system remains underdeveloped, the cost of financing is high, and credit access is particularly limited in rural areas.

However, there is a wide network of microfinance institutions (MFIs) and the government has taken actions to enhance supervision of microfinance. The microfinance sector was initially developed as a reaction to the privatization and internationalization of the country's financial sector after several banking crises in the 1990s. Since then, several institutions devoted to SME financing have been created. Microfinance in Cameroon is largely managed by associations or savings and credit cooperatives. In 2005, 558 of these MFIs were active in the country, with 260,000 members. In 2009, there were 23 Cameroon MFIs listed in market mix, servicing almost 200,000 active borrowers, with average loan size amounts of US\$831. In 2003, the Central African Economic and Monetary Community (CEMAC) created a set of region-wide

<sup>32</sup> World Bank Enterprise Surveys, <http://www.enterprisesurveys.org>

microfinance laws, which led to the creation of the National Microfinance Committee (NCM).<sup>33</sup> MFIs are now organized into a professional association (ANEMCAM) and agreements exist between banks and MFIs to support re-lending activity.

The Cameroon Cooperative Credit Union League is an umbrella that coordinates the activity of 268 credit and savings unions. Community Growth Mutual Funds have also been created to integrate rural areas in the development process. Micro banks have been created and are managed by the community with technical assistance from the Afriland First Bank. Enterprise Cameroon signed an agreement partnership with the Banque Internationale du Cameroon pour l'Épargne et le Crédit (BICEC) in December 2009, to provide credit to enterprises that are members of Enterprise Cameroon.

Recently, there have been significant injections of international funding for investment in MFI funds. For example, in mid-2010, the French Development Agency invested more than 1 billion Francs from the Communauté Financière Africaine (FCFA) to guarantee loans to MFIs in order to finance more SMEs.

Specific efforts have also been made to fund informal economy enterprises. The Integrated Project of Assistance to Informal Sector Actors (PIASSI) was initiated in 2003 with a 1.71 billion FCFA line of credit from the Heavily Indebted Poor Countries Initiative, to strengthen the capacity of the informal economy in the areas of training, organization (to become formal) and project financing. The goal was to create 10,000 jobs by 2010. PIASSI has supported projects such as food crop and animal agriculture, handicraft, carpentry, motor mechanics, hair dressing, dress making, small-scale production and processing, and other services.<sup>34</sup>

PRO-PME Financement S.A. is another example of a programme providing support to the informal economy, particularly to small urban businesses. The 5 million Euro programme, started in 2010 and funded by the European Investment Bank, provides funds to credit institutions specializing in the financing of small and very small firms in Cameroon.<sup>35</sup> Although not tailored specifically to women entrepreneurs, the targeted priority sectors are in line with many of the sectors in which women entrepreneurs dominate: enterprises in the industrial, agribusiness, fisheries, tourism, health, education and related services sectors.

### *Finance and credit policies for women's entrepreneurship*

In accordance with existing legislation and regulations, there is no apparent gender discrimination relating to access to credit for the financing of a business or the acquisition of property in Cameroon. However, in practice, marriage imposes limits for women with regard to the pledging of property as bank security. The husband can easily pledge the title of family property; for the wife, a property pledge is not readily accepted by lenders as security. Since women entrepreneurs have little access to land and property ownership, they have huge difficulties in meeting the security requirements of the traditional banks. This situation is exacerbated by the general lack of financial skills of

<sup>33</sup> <http://www.mixmarket.org/service-providers>

<sup>34</sup> See PIASSI at: [http://www.goforcameroon.com/news/indexremi.php?news\\_id=1072](http://www.goforcameroon.com/news/indexremi.php?news_id=1072)

<sup>35</sup> PRO-PME. See: <http://www.eib.org/projects/pipeline/2010/20100033.htm?lang=en>

women entrepreneurs, most of whom do not have accounting records, and the low quality of their business plans (if they are prepared at all).<sup>36</sup>

In general, women entrepreneurs in Cameroon do not have access to formal bank credit and, whether in the formal or informal economy, they cite access to financing as a major challenge. To meet their financing needs, they most often turn to the tontines or microfinance institutions. However, this more informal financing involves very small loan amounts, short repayment terms, and high interest rates, largely inadequate to cover the working capital needs for development and growth of women's enterprises. To finance replenishment of their inventory, women entrepreneurs will often try to select suppliers who can extend credit terms; however, very frequently encounter vendors who refuse to wait for their payment.

The growth of microfinance programmes by development partners and special government funds has, to some extent, facilitated women's access to credit in the areas where they exist. For example, in 2008, the International Finance Corporation (IFC) and the African Development Bank (AfDB), under the Private Enterprise Partnership for Africa (IFC PEP Africa), launched the Growth Oriented Women's Enterprise (GOWE)–Cameroon initiative.<sup>37</sup> The objective of the programme is to help women-owned SMEs mobilize the financial and technical advisory resources needed for the viability and growth of their businesses. It provides a partial credit guarantee facility totalling 10 million Euros to commercial banks for loans granted to women-owned SMEs, and advisory services delivered through women entrepreneurs' associations (WEAs). The AfDB is partnering with IFC to manage the programme, initially over three years.

One of the pressing needs to improve women's access to financing, especially bank financing, is the establishment of a women's guarantee fund, because in spite of the increasing availability of micro-credit, microfinance is not well adapted to the financial needs of a growth-oriented enterprise.

## **Labour laws and regulations**

Work in the private sector in Cameroon is organized by the Labour Code, the Code of Social Welfare and a set of international conventions ratified by Cameroon. The current labour laws and regulations cover employment contracts, apprenticeships, vocational training, wages, working conditions, unionization, etc. The Labour Code (1992) establishes the principle of equal and universal access to the labour market and all social benefits, and offers special dispensations to working women, such as paid maternity leave rights, protection from being dismissed due to pregnancy, rights to one-

<sup>36</sup> Some of the difficulties faced by Cameroonian women in accessing formal credit were identified in the World Bank study, 'Gender and Firm-size Evidence in Africa', which reported findings from the World Bank Enterprise Surveys in Burkina Faso; Cameroon; Cape Verde; Cote d'Ivoire; Madagascar; and Mauritius (Amin, 2010). This study found that female-owned businesses are less likely than male-owned businesses to rely on external sources to finance the day-to-day operations of the business, less likely to use a bank account for business purposes, less likely to report complex application procedures as the main reason for not applying for a loan; and more likely than men to state high interest rates or lack of the required security as the main reason for not having a bank loan.

<sup>37</sup> See:

[http://www.ifc.org/ifcext/africa.nsf/Content/SMED\\_Programs?OpenDocument&ExpandSection=16](http://www.ifc.org/ifcext/africa.nsf/Content/SMED_Programs?OpenDocument&ExpandSection=16)

hour breaks during the working day for breastfeeding of an infant, and restrictions regarding night work.

The Social Welfare Code covers family benefits, work-related accidents, sick benefits, retirement, etc. However, coverage of social benefits does not apply to non-salaried workers (the self-employed, family helpers), 'economic activities' in which women are more involved than men. In fact, less than 10 per cent of the population is covered by social welfare benefits.

Large reforms are underway to simplify registration procedures and offer more flexibility in employment contracts. Reform of the social security regime includes the establishment of three funds: a national social security fund that will extend social security coverage to informal economy jobs; a national fund for government personnel; and a national sickness insurance fund.

### *Labour laws and regulations and women's entrepreneurship*

Although the Labour Code established equal access for women and men to the labour market, women are not permitted to work the same night hours as men, nor can they work in all industries. This has an impact on the types of businesses that women can potentially own and the nature of their accumulated experiences (World Bank, 2010b).

Women who run their own businesses are often unaware of the texts, laws and regulations relating to labour and how to apply them. Recent studies on women's entrepreneurship in Cameroon reveal that many do not apply the labour laws and regulations in their own businesses, including the declaration of employees with the national social security fund. At the same time, most women entrepreneurs in Cameroon do not have any employees, and if they do, are likely to hire family members and friends. However, as efforts take force to modernize women's enterprises, knowledge of labour and social security regulations and procedures will be increasingly important.

## **Property rights**

The legal framework stipulating the conditions to obtain land title was modified in 2005 and subsequent texts. The new law simplified land registration procedures considerably, including regional decentralization of the process. This has resulted in the issuance of thousands of land titles in diverse regions of the country. Legally, there is no gender discrimination against property ownership by women, however, property acquisition, and especially the purchase of land titles, remains problematic for women due to persistently arising conflicts between competing modern and traditional concepts of law. Property rights are formally defined but cannot be considered satisfactorily safeguarded due to these shortcomings in the rule of law, especially corruption and judiciary deficiencies. Although countermeasures have been taken to combat corruptive practices, corruption remains an issue in administration of the land tenure system.

### *Property rights for women entrepreneurs*

The main areas of differentiation between women and men in exercising property rights lie in the rights granted to spouses under various marital property regimes. Some marital property regimes grant spouses equal treatment for property ownership. Others grant administrative control over jointly owned marital property to husbands; still others grant to husbands administrative control over their wives' property. Thus, in practice,

women in Cameroon are not able to exercise equal rights to property ownership. This is particularly problematic in rural areas, where local customs give priority to men in the attribution of land parcels for building houses or for agricultural use, making it difficult for women to own land. Most of the cultivated land is in the hands of families, over which the title and management power are held by the household head (assumed to be a man). Women generally only have access to small patches of land, usually less desirable parcels, that they rent from other property holders and they have great difficulty in attaining their own cultivated plots. The difficult access to rural land was confirmed by women entrepreneurs interviewed during the carrying out the business environment assessment for women's entrepreneurship. Several women stated that it is difficult to extend their operations beyond a hectare without being arrested for land conflicts, either with other farmers, or with members of the family, including brothers, who believe that women have no right to own land.

The problem of access to arable land, particularly in rural areas is serious one. The rural development policy should consider this problem by finding specific instruments to enable women to have free access to land. Such an arrangement has been made to permit women to be land owners in the priority areas of agriculture, livestock and fisheries.

Marriage entails additional property rights issues for women. Often, title to matrimonial property is held in the husband's name and he is easily able to pledge that property to secure credit. However, for the wife, it is more difficult – lenders are reluctant to accept her property as collateral without the husband's authorization. Not having equal rights in the ownership of property is a serious obstacle to women entrepreneurs, as they lack collateral when borrowing money for their businesses.

## **Assessment of policy, legal, regulatory and support environment for women's enterprise development**

### **Gender and mainstreaming policies**

The 1996 Constitution upholds the principle of gender equality by ensuring the well-being and inalienable and sacred rights of all citizens without distinction of race, religion, sex, and creed; and affirming the country's commitment to the fundamental freedoms enshrined in the Universal Declaration of Human Rights, the Charter of the United Nations, the African Charter on Human and Peoples' Rights, and all duly ratified conventions relating thereto. The effective implementation of the numerous treaties and conventions ratified by Cameroon, including the Convention on the Elimination of all Forms of Discrimination Against Women (CEDAW) adopted by the National Assembly in 1999, would contribute to the strong advancement of women, in general, and women entrepreneurs, in particular. However, legal obstacles to gender equality are embedded in Cameroon's dual system of Napoleonic Code and common law, and the coexistence of customary and written law.<sup>38</sup> Local traditions are an important part of Cameroonian life and these traditions often adversely affect the situation of women in the country. No legal

<sup>38</sup> 'Gender Equality in Cameroon'. Available at: [http://www.wikigender.org/index.php/Gender\\_Equality\\_in\\_Cameroon](http://www.wikigender.org/index.php/Gender_Equality_in_Cameroon) [04 October 2011].



definitions of discrimination or sexual harassment exist and, in fact, some aspects of civil law are discriminatory against women.

Cameroon adopted a national policy for the integration of women in development in 1999. The policy identified seven priorities of focus: 1) women and poverty; 2) women and the economy; 3) woman and health, with an emphasis on the fight against HIV/AIDS; 4) education and training of women; 5) violence against women; 6) women and decision-making; and 7) female children. Compared to some nearby countries, such as Senegal, Benin, and Cote d'Ivoire, progress on the integration of gender in its economic and social policies in Cameroon has been impeded by chronic delays.

In 2004, the establishment of the Ministry of Promotion of Women and Family (MINPROFF), marked a significant evolution in the government's will to include women as agents of economic and social development. The Ministry's task is to implement measures to raise the level of respect for the rights of Cameroonian women in society, to eradicate all forms of discrimination against them, and to increase their equity and equality in political, economic, social, and cultural domains. Its specific objectives are to: reduce poverty among women; strengthen women's capacities; improve their life conditions; promote their rights; and promote a gender approach in all aspects of society. In addition, the MINPROFF has a mandate to reinforce the economic power of women by promoting entrepreneurship and income-generating activities, improving their skills, improving the conditions for accessing finance; and integrating informal economy women into the formal economy. In 2010, the Ministry was also in the process of setting up Centres for the Promotion of Women and Family throughout the country via a network of decentralized councils.

Although more could be done, gender is increasingly integrated in the government's main policy documents and strategies, including the poverty reduction strategy, the employment and growth strategy, and the Vision 2035 paper. Gender focal points have been established in ministries and government institutions to ensure that gender is taken into consideration in the formulation and execution of policies and programmes, and to play a vigilance role; however, the effectiveness of these focal points has been questioned due to a number of factors: lack of efficient organization, lack of an action plan, and lack of funding to carry out activities (MINEPAT/PNUD, 2009).

Since Cameroon's independence, fewer than 20 women have occupied ministerial posts. Although much still needs to be done to attain an acceptable representation of women in decision-making positions, by 2010, progress was being made. Women occupy 13.9 per cent of seats in the parliament, 9.7 per cent of ministerial positions, 9.7 per cent of administrative posts, 15.8 per cent of directors' positions at the administrative level, 18.5 per cent of directors' positions at the judiciary level,<sup>39</sup> and 28 per cent of the magistrate seats.<sup>40</sup>

According to the women entrepreneurs who participated in the background study for this assessment of the business environment in Cameroon, policies, laws and regulations do not differentiate between businesses owned by men and those owned by women. They have not received any special benefits because their enterprises were

<sup>39</sup> Speech of Abena Ondo, Minister of Women's Empowerment and the Family of the Republic of Cameroon, at the 54th Session of the Commission on the Status of Women, March 2010.

<sup>40</sup> Cameroon National Assembly. Available at: [http://www.ipu.org/parline/reports/2053\\_A.htm](http://www.ipu.org/parline/reports/2053_A.htm) [04 October 2011].

woman-owned. The gender discourse, while favourable is largely out of step with the practices of government on the ground. Furthermore, due to the socio-cultural context in rural areas, there are still many reactionary attitudes that constitute obstacles to the development of women entrepreneurs. As part of its development goals by 2035, Cameroon has placed considerable emphasis on the critical role of women (and women entrepreneurs) in the economic growth of the nation.

## **Support structures, programmes and initiatives**

A number of government structures exist for the support of SMEs. As highlighted in this report, certain past structures have not been successful in achieving their goals, but since 2004, and especially more recently, new structures and mechanisms have been established. A number of new initiatives were defined in the 2010 SME law and are now being rolled out. One stop shops (Guichet Unique des Formalités de Création d'Entreprises) are assisting entrepreneurs with the business registration process. Enterprise Cameroon,<sup>41</sup> formed in 2009 as a national institution to promote SMEs and microenterprises, has a Centre for SME Assistance that provides technical and managerial assistance to SMEs to improve their performance (help with feasibility studies, management studies, packaging of loan proposals, providing information). It also offers specialized training programmes for women. In 2010, as provided for in the new SME law, Centres de Gestion Agréés (CGA) have opened in Douala in response to the difficulties of SMEs and microenterprises to organize themselves administratively. The CGAs will help with administrative and tax issues, daily management challenges and accounting. Adhering to a CGA through a registration process (costing 250,000 FCFA a year) will give SMEs certain benefits, such as a reduction in taxes, help with review of tax obligations, and other tax-related advice. In addition, the IFC has launched its Business Edge training programme in Cameroon, and will train hundreds of SMEs on how to improve their management and growth-potential.

The 'Opération 100,000 Femmes Horizon 2012' project, launched in 2003, is a social programme of computer-literacy training to prepare women for integration into economic life. To date, over 68,000 women have been trained by the Institut Africain d'Informatique.

In addition to government sponsored programmes and initiatives, the associations of women entrepreneurs provide training and other forms of support to their members. An example of this is the Association for Support to Women Entrepreneurs (ASAFE) (described in section 6.4). ASAFE provides counselling, information, and training to its members to orient women and women's enterprises towards new, lucrative opportunities; operates an ICT training academy for women; and offers a women's credit loan scheme that provides a source of financing for those who are denied formal bank loans. Training workshops bring together trainers from the loan scheme, leaders of women's groups, and associations of co-workers, in an effort to enable women entrepreneurs to raise the personal capital contributions needed in order to obtain traditional bank loans.

In addition, NGOs and other support organizations also provide support to women entrepreneurs by delivering training and various forms of business development support services as part of their programming. For example, the Groupement Inter-patronal du

<sup>41</sup> Enterprise Cameroon is a partnership between the government and the UN programme for development.

Cameroun (GICAM) partnered with the ILO to implement the ACCESS! for African Businesswomen in International Trade Programme in Cameroon and offered training to 200 women entrepreneurs to improve their access to export markets. The GICAM is also a partner with the IFC on the delivery of the GOWE – Cameroon programme. In fact, many of the actions to promote women's entrepreneurship, reinforce their capabilities and capacities, provide micro-credit, support rural women, and increase women's participation in decision-making positions are supported by international organizations and bilateral donors.

To facilitate rural development, in which women entrepreneurs are significant contributors, the government reformed the cooperative sector in rural and urban areas. This has stimulated a proliferation of cooperatives and Community Initiatives Groups (GIC) in both rural and urban areas, in spheres such as production, marketing, credit and savings.

Several donors also support Cameroon's economic programmes, including those promoting the full participation of women in development. In addition, diplomatic missions contribute local funds for micro projects that will generate local jobs and allow the establishment of small businesses. They also provide political support for rural women, promote women's entrepreneurship, and invest in capacity building.

Although there are no readily available data on the overall participation of women entrepreneurs in these support activities, their reach is likely very limited, considering the number of women involved in informal and formal entrepreneurial activity in the country.

## **Access to information**

Entrepreneurs need accurate information that is received in a timely manner in order to make sound and good business decisions; however access to information in Cameroon is difficult. It is not easy to obtain information about government actions and programmes since very few ministries in Cameroon produce and disseminate information to users on a regular basis. In addition, a database of laws and regulations, especially updates, is not accessible to owners, managers and workers in SMEs, thereby creating uncertainty. As a result, entrepreneurs are generally unaware of changes in the tax or customs system, and unable to challenge officials who continue to apply outdated laws and regulations. Rural entrepreneurs are further disadvantaged due to the inefficiencies of decentralized administrations in providing information.

Access to information continues to be a critical inhibitor for women entrepreneurs. Newspapers or informal channels are their primary sources of information. Information can be obtained from professionals, such as accountants, lawyers and tax experts; however, in many cases, women cannot afford to pay for these services. As a result, they are generally unaware of specific laws and regulations that govern their businesses and therefore, unable to challenge incorrect application of the laws by government officials.

Women entrepreneurs who are members of the Chambers of Commerce may receive information about opportunities through the Chambers' newsletters and seminars. Women may also participate in occasional seminars offered by the Ministry of Commerce to raise the awareness of women entrepreneurs about export market opportunities, or international trade training offered by the Groupement des Femmes d'Affaires du Cameroun (GFAC) or the GICAM. Women entrepreneurs who operate in areas of specialization, such as the selling of art objects, medicine or pharmacies, can obtain information on industry trends through trade shows or from their professional

associations. However, these forms of information access are less available to women and associations of women entrepreneurs in rural areas, or to women entrepreneurs operating in the informal economy (which is the majority of women entrepreneurs). In all parts of Cameroon, women's access to, and use of, information and communication technologies is limited.

During the various focus group meetings organized as part of this assessment, the majority of women entrepreneurs indicated that lack of information is a problem in the management of their businesses. Very few have information management systems in place or reliable accounting systems, even among those who have a legal status that requires record-keeping. The practice of using computers and the internet for business information is not well developed.

It would be beneficial to focus on initiatives to improve women's access to business and government-related information, perhaps through the creation of women's desks in Chambers and other business associations, and expansion of the information services of women business associations. It is also noted that the government is making use of community radio stations to disseminate information to citizens and is considering support funding for the establishment of several hundreds of these stations as an effective vehicle for getting their messages out.

## **Participation in business networks and public-private sector dialogue**

### *Participation of women in business associations*

With the support of the law on freedom of association in 1990, civil society is developing in Cameroon. While many associations are working in the promotion and protection of human rights, they have also turned their attention to income-generating economic activities and job creation. Throughout the ten regions of Cameroon, there are a multitude of groups, associations, cooperatives and umbrella organizations in all sectors of economic activities.

The two most prominent associations for women entrepreneurs are the Groupement des Femmes d'Affaires du Cameroun (GFAC), which has more than 500 members, and the Association for Support to Women Entrepreneurs (ASAFE),<sup>42</sup> which has more than 5,000 members. All but 120 of ASAFE members are self-employed without any employees and most focus on agricultural products, textiles, art, and commerce. ASAFE's primary aim is the promotion and development of entrepreneurship among Cameroon women. It focuses on enterprises and small-scale production initiatives owned or managed by women, as well as on youth of both sexes. GFAC's goal is to provide a forum for networking, exchange of experience, and international contacts. These organizations serve very different clienteles. ASAFE members are commonly engaged in microenterprise operations in the informal economy, while GFAC's members often operate in the formal economy and have businesses or owners that can support the costs of participating in both national and international networks.

<sup>42</sup> See: <http://www.asafe.org>

Other active women's groups are the Cameroonian Association of Women Agricultural Engineers (ACAFIA), the Association of Women Doctors, and the Cameroon Association of Women Lawyers. Local development committees at the community level are among those most involved in improving the living conditions of the population and supporting the creation of income-generating activities by men and women by providing them with credit and savings products.

One of the issues concerning women business associations is their lack of capacity to advocate effectively to the government the interests and concerns of women entrepreneurs. They would benefit from strengthening in this area. Women entrepreneurs also belong to Chambers and industry associations, but information on their membership by gender is not available; however, it can be assumed that these women business owners are in the formal economy and operate at a larger scale. Women entrepreneurs have varied needs which are dependent on the size and development stage of their enterprises. Therefore, it is difficult for them to have a unified voice. Smaller, grassroots associations for women entrepreneurs are often invisible and lack the resources and capacity to become sustainable and respond to the needs of their members.

*Representation and participation of women entrepreneurs in formal public-private sector dialogue and the extent to which issues affecting them are considered*

Cameroon does not appear to have a very sophisticated notion of social dialogue and suffers from a lack of national federations, organizations and associations that can effectively represent the views of their members to government, in spite of an active (albeit poorly organized) civil society in the development of local initiatives (Walther, 2006). This may be the result of a largely informal economy structure.

Cameroon has established two Chambers to facilitate intermediation between private sector economic operators and the public sector: the Chamber of Commerce, Industry, Mines and Crafts (CCIMA) and the Chamber of Agriculture. These chambers are decentralized through regional representation that allows them to function as a voice for the professional interests of the private sector with government bodies, both providing advice when requested by the authorities and raising issues on their initiative. The principal employers' organization is the Groupement Inter-patronal du Cameroun (GICAM), which in addition to defending the interests of its members, leads actions to improve the investment climate and business environment. The GICAM conducts dialogue with specialized ministries to lower the tax burden, reduce the time of passage of goods into the Port of Douala, and prevent red tape and delays of justice, and participates in formal private-public sector consultations. However, the majority of women entrepreneurs would be outside of these two bodies (although there is no data on the gender composition of their memberships) so their voices would be unlikely to be represented here.

In addition, the government has developed some more formal mechanisms and structures to consult with the private sector on economic policy issues. The first consultation framework was implemented in 2001 with the establishment of the Interministerial Committee Extended to the Private Sector (CIESP) by the Prime Minister. The purpose of the CIESP is to collect opinions of economic operators and development actors and reach a consensus on the perspectives and possible directions of the economy with a view to improving the living conditions of population. At each session, an average of 200 relevant participants would be invited (members of the government, the Prime Minister's Office, general managers of companies, Chambers,

socio-professional groups, trade unions, etc.), according to the theme being discussed. The overall Committee was structured into Technical Committees, headed jointly by the government and the private sector, which prepared reports on specific issues with the help of experts and specialists that were later debated in plenary sessions. The CIESP was recently replaced by the Cameroon Business Forum, the principle role of which is to facilitate dialogue between public and private sector partners to improve the business climate. The first meeting of the Forum was held in early 2010, with about 100 representatives from the private and public sectors, and the international financial institutions. Participants were given the opportunity to study proposals on reforms in priority sectors, including recommendations from the Doing Business Reform Unit, and agreed to a schedule to complete current reforms in order to improve Cameroon's ranking in indexes such as Doing Business.<sup>43</sup> Information on the participation of women in this Forum is not available.

There are no formal mechanisms for public-private sector dialogue directly involving the President of the Republic, although the President does meet informally with business leaders and entrepreneurs when he heads official delegations in visits abroad. Women entrepreneurs are rarely part of these delegations.

## **Conclusions and recommendations**

### **Conclusions**

The analysis provides insights on the business environment in Cameroon and its effects on the development of women's entrepreneurship. Women own a quarter of the formal, modern enterprises in the country, 23.5 per cent of the informal microenterprises (with employees) and account for 61.3 per cent of the sole traders. They continue to be confronted with a number of issues that inhibit their further development and growth. Government and its agencies need to continue to enhance the policy framework and implementation of programmes for women-owned MSMEs. The image of women in Cameroon society has become more favourable in gender equity and equality terms, but while the political discourse is positive and the appropriate legalities prevent discrimination on the basis of gender, the actual practices of the government are largely out of step with this. This is particularly pronounced in rural areas where there are still many reactionary attitudes to the role of women in economic life that present obstacles to the development of women entrepreneurs.

The major conclusions of the assessment in Cameroon are summarized as follows:

- Cameroon has ratified a number of international conventions in favour of the promotion of women, which are positive for the development of women's entrepreneurship. The Constitution and various other laws in force do not contain provisions discriminatory to women, in general, and women entrepreneurs, in particular, however, the various initiatives and actions regarding gender within government are fragmented and lack consistency. Judges are not sufficiently knowledgeable about, and have not mastered, the international legal instruments creating rights for women or protecting these

<sup>43</sup>'First Cameroon business forum opens in Yaounde', Africa News. Available at: [http://www.africanmanager.com/site\\_eng/articles/14590.html](http://www.africanmanager.com/site_eng/articles/14590.html) [04 November 2011].

rights. In addition, the level of knowledge and awareness about women's entrepreneurship in Cameroon is largely insufficient to elaborate an informed policy to support the development of women's entrepreneurship.

- The socio-cultural context in rural areas is still backward-looking in terms of attitudes towards the role of women, which continues to hinder the development of women entrepreneurs, even though they play a major role in rural economic activities.
- The Labour Code (1992) establishes the principle of equal and universal access to the labour market and all social benefits, and makes special provisions to protect the maternity and maternal rights of women. However, women have difficulty accessing private sector employment and play a very small role in decision-making positions in larger companies.
- In addition to the weight of cumbersome administrative procedures, numerous constraints in the business environment, and the negative behaviour of some agents of the State in their dealings with women entrepreneurs (especially in rural areas), the problem of accessing financing is a principal preoccupation for women. Women entrepreneurs also lack access to information of various kinds relating to administrative requirements for their enterprises, markets, opportunities, and their rights.
- The tendency for women entrepreneurs to organize themselves in associations is very strong, however, these associations are weak in terms of lobbying power and not organized to present a unified voice. Overall, the professional associations for women are in need of capacity building. Support organizations, such as Chambers, do not give women entrepreneurs the necessary attention, particularly in terms of trade promotion and networking services. Women's participation in the various structures to promote public-private sector dialogue is very low.
- Structures exist for the promotion of SMEs (MINPMEESA) and matters relating to women's issues (MINPROFF), but stakeholders consulted during the course of this assessment concur that a single authority should be established and empowered to deal with all matters relating to the promotion and development of women's entrepreneurship.

Annex 2 provides a schematic illustration of the general assessment of the Cameroon business environment for SMEs and women entrepreneurs. Although there has been excellent progress in some areas, there is still work to be done in many components of the environment, specifically in the areas of gender, business registration, access to credit, property rights, access to information, and representation in public-private sector dialogue.

## **Recommendations**

To better integrate the promotion of MSMEs in private sector development policies and, in particular, the role of women entrepreneurs, the findings of this assessment lead to the recommendations presented below.

### *SME promotion policies*

1. Establish a single authority to be responsible for the promotion and development of women's entrepreneurship, to support the political will in favour of women.
2. Identify a ministry which would serve as the single, central authority mandated to mobilize a strategic, coordinated, and integrated approach to addressing the needs of women entrepreneurs in an effective and efficient manner.

3. Facilitate the formation of a donor roundtable that would be tasked with coordinating and sharing information about their respective programmes and services, with the goal of to eliminate any duplication of services and formulate a coordinated approach to service the development needs of women entrepreneurs.
4. Perform a complete analysis of sex-disaggregated data from the 2009 enterprise census (by size of enterprise), including an analysis of the obstacles to business development stated by women. Use these results as the basis for development of a policy framework to promote women's entrepreneurship and strengthen its role in the economy. Integrate the analysis of sex-disaggregated data into the regular reporting mechanisms.
5. Undertake regular studies on the entrepreneurial activity of women in Cameroon in order to increase the level of knowledge and awareness about the sector in order to advocate effectively for its advancement.
6. Ensure that components of the newly-developed SME policy include programming efforts to promote the development of women entrepreneurs and the strengthening of their enterprises.

### *Business registration and licensing*

1. Prepare and publish a compendium of the texts regulating business and make these accessible to women entrepreneurs.
2. Accelerate the operationalization and expansion of Single Windows for business creation formalities in major centres in Cameroon.

### *Finance and credit policies*

1. Engage more actively in the development of the microfinance sector in Cameroon.
2. Support women in the creation of their own microfinance establishments, notably in rural areas, and train them in the appropriate tools and management techniques.
3. Identify and mobilize credit lines specifically for women entrepreneurs.
4. Establish a guarantee fund for women entrepreneurs, the viability of which has been highlighted several studies.
5. Create awareness among women entrepreneurs of the importance of feasibility studies and the necessary preparation for making an approach to a financial institution.
6. Organize meetings for women entrepreneurs on dealing with bankers (jointly with financial institutions) to provide orientation on the mechanisms of borrowing (working capital, receivables financing, etc.) and the expectations of financial institutions.

### *Labour laws and regulations*

1. Undertake an annual review of the application of the texts of the different conventions signed by the government in relation to the promotion of women and work and their rights, and advocate for their ongoing implementation.

### *Property rights*

1. Design a specific instrument in the rural development poles to allocate land to women.

### *Gender and mainstreaming policies*

1. Mainstream gender in all economic missions abroad conducted by different ministries.
2. Define and identify the priority areas and actions to irreversibly reduce the gender gap.



3. Continue to build capacity of gender focal points in different ministries in order to take gender into account in the daily work of ministerial institutions.
4. Support the MINPROFF in the elaboration and implementation of a national action plan for the economic advancement of women.
5. Restart and hold more regular consultations between the public and the private sector on issues related to gender integration.
6. Conduct a major national survey on women's access to decision-making positions in both the public and the private sector, to be used as a powerful advocacy tool for the advancement of women.

*Support structures, programmes, and initiatives  
(for women's entrepreneurship development)*

1. Establish a working group of government ministries, development partners and private sector business associations for the purpose of achieving more coherence in the design and delivery of support programmes and projects to foster women's entrepreneurship.
2. Develop training programmes for women entrepreneurs to strengthen their ability to manage their enterprises and develop good information systems, to be implemented in urban and rural areas.
3. Support the Ministry of Employment and Professional Training in actions to reform current courses in the Agriculture and Rural Section and to incorporate SME management modules.
4. Encourage the Ministry of Economy and Planning to ensure that women entrepreneurs are integrated in the SME upgrading programme planned within the framework of the economic partnership agreement between the European Union and the African, Caribbean and Pacific Group of States.
5. Elaborate and implement a national training plan for women entrepreneurs in the use of information and communication technologies.
6. Organize an annual forum (conference) for Cameroonian women entrepreneurs.
7. Integrate entrepreneurship training across all teaching programmes in primary, secondary and higher education institutions.

*Access to information*

1. Encourage government administrative bodies to publish information and activity reports.
2. Develop and implement initiatives to improve women's access to business and government-related information, perhaps through the creation of women's desks in Chambers and other business associations, and expansion of the information services of women business associations.
3. Establish Centres of Economic Information and Documentation based in the network of Chambers and centres for the promotion of women to disseminate government and business-related information.
4. Identify, collect and categorize all of the sources of available financing and regularly disseminate this information to women entrepreneurs.
5. Make use of community radio stations as a way to disseminate business information to women entrepreneurs in rural areas.
6. Organize education and communication actions to sensitize and train women entrepreneur in the use of information and communication technology tools.

*Representation of women in business membership organizations*

1. Increase the negotiation and advocacy skills of women entrepreneurs and their professional associations through training and capacity building.
2. Encourage women entrepreneur associations to function according to democratic principles (policies to recruit members, organize elections, renew their offices, etc.).
3. Support and provide assistance to the professional associations of women entrepreneurs with a view to gradual integration leading to the creation of a single body (possible a federation of associations) to represent 'en force' Cameroonian women entrepreneurs, at the national, regional and international level.

*Representation and participation of women in public-private sector dialogue*

1. Ensure that women entrepreneurs, individually and through their associations, are represented in the newly formed Cameroon Business Forum.
2. Ensure that women's associations and associations of women entrepreneurs are members of GICAM in order to better represent the views of women in this instrumental and influential federation of groups.

## **SECTION 4: Summary of the environment for women's entrepreneurship development in Mali<sup>44</sup>**

### **Approach to the study in Mali**

The methodology of the Mali evaluation of the environment for women's entrepreneurship included:

- a review of studies conducted on private sector and small and medium enterprise (SME) development and women's entrepreneurship in Mali;
- a review of the new business environment and investment climate reforms in Mali, and analysis of regulations and policies having a direct impact on the private sector in general and women's entrepreneurship in particular;
- a focus group with 27 women entrepreneurs representing various sectors and different sizes of businesses; and
- a workshop represented by over 80 women entrepreneurs from various sectors and professional associations who added to the key findings of the report with recommended amendments and suggestions.

### **The economic, social, and political context**

Mali is a landlocked, low-income African country with an estimated population of 14.1 million and gross domestic product (GDP) per capita in 2010 of US\$1,200 (in purchasing power parity, PPP) (World Factbook, WFB). More than 90 per cent of inhabitants live in the fertile southern region of the country. Almost 80 per cent of the population is engaged in small-scale traditional farming, making the agriculture sector a significant absorber of labour, in addition to its 45 per cent contribution to GDP (WFB). The manufacturing sector is based mainly on processing agricultural products (textiles and clothing in cotton, vegetable oils, leather and wood).

Mali is among the 25 poorest nations in the world, the most heavily-indebted poor countries, and a major recipient of foreign aid from multilateral organizations, most significantly, the World Bank, the African Development Bank (AfDB), and Arab funds, and bilateral programmes funded by the European Union, France, the United States, Canada, the Netherlands and Germany.

<sup>44</sup> This summary, prepared by L. Stevenson and A. St-Onge, is based on the more extensive report on the environment for women's entrepreneurship in Mali prepared for the International Labour Organization by O. Traore (Traore, 2009). The information in the original report has been supplemented and updated.

**Box 2**  
**Key statistics – Mali**

Government: Republic

Population: 14.1 million (2011)

Urban population rate: 36 per cent (2010)

Literary rate: male – 53.5 per cent; female – 39.6 per cent

GDP: 5.2 per cent growth rate (2010)

Agriculture share of GDP: 45 per cent

Agriculture share of labour: 80 per cent

Per capita GDP (PPP): US\$1,200 (2010)

Unemployment rate: 30 per cent (2004 estimate)

Labour force participation rates: male — 66 per cent; female — 37 per cent

Source: *World Factbook, World Development Indicators.*

Mali ranks 178 out of 182 countries in the United Nations Development Programme's (UNDP) 2009 Human Development Index. Over half of the population (51 per cent) lives on less than US\$1.25 a day. Poverty in rural areas impacts 70 per cent of the population — an obvious obstacle to economic development and expansion of the industrial sector. Mali also has a very young population, similar to many other underdeveloped nations; over two-thirds of the population is under 25 years of age.

Mali is the third largest producer of gold in Africa, and the export of gold, along with cotton and livestock, accounts for nearly 90 per cent of export earnings (gold accounting for over half and cotton for almost 30 per cent). Other export products include cereals, such as millet, sorghum and maize. The high cost of petroleum products, the rise in export costs for gold, and the closure of the main import/export route to the Port of Abidjan in Côte d'Ivoire contributed to Mali's declining economy in the last three years. Prior to this, Mali's adherence to economic reform and the 50 per cent devaluation of the Franc de la Communauté Financière Africaine (FCFA) in January 1994 had pushed up economic growth to a solid 5 per cent annual average between 1996 and 2006. GDP growth declined to 2.8 per cent in 2007, but rebounded to 5 per cent in 2010 (WFB).

The labour force is around 3.2 million (WFB), with a female labour force share of 36.8 per cent in 2008 (WDI). The employment to population ratio in 2008 was 47 per cent (only 35 per cent in the 15–24 age group). The labour force participation rate for men was 66 per cent, compared to 37 per cent for women. Adult literacy rates in Mali are low; 53.5 per cent for men and only 39.6 per cent for women (WFB), resulting in a significant gender gap. Eighty per cent of workers are employed in farming and fishing and 80 per cent of the non-agricultural workforce is engaged in the handicrafts sector. Basically, the economy is not well-diversified, with very little activity in the manufacturing sector.

The size of the Malian market in terms of population and purchasing power is very low. Furthermore, the market is fragmented because of the excessive spatial dispersion of

the population and lack of good roads. The large informal economy<sup>45</sup> is causing a structural imbalance in the economy. Estimates suggest that the informal economy comprises close to 75 per cent of the economy (almost all of the primary sector, a quarter of the industrial sector, and 70 per cent of the tertiary sector) and about 65 per cent of GDP. According to the 2004 household survey (EPAM), 80 per cent of workers were in the informal economy: 77 per cent of working men and 85 per cent of working women (INSTAT 2004); by 2007, the share of informal employment had increased to 87 per cent: 85 per cent of men and 88 per cent of women (OEF, 2008). Only 0.7 per cent of workers are employed in formal private enterprises: 1.1 per cent of men and 0.2 per cent of women, although formal private enterprises account for a higher share of employment in Bamako (almost 7 per cent) than in other urban and rural areas (less than 1 per cent) (Table 16). By the same token, the share of informal private enterprise employment is lower in Bamako (68 per cent) than it is in rural areas (91 per cent).

Table 16. Distribution of workers by institutional sector, urban-rural location, and gender, 2007, Mali

Institutional sector	Total (per cent)	Bamako (per cent)	Other urban (per cent)	Rural (per cent)	Male (per cent)	Female (per cent)
Public sector	4.4	15.8	9.3	2.4	5.8	3.0
Formal private enterprises	0.7	6.8	0.8	0.1	1.1	0.2
Informal private enterprises	86.9	68.5	75.3	90.9	85.3	88.5
Other*	8.0	8.9	14.6	6.6	7.8	8.3
Total	100	100	100	100	100	100

Note: \* 'Other' includes household workers, workers in non-governmental organizations (NGOs), associations, and international organizations.

Source: Based on data from the Enquête Permanente Auprès des Ménages (EPAM-2007) reported in ANPE (2008, p. 54).

Mali is a secular republic governed by the Constitution of 1992 under a parliamentary system. Laws and policies are elaborated, executed, and controlled by state, para-statal, and private bodies involving almost all institutions of the Republic, central and decentralized administrations, as well as professional organizations and support structures. Decentralization structures were initiated in 1995. The country is divided into eight regions and the District of Bamako, 49 circles and 703 communities (666 rural and 37 urban), each with representation at the national level.

## Overview of the national business environment

Dating back to the mid-1980s, Mali adopted an economic policy based on structural adjustment programmes (SAPs), which placed the private sector at the heart of economic growth. The state has gradually withdrawn from productive activities to fulfil a facilitating role, making the private sector the engine of socio-economic development. In the 1990s, following the adoption of the Constitution (Fundamental Law of 25 February 1992), a series of legislative and regulatory initiatives were implemented to improve the legal and institutional environment, simplify procedures for setting up private businesses,

<sup>45</sup> The general criteria used to define informal enterprises by the Employment and Training Observatory (OEF) are: the legal structure, existence of accounting records, registration with the Social Welfare Fund or the Pension Fund, and the size of the enterprise (less than 10 workers).

and eliminate all discriminatory legislation against women. Among the reforms carried out were:

- simplification of administrative procedures for enterprises and foreign investors through the establishment of single windows;
- simplification of the tax system and reduction of the tax burden on businesses;
- consolidation of the legal and judicial environment for investment;
- the implementation of economic integration at the sub-regional level; and
- a review of texts and business regulations in order to eliminate all clauses discriminatory to women.

The laws regulating the operation of the private sector in general, and women entrepreneurs specifically, are based in the 1992 Constitution, which proclaims in its preamble, the determination ‘to ensure improved quality of life, environmental protection and cultural heritage and to defend the rights of women and children, and to guarantee equal rights to all citizens without discrimination’. Article 2 states that, ‘All Malians are born and remain free and equal in rights and duties. Any discrimination based on social origin, colour, language, race, sex, religion and political opinion is prohibited’. Texts governing discrimination against women no longer exist. However, the development of the private sector, in general, and women entrepreneurs, in particular, still face several obstacles, including the behaviour of state officials who fail to properly implement the new laws favourable to private enterprise, and socio-cultural attitudes detrimental to the advancement of women-owned businesses.

A number of related laws have a direct impact on investment and economic activities. These include laws identified in the Constitution, various national industry codes, charters and international conventions ratified by the Malian government. Laws that define the conditions for economic activities include revisions to the Commercial Code (Law No. 92-002, 1992), which eliminated the requirement for a husband’s authorization in order for his wife to undertake commercial activities. Furthermore, it expanded the exporting ability of artisans registered with the Assemblée Permanente des Chambres des Métiers du Mali (APCMM), and cooperatives and associations of farmers, herders, and fishermen registered with the Assemblée Permanente des Chambres d’Agriculture du Mali (APCAM), enabling them to export their products directly without going through import-export operators. Both of these amendments benefited the entrepreneurial activities of women by allowing them to engage in economic activity on their own volition and facilitating export procedures for groups of women entrepreneurs and cooperatives.

A Single Window responsible for licensing importers and exporters has existed within the Direction Nationale du Commerce et de la Concurrence (DNCC) since 1989. In the context of simplification of procedures, the DNCC One Stop Shop combines administrative services involved in issuing documents (Treasury, Taxation, Chamber of Commerce, Bureau of Verification) with a 24-hour turnaround.

The Investment Code (Law No. 91-048/AN-RM1991) aimed to promote investment in Mali in order to create domestic jobs; create, expand and modernize the industrial infrastructure and agro-forestry-pastoral; encourage investment in export industries and economic sectors employing raw materials and other local products; create small and medium enterprises (SME) and develop micro-enterprises; transfer the necessary technology; invest in less developed regions of the country; and encourage and promote further economic sustainability. Modified in 2005, the new Investment Code is much more favourable to women, as its coverage is enlarged to the service sector (where many women operate), as opposed to only applying to industrial activity (where there are few women), and is also more favourable to small-scale businesses by removing the 100

million FCFA minimum investment threshold to benefit from Investment Code benefits. This permits smaller enterprises to benefit from a five-year tax exemption on industrial and commercial goods. Revisions to the Customs Code have resulted in simplified procedures, harmonization with the neighbouring states, fewer restrictions on imports, and abolition of the value-added tax on exports. The Tax Code (Law No. 05-048, 2005) has been updated to simplify the tax regime and lower the tax burden on businesses through implementation of the tax summary, a special sticker for small taxpayers, and reduced taxation on industrial and commercial profits, from 45 per cent to 35 per cent.

Institutionally, lead responsibility for private sector development rests with the Ministry of Industry, Investment and Commerce (MIIC), whose mission is to increase and enhance the volume of foreign investments and ensure effective private sector development. The Ministry's main objectives are to: to improve and strengthen the dialogue with public-private sectors; promote the creation of value-added by encouraging the emergence of competitive industries in the processing of raw materials and local products; diversify sources of growth; promote entrepreneurship and support business development and to increase the weight of the formal sector; and support the strengthening of capacities of private sector support and the development of human resources.

In 2008, the government prepared the 'Stratégie de croissance accélérée au Mali sur la période 2008–2012', a national policy for private sector development. In this strategy, the Malian government reaffirmed its commitment to the private sector as the main catalyst of growth by way of the following actions:

- constant improvement of the legal and regulatory framework for businesses (operation of commercial courts and arbitration chamber, simplification and harmonization of transit documents for international trade, reduction of transfer costs of property, amendments to the labour code);
- the creation of an export development agency to facilitate access of Malian products to foreign markets; and
- the development and implementation of the Loi d'Orientation du Secteur Privé, which supports and reinforces all of the development efforts in the sector.

The national private sector development policy is reinforced in the implementation of sectoral policies for economic development, such as the national policy on employment and professional training, the policy on agricultural development, and the industrial policy, as well as the Strategy for Growth and Poverty Reduction (2007–2011). The National Employment Policy aims to secure jobs and reduce unemployment and underemployment, to tailor training to market needs, and to improve working conditions. The policy includes the following accompanying measures: further development of SMEs; development of local financing; strengthening and improving vocational and technical education; market development services to support private entrepreneurs; and initiatives to help organize the informal economy.

Despite the number of changes implemented within the legal and regulatory environment, Mali still has a long way to go in terms of the ease of doing business. It ranked 153 out of 183 countries in the *Doing Business 2011* report: 117th on the ease of starting a business, 152nd on getting credit, 154th on trading across borders, and 159th on paying taxes, as examples of its performance on specific indicators (World Bank/IFC, 2010). Mali held 117th place out of 134 countries in the 2009 Global Competitiveness Index with its weakest performance in areas related to business and financial market sophistication and the quality of health and education. Corruption is a widespread practice in Malian society. The Corruption Index 2010 shows Mali ranking 116 of the 181 countries surveyed, up four points from the previous year. The Corruption

Perceptions Index (CPI) scored Mali at 2.7 out of 10 in 2010 (lower than the 2008 score of 3.1), and ranking 116 among 181 countries.<sup>46</sup>

According to private sector entrepreneurs, the most problematic factors for doing business are access to financing, corruption, an inadequately educated workforce, and tax regulations (WEF/World Bank/AfDB, 2009). The top four business environment constraints are related to access to electricity (constraint for 29 per cent of businesses), access to finance (for 23.5 per cent of businesses), tax rates (for 15 per cent of businesses), and informal economy practices (for 10.9 per cent of businesses).

In addition, the challenges to women's entrepreneurship are not being adequately addressed within the framework of private sector development. There are currently no administrative structures in place, such as a National Directorate for the promotion of female entrepreneurship, with the objective to advance the situation of women entrepreneurs.

## **Profile of women's entrepreneurship development**

### **The SME Sector**

There is no official definition of SMEs in Mali. Different technical and financial bodies have proposed definitions to meet their own needs. Neither has there been a census to determine the number of enterprises in all sectors of the economy (by size),<sup>47</sup> consequently, there are no official statistical data on the SME sector in Mali.

However, data from household surveys reveal a high level of self-employment activity. In total, 56.5 per cent of working persons were self-employed, either as employers (creating jobs for others) or as own-account independent workers (Table 17). The self-employment share of employment ranged from 46 per cent in Bamako, where workers are much more likely to have salaried jobs than in other urban or rural areas, to 58 per cent in rural zones.

<sup>46</sup> The CPI scores countries on a scale of zero to 10, with zero indicating a high level of corruption and 10 the lowest level. The ranking is based on data from country experts and business leaders at 10 independent institutions, including the World Bank, the Economist Intelligence Unit, and the World Economic Forum. See: <http://www.guardian.co.uk/news/datablog/2010/oct/26/corruption-index-2010-transparency-international>

<sup>47</sup> The 2006 Industrial Census covered only industrial enterprises.



Table 17. Type of employment by place of residence, Mali, 2007

Type of employment	Total (per cent)	Bamako (per cent)	Other urban zones (per cent)	Rural zones (per cent)
Salaried worker	8.0	38.2	16.4	3.3
Employer or own account self-employed	56.5	46.1	53.4	58.1
Associate	5.3	3.5	3.4	5.9
Apprentice, family helper	26.4	8.6	25.2	36.1
Not determined	3.9	3.6	1.6	4.3
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

Source: Data from EPAM, 2007 (OEF 2008, pp. 36–37).

Household survey data also reveal that 58 per cent of the self-employed/employers are operating in the primary sector (agriculture, animal husbandry, forestry, fishing), almost 15 per cent in the industry sector, and 27 per cent in the services sector (OEF, 2008, p. 42). It is interesting to note that only 11 per cent of salaried workers are in the primary sector, compared to 65 per cent in the services sector and 23 per cent in the industry sector.

Mali businesses are diverse, ranging from microenterprises, such as vegetable farming, to large enterprises involved in the extraction of gold. The economy is dominated by service and trade enterprises, although the industrial sector is the only one in which a census has been carried out. This 2006 Industrial Census revealed that 85 per cent of industrial enterprises employ fewer than 50 workers and only 4 per cent employ more than 200 workers (CPS, 2006).

The socio-economic situation in Mali has contributed to a number of issues which have a negative impact on SME growth. According to the World Bank Investment Climate Survey in 2004, corruption is a crippling factor and a serious concern for 49 per cent of manufacturing sector entrepreneurs (World Bank, 2005), and the regulatory framework is still perceived by users as cumbersome and often inconsistent in its application (IAE, 2004). Entrepreneurs spend 9–15 per cent of their time dealing with paperwork. The adverse impact of corruption was further substantiated by focus group participants consulted in the course of preparing the assessment of the business environment for women's entrepreneurship in Mali, all participants stating that they were regularly harassed by state agents whenever they needed to contact directors for any services.

Fraud and counterfeiting threaten the economic viability of some business sectors. Traders flood the market with products purchased fraudulently at prices well below market value, causing unfair competition. SMEs in Mali are suffering from lack of skilled labour and encounter high transportation costs for inputs and finished goods. Transportation systems are clearly inadequate and in poor condition, especially during the rainy season when rural roads are barely passable. The energy costs in Mali are among the highest in the Economic and Monetary Union of West Africa (UEMOA). In addition to price, the unreliability of the service is seen as the most significant issue hindering industrial development. Despite the low level of industrialization, the treatment of industrial waste is inadequate or non-existent. This problem particularly affects women engaged in dyeing operations, particularly in the District of Bamako and major cities, and to date there is no resolution.

SMEs also face other challenges, including access to justice, due to the fact that they cannot afford to pay court fees or to bribe judges.

In summary, the main difficulties related to the environment that affect SMEs are many and varied, including:

- small domestic markets and lack of access to external markets;
- malpractice of administration officials related to bureaucratic delays and corruption;
- anti-competitive practices in the domestic market;
- problems of access to justice;
- lack of qualified workers;
- problems related to the transport of goods;
- access to finance;
- the high cost of electricity;
- difficulties of access to land for industrial use; and
- problems of waste disposal and industrial wastewater.

## Role of women in SMEs

Because there are no official data on the SME sector and there has not been a comprehensive study of the role of women in SMEs and entrepreneurship, it is not possible to measure the contribution of women-owned enterprises in the national economy. However, household survey data indicate that almost 55 per cent of working women are self-employed, although only 0.3 per cent employs others in their activity (that is, are employers) (Table 18). Women account for 49 per cent of the own-account self-employed in Mali and 25.5 per cent of employers.<sup>48</sup>

Table 18. Type of employment by gender, Mali, 2007

Type of employment	Total (per cent)	Men (per cent)	Women (per cent)	Women's share of total (per cent)
Own account self-employed	55.9	57.2	54.7	49.2
Employer	0.5	0.8	0.3	25.5
Family helper	25.2	16.5	33.6	67.8
Salaried worker	8.0	12.4	3.6	23.3
Apprentice, associate, other	10.4	13.1	7.8	38.0
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>50.8</b>

Source: Data from EPAM, 2007 (OEF, 2008, pp. 36, 39).

Additional data, based on surveys with a few hundred registered businesses, comes from the World Bank Enterprise Surveys. The 2007 *Mali Country Profile* reports that women participate in the ownership of 17.7 per cent of small formal enterprises (1–19 employees), 17 per cent of medium enterprises (20–99 employees), and 56.6 per cent of large enterprises (100 or more employees) (World Bank/IFC, 2008). However, only seven large enterprises were included among the 490 enterprises responding to the 2007 World Bank survey, so it would be misleading to conclude that women are involved in the ownership of over half of all of the large enterprises.

<sup>48</sup> In 2007, there were 2.23 million self-employed persons, of which 1.14 were women (OEF, 2008, p. 39)

Women entrepreneurs operate primarily in the agro-pastoral, retail trade, manufacturing, and services sectors (handicrafts, food processing, catering, hairdressing, sewing, and dyeing). Almost all of their enterprises are informal; very few are operating in the formal sector. Of the 88.5 per cent of economically active women that work in the informal economy, about 60 per cent are in the primary sector, almost 30 per cent in the services sector, and only 12 per cent in the secondary (industrial) sector (ANPE, 2008). Most women who are self-employed are either the main breadwinners in their households or are obliged to supplement the family income. Consequently, they use their economic activities for the survival of their household.

Given the socio-economic climate in Mali, the informal economy tends to grow faster than the formal sector. Women entrepreneurs tend to operate in the informal economy because there are no administrative barriers; they often have a low level of literacy, and lack training. However, the informal economy is characterized by precarious working conditions, many entrepreneurs lack management and accounting knowledge, it is difficult to find workspaces, and access to financing is a persistent obstacle. The formal economy, in which only a few women entrepreneurs operate, is more organized, officially recognized, and observes the regulations on taxation and accounting. Since the 1980s, the liberalization of the economy, the stoppage of recruitment of graduates into the civil service, and the closure of many companies and state-owned enterprises has contributed to the emergence of private enterprises owned by women. In some cases, these women entrepreneurs are former civil servants, young graduates, women trained on the job, and primarily between the ages of 25 and 50.

In the agricultural sector, the production activities of women are based primarily in food crops. Women also practice market gardening individually or in groups. Women farmers face many difficulties including: a) lack of access to developed fertile land, b) the difficulty in acquiring agricultural inputs and equipment, c) lack of training in cultivation techniques, and d) flow problems in production. At the farm level, women are primarily involved in small ruminant species which include goats (13 per cent), pigs (11 per cent) and sheep (10 per cent). They also engage in poultry farming in rural and suburban areas. The difficulties encountered at this level relate to access to credit and training, as well as learning new farming techniques (veterinary care, breeding). Although fishing is generally an activity reserved for men, women are involved in the processing and marketing of fishery products, and the processing of smoked fish and fish oil production. Difficulties include the lack of equipment for cold storage of fresh fish and lack of access to appropriate technology. In forestry, women remain the main users and managers of forest resources. The most common activities are the gathering of wood that is virtually the only source of energy in rural areas, and gathering wild fruits and nuts. The general observation is that there are very few women entrepreneurs operating in the industrial sector; however, women are particularly numerous in the very small-scale food processing. Women are not only supplying the domestic market but some exports to Benin and Nigeria.

Depending on the level of their activities, women's enterprises can be classified into three categories:<sup>49</sup>

- a) *Women entrepreneurs*: Women who run fairly well-structured businesses, in all sectors, with turnover generally higher than 30 million FCFA. This category

<sup>49</sup> ELIM, 2006.

includes female import and export traders, women with semi-modern livestock farms (activities integrating agri-industry or agri-exporting, poultry farms, etc.), and women in construction and public works. Women entrepreneurs in the services sector generally have hotels, restaurants and bars, private schools, travel agencies, private medical offices, pharmacies, etc. Also in this category are professional women, such as consultants, trainers, accountants, consulting engineers, lawyers and notaries, and bailiffs.

- b) *Women artisans and processors of food*: Women usually engaged in activities classified in the artisanal sector, mainly tailoring, hairdressing, food-processing and dyeing. Most of these women are at a modest income level compared to women entrepreneurs in the first category, with annual turnover figures generally below 30 million FCFA.
- c) *Women managing micro and small enterprises*: Women who do trade or provide services at the micro or small level (the most widespread). Their products include food products (fruits and vegetables, fish, milk, etc.), processed foods, and the sale of textiles. Some women artisans are also included in this category. Their annual turnover is generally less than 5 million FCFA.

Unfortunately, there are no data indicating the percentage of women entrepreneurs in each of these categories.

## **Constraints for women-owned enterprises**

The development of women's entrepreneurship faces four major issues and challenges. Many Malian women are still reluctant to go into business, on one hand because of prevailing socio-cultural norms that women must be supported by their husbands, and on the other hand, because of the attraction of salaried jobs in the public sector, especially for graduates. In addition, poor women, both in urban and rural areas, undertake income-generating activities more often by necessity than conviction, and are confined to the informal economy where they operate micro-enterprises. Their endeavours provide for the survival of their families and do not offer potential for greater profitability and competitiveness. Therefore, for development of entrepreneurship among women in Mali, it is necessary to awaken the entrepreneurial spirit of women and provide incentives to motivate women to leave the informal economy and move to the modern sector where they can create more value-added, offer good jobs to young people, and augment their financial capacity.

The second challenge is the inadequate level of professional and technical skills of women. Since the education rates of girls are lower than those of boys, girl's representation in the areas of science and technology is lower. Socio-cultural attitudes may still hinder many girls from engaging in studies in the field of science and technology. Thus, at the level of vocational education, girls are much more numerous in the branches of administration (secretarial, accounting); however, less likely than boys to be involved in technical training programmes, such as mechanics, electricity, electronics, and computer maintenance. This creates a skills development advantage for male students leading to more opportunities for employment and the creation of enterprises. Incentives are needed to encourage girls to attend vocational schools and to encourage women artisans and processors to follow a training plan for continuous development of their businesses. Furthermore, it is desirable that the Ministry of Technical Education and Vocational gender-mainstream the curricula and introduce training modules for craft techniques and food-processing, generally the activities in which women are more involved.

Thirdly, the professional organizations for women in Mali would benefit from capacity-building support in areas such as leadership development, negotiation and lobbying skills, organizational management and structuring, etc. This would enhance their ability to render services to their members and to become an effective voice with government.

The fourth challenge is one of regional and global integration. Mali enterprises face small domestic markets and their products and services are not competitive in the European and Asian markets. Since the early 1990s, industrial enterprises have faced this challenge, which often led to business closures. This has both a negative impact on employment and has contributed to the impoverishment of many families. Well trained and educated women together with industry operators need to lobby the government to establish standards which would allow domestic industries to become sustainable and expand their markets outside of Mali. This is important for small business to survive and prosper.

Focus group respondents who participated in the background study of this assessment of the environment for women's entrepreneurship reported that their main challenges in starting their businesses were: 1) financing; 2) the lack of information on business opportunities, and 3) the difficulties in setting up businesses and carrying out market research.

## **The policy, legal, and regulatory environment for women's entrepreneurship development**

### **SME promotion policies**

Since the advent of democracy in 1991, Mali has been implementing policies to promote SMEs and small-scale industries, especially with the creation of a Ministry delegate to the Minister of Finance responsible for investment and the promotion of SMEs, which became a full Department in 2004. Since 2009, the responsibility for SMEs rests with the Ministry of Industry, Investments and Commerce (MIIC), along with investment, microfinance, industrial policy, competition regulation, corruption, and domestic and foreign trade. The Ministry of Crafts and Tourism plays a role regarding enterprises in those sectors. Improvements to the investment and tax codes in 2005, the establishment of cells for the promotion of small spaces, improvements to the financial environment, and upgrading programmes to strengthen the competitiveness of Malian businesses have all contributed to a more favourable environment for SMEs. However, the Mali government does not appear to have a formal SME promotion policy. The development of a SME Charter and a process of consultation to define the strategic orientations of a SME policy were proposed in the *Strategy for Accelerated Growth 2008–2012* document published in 2008, but there is no evidence yet that these actions have been implemented. On the other hand, SME promotion-related policies are integrated in the policies of several ministries and strategies, such as in the agricultural policy, the national employment policy, the industrial sector policy, and the poverty reduction strategy.

The institutional framework for all promotional activities and socio-economic empowerment of women is under the Ministry for the Promotion of Women, Children and Family (MPFEF). Created by decree of 97-290/PRM 1997, the Ministry aims to develop and implement a national policy for the promotion of women, children and family. The specific objectives of the MPFEF include:

- participating in the achievement of economic development by reducing poverty among women, strengthening the role of women in work and enterprise activity, and facilitating their access to credit;
- improving women's access to vocational training, education, and scientific and technical continuing education for their integration into the development process;
- increasing the literacy rate of women; and
- improving the legal conditions of women by promoting their rights.

All of these objectives should serve to better prepare those women entering into entrepreneurship and enterprise development and strengthen their chances of moving beyond the subsistence level.

With the objective of alleviating poverty through the promotion of income-generating activities and the development of women's entrepreneurship, the MPFEF has launched specific projects to support women's entrepreneurship, such as the Développement de l'Entreprenariat Féminin dans le Secteur Agroalimentaire (DEFSAM) Project, the national project relating to Shea butter production. Furthermore, it has established credit structures to facilitate women's access to credit.

### *Limitations of SME promotion policies for women's entrepreneurship*

The development of women's entrepreneurship could build on a number of strengths in the country: the existence of an entrepreneurial desire in many women, including graduates; the existence of professional associations of women entrepreneurs; and the presence of a variety of support structures for private sector activity. However, in contrast to Senegal, where there is a National Directorate for the promotion of women's entrepreneurship, Mali does not have an organization dedicated specifically to women entrepreneurs. The MPFEF promotes the advancement of women, but is also responsible for issues related to children, families, education, health, rights, etc. Its economic focus on women is to direct policies to reduce poverty, facilitate their access to credit, education and training, and increase their literacy rates so they can participate more fully in economic life. However, in dealing with its broader mandate, the issue of women's entrepreneurship is only one area of attention and perhaps not the priority one. Also, the area of women's entrepreneurship is seen as the 'poor relative' because there is no real political will to develop work within this target group.

## **Business registration and licensing**

To be officially recognized, a business is required to register at the Court of Commerce, which gives it a registration number that is recorded in the Register of Commerce. This number, which formalizes the existence of the company, allows it to proceed with other registrations and to open a bank account. The business must also have a tax identification number (TIN), still referred to as a national number (NINA), which is issued by the National Directorate of Statistics and Informatics (DNSI).

As part of improving the business climate in Mali, the formalities for business creation and procedures for import and export products have been simplified by the introduction of One Stop Shops for investors within the Agence de Promotion de l'Investissement (API).

This agency, under the supervision of the Ministry of Industry, Investment and Commerce, has a mission to encourage the development of direct investment and the development and regulation of industrial zones and economic activity. Operational since May 2008, the API targets priority sectors in line with those of the government: agro-industry, mining, and services with high value-added, such as tourism. All of the formalities of business creation are now centralized at one level to enable investors and entrepreneurs to obtain their approval in a reasonable time.<sup>50</sup> This has reduced business start-up costs.

The Chambre de Commerce et d'Industrie du Mali (CCIM) has established the Centre de Formalités des Entreprises (CFE), a structure to inform and assist investors in their approaches. It is equivalent to a one-stop shop for companies, as the mandate is to facilitate procedures and reporting for new businesses, and modification or termination of the status of their activities. It also serves as an interface between different administrations and economic operators, resulting in a reduction in the time to issue a registration in the commercial register to 48 hours.

The majority of women entrepreneurs are operating in the informal economy and have thus not registered their enterprises. For many of these women, lack of awareness and information on how to register is the issue, as well as limited understanding of the benefits of formal registration.

## **Finance and credit policies**

Globally, financing challenges are consistently recognized by entrepreneurs as the main barrier to business start-up, development, and growth. The Institut Africain de l'Entreprise (IAE) study in 2004 revealed that financing problems come first for Malian industrial enterprises: 60 per cent had concerns about difficulties in accessing financing and 56 per cent about the high cost of financial services. The commercial banking system is not well-developed and plays a very small role in the financing of micro and small enterprises.

The government had intervened to fill the gap in SME access to financing. For years, the system of mutual savings and credit unions has been a source of financing for micro and small enterprises. In 2009, the Council of Ministers approved the five-year project, *Projet d'Appui au Financement des Petites et Moyennes Entreprises (2009–2013)*. The project is a partnership between the government and the Banque Regionale de Solidarité and aims to assist SMEs in securing bank financing by providing guarantees. Further, in 2010, the government established a Guarantee Fund for private sector enterprises, as well as a National Investment Fund.

Although the legal framework relating to the banking system makes no differentiation between the treatment of men and women, the difficulties of accessing bank financing are more serious for women entrepreneurs (smaller enterprises, lack of collateral, etc.). The government, however, has included special legal provisions that favour women in laws regulating the credit and microfinance institutions. For example, Law No. 94-040d, 1994 on the mutual savings institutions and credit unions and Ordinance No. 008 P-RM, 1999 relative to the Support and Monitoring Unit of the Decentralized Financial System (SFD) have as an objective to facilitate women's access

<sup>50</sup> See: <http://mali.e-regulations.org/>

to savings and credit. The development of microfinance through credit unions and savings organizations has facilitated women's access to credit. Indeed, with the development of the microfinance network, and especially the introduction of special government funds, such as the Support Fund for Women's Activities (FAAF Layidou) and the Credit and Savings Scheme for Women (SYCREF), which exist in all regions and localities, women's access to credit is increasing. The female share of micro-credit beneficiaries climbed from 35 per cent (184,998 women) in 2002 to 38 per cent (254,385 women) in 2004 (RECOFEM, 2007) and, by 2008, women were reported to account for almost 48 per cent of the SFD micro-credit beneficiaries (440,000 women) (MPFEF, 2008).<sup>51</sup> This indicates a significant increase of 137 per cent in the number of women accessing micro-credit between 2002 and 2008 (compared to an increase of 72 per cent for men). However, a major study of the impact of microfinance on poverty reduction in 2008 revealed that women made up only 31.7 per cent of all microfinance clients: 36.7 per cent of urban clients and 28 per cent of rural clients (ODHD, 2008), which suggests that women are still underrepresented as microfinance clients.

Even with improved access to financing through the SFD system, women are disadvantaged because the interest rates charged by the SFD are higher than those of the conventional banking system (to which women have limited access) and the loan amounts approved are extremely low. Based on the report of the 'Women and Credit' workshop in April 2007, organized by the MPFEF and the Renforcement des Capacités des Organisations Féminines du Mali (RECOFEM) Project, credit systems in place do not allow women to have sufficient margins for debt servicing and other commitments (MPFEF/RECOFEM, 2007). As loan amounts are often not adapted to meet their financing needs, women are unable to grow their businesses. Participants at the workshop reported that the overall difficulties regarding the financing of women's activities include:

- lack of management systems and reliable accounting;
- the poor quality of their business plans;
- the high interest rates charged (24 per cent for MFIs);
- lack of monitoring and supervision of credit beneficiaries;
- lack of information on the credit system;
- short repayment terms that are less than one year in general; and
- the weak financial base of entrepreneurs who are unable to meet the financial institutions equity and guarantee requirements.

These difficulties also contribute to women's lack of access to traditional bank financing.

## **Labour laws and regulations**

Employment in Mali is regulated by two laws: the Labour Code and the Social Welfare Code. The Labour Code (Law No. 92-020, 1992) governs labour relations between workers and employers, covering: employment contracts, learning and vocational training, wages, health and safety, the resolution of disputes, trade unionism, etc. The Code has been reviewed with the aim of attracting investment in the country and, as a result, the new labour law has simplified the procedures for termination of an employment contract. Moreover, the Code specifies that in equal conditions of work,

<sup>51</sup> Based on data from the SFD.



qualifications, and performance, the salary is equal for all workers irrespective of their origin, sex, age or status.

The Social Welfare Code (Law No. 62-68 AN-RM, 1962) dates from the earliest days of independence, but has undergone some changes under Ordinance No. 41 CMLN, 1975. It regulates the family benefits scheme; the treatment and prevention of occupational accidents and diseases; the pension plan; and the system of protection against sickness and professional accidents. This Code applies to workers as defined in Article 1 of the Labour Code. L'Institut National de Prévoyance Sociale (INPS) is responsible for managing all programmes organized under the Social Welfare Code.

The focus group revealed that very few women entrepreneurs observe the conditions defined in the labour and social welfare codes. Of the 27 participants, only eight have declared their employees to the INPS, while the remaining participants employ either family members or informal workers. Since the majority of women in the informal economy do not have any employees, per se, they are not likely to be aware of the requirements under the labour laws and regulations.

## Property rights

There are no legal texts in the federal land code (Ordinance No. 00-027/PRM DU 22 March 2000) discriminating against the ownership of land by women. However, land allocation decisions are delegated to the municipalities and, while some of the municipalities have made efforts to make it clear in legal texts that women have equal access to land, in reality, problems may exist. In rural areas, and where customary laws and practices are followed, priority is given to men (considered as the household head) in the allocation of land. Cultivated land is generally owned by a man who holds the title and has full powers of management. Women frequently operate in plots of land that are loaned or transferred to them by the manager or other landowners (often less desirable plots).<sup>52</sup>

The lack of available properties and the high cost of land is a serious problem in urban areas. The Investment Climate Survey (IAE, 2004) data reports that 38 per cent of manufacturing firms and 45 per cent of those in tourism find access to industrial land difficult. The complex land issue is also causing difficulties for new businesses requiring serviced land for factory construction. Because of the scarcity of land, prices are high and only citizens with large financial capacity can afford to buy it. For this reason, women entrepreneurs find it practically impossible to acquire land.

A new family law code, initially passed by Parliament, but not signed by the President due to strong opposition from some Islamic groups regarding changes to marriage laws, would bring more equality between women and men in relation to marital status, parental rights, ownership of land and inheritance, wages and pensions, employment laws and education. The new law would protect the rights of women in inheritance from their husbands and give boys and girls equal inheritance rights. Without this legal protection, girls and women will continue to be discriminated against in property ownership.

<sup>52</sup> In 2009, women made up 19.6 per cent of those in charge of agricultural plots ([http://www.mpfef.gov.ml/bulletin\\_fe2009\\_dvpmt\\_economique\\_emploi.pdf](http://www.mpfef.gov.ml/bulletin_fe2009_dvpmt_economique_emploi.pdf)) [04 October 2011].

# Assessment of policy, legal, regulatory, and support environment for women's enterprise development

## Gender and mainstreaming policies

In addition to the protection of women's rights and adherence to gender equality and equity principles established in the 1992 Constitution, Mali has ratified most of the universal and regional texts guaranteeing human rights and equality/equity between men and women, such as the Universal Declaration of Human Rights (UDHR) and its two covenants (International Covenant on Civil and Political Rights, and International Covenant on Economic, Social and Cultural Rights) and the Convention on the Elimination of All Forms of Discrimination Against Women (CEDAW). CEDAW is the legal instrument for improving the status of women.

However, large education disparities exist between men and women, an important issue because level of education has a strong influence on the division of labour, remuneration, life conditions, and the capacity of women to influence family, social and political decisions. Almost 60 per cent of employed women in Bamako and 92 per cent of employed women in rural areas do not have a formal education, compared to 38 per cent and 83 per cent of men, respectively (Sida, 2010<sup>53</sup>). A more rapid improvement in the education of girls would contribute significantly to greater gender equality. Neither women nor poor people enjoy equal rights before the law. The socio-economic status of women, the weight of culture and traditions, and the predominance of customary laws over constitutional laws, especially in inheritance law, compound the problem of denial of access to justice for women, in addition to the fact that they cannot afford to pay court fees and the cost of bribing judges. Gender inequalities exist in access to salaried employment, agricultural land, credit, and modern production technologies.

The government adopted the National Policy on Equality between Women and Men in November 2010. The goal of the policy is to achieve gender equality, implement an action plan to reconfigure gender relations towards greater equity, and transform the position of women in all aspects of society. It advocates mainstreaming of gender in all policy areas (social, economic, political, and cultural) at all stages of projects and development programmes (identification and formulation, implementation, monitoring and evaluation), and at all phases of policy and development strategies. Therefore, the reduction of gender inequalities and disparities appears as a horizontal issue that should underlie all operations of the state and its development partners. Gender equity was retained as a cross-cutting theme in the *Cadre Stratégique de Croissance et de Réduction de la Pauvreté (CSCR)*, through the 'Programme d'Appui au Renforcement de l'Équité Hommes et Femmes (PAREHF)', and gender is an apparent consideration in other sectoral strategies.

The MPFEF is the ministry responsible for plans and actions to advance the socio-economic situation of women. The strategic thrusts of these actions include:

<sup>53</sup> Data based on EPAM, 2007.

- proposals for legislative and regulatory initiatives to improve the status of women, children and families, and to increase their participation in economic and social development in a gender sensitive environment;
- promoting the needs of women, children and family for incorporation in the socio-economic and sectoral programmes;
- establishing autonomous structures for training and credit access;
- developing a programme for communication and social mobilization; and
- preparing women's organizations and civil society involved in the promotion of women and children to fulfil their roles.

The Ministry operates directly through its decentralized structures, the Regional Directorates, and collaboratively with other technical and sectoral ministries through focal points in ministries such as Education, Social Development, Agriculture, Health, Rural Development, Energy and Water, Equipment and Transport, Environment and Sanitation, and Justice and Security, whose activities cover specific areas pertaining to the advancement of women, children, and family.

By decree in 2004, the government also created a National Centre for Documentation and Information on Women and Children under the MPFEF to collect, analyse and disseminate documentation and information concerning the situation of women and children, and to play a role in sensitizing the public, the media, and technical assistance and financing partners, and improving the status of women and children.

## **Support structures, programmes and initiatives**

There are various initiatives supporting private sector development in Mali, covering a wide range of objectives from management capacity building to technical and non-technical business development support. Included among these are an upgrading (Mise à Niveau) programme for industrial enterprises, a support project for retail enterprises that provides technical and financing assistance, a National Centre for Promotion of Crafts that provides support to artisan entrepreneurs, and other sectoral support programmes, such as in the agricultural sector. Although SME support structures exist, there is low awareness among SMEs of their existence.

Women can benefit from both specific targeted programmes and projects, and programmes initiated for the entire private sector. In addition, the State Technical Services and several support structures and NGOs are involved in activities to promote and develop the economic activities of women in both rural and urban areas. For example, sector associations and associations of women entrepreneurs and their members participate in activities initiated by projects and structures to promote the private sector. The activities of women's associations generally focus on training in various modules (business management, marketing, processing techniques, crafts, etc.); participation in trade fairs in Mali, in the sub-region of West Africa, and internationally; and participation in study tours or exchanges to meet with foreign partners. Some associations are much more active than others, depending on a number of factors, for example, their capacity to establish partnerships and mobilize resources for their activities. Some examples of initiatives that are specifically designed to support women entrepreneurs are summarized in Table 19. Despite the many interventions in favour of women's entrepreneurship, most of them are small and do not have the partners or the resources to achieve significant scale to impact the businesses of women entrepreneurs across the country. In general, the projects and support measures have weaknesses, including modest funding support and sector restrictions. In effect, many agricultural projects target the same channels (shallot, mango, shea butter), while many other sectors remain unsupported. In addition, most project interventions and programmes focus on

training and awareness at the expense of financing activities to realize investment plans or to purchase raw materials. Even when the financial aspect is taken care of, the amounts granted are so small that enterprises cannot actually expand their economic activities.

Furthermore, the advancement of women entrepreneurs suffers from the fragmentation of efforts of development partners, who operate in their separate ways without attempting to maximize the synergistic impact of the different interventions. The MPFEF has the challenge of coordinating and creating this synergy between actions of different players and leveraging their results.

**Table 19. Sample of initiatives supporting women's entrepreneurship in Mali**

Projects/programmes	Objectives	Details
Promotion of Women's Entrepreneurship (PEF) Project, part of the programme to promote entrepreneurship in the National Council of Employers of Mali (CNPM) (2008)	<ul style="list-style-type: none"> <li>– Capacity building through training exchanges of experience, knowledge and know-how, the creation, promotion and monitoring of micro, small, and medium enterprises run by women.</li> </ul>	Covers the entire territory and targets women starting a business, women entrepreneurs, and women without jobs who are living in disadvantaged rural areas.
Promotion and Development of Women's Entrepreneurship in Mali Project (EU/Foundation ORANGE) (2008)	<ul style="list-style-type: none"> <li>– Strengthen the management capacities of women in income-generating activities through training programmes on relevant topics.</li> <li>– Create awareness among women about starting a business and microfinance.</li> <li>– Establishment of training units in Microfinance Institutions (MFIs).</li> </ul>	The project will initially involve two microfinance organizations, 'Misselini' and 'Bereben', which will feature a training unit for their customers.
Support Project for Women's Groups Exploiting Shea (PROJET KARITÉ)	<ul style="list-style-type: none"> <li>– Organize and build capacity of groups of rural women to produce and market shea butter.</li> <li>– Provide these women's groups with appropriate equipment to increase productivity.</li> <li>– Facilitate their access to financing, production, and markets.</li> </ul>	The Shea Project has national coverage and funds amounting to 1,250 million FCFA for a period of 6 years (2004-2009), with a target to benefit 10,000 women in 100 women's groups.
The 'LAYIDU WARI' Activities Support Fund for Women (savings and credit) (2006)	<ul style="list-style-type: none"> <li>– Facilitate women's access to credit and strengthen their management capacity.</li> </ul>	The 'LAYIDU WARI' finances women entrepreneurs individually or organized in associations, operating in the District of Bamako and in the localities of Koulikoro and Dioïla.

## Access to information

In general, there is a deficit of information for private sector operators. Information on the many laws, regulations and provisions favourable to private sector operators are not sufficiently disseminated by the departments of the state who support the application of these texts. Moreover, it appears that state officials are better trained in law enforcement, in cases of lawlessness, than in the communication and dissemination of these laws within the population.

In particular, women who have a lower level of education compared to men operate without knowledge of the laws and regulations under which businesses should operate.

Only six of 27 focus group participants were aware of the one-stop shops and the benefits offered by the Investment Code; many of the participants knew the tax summary. Furthermore, no woman in the focus group was able to name a single policy that promotes women's entrepreneurship in Mali. Only a minority of women could cite the RECOFEM, the Association for the Advancement of Women and Children (APROFEM<sup>54</sup>), and the Swiss NGO Helvetas as organizations that support women's economic activity.

Only four women of the 27 participating in the focus group use the internet regularly for information. The right to information and communication remains theoretical if it relates to technologies that exacerbate the digital divide with regard to women, especially those in rural areas. Women entrepreneurs have benefited from a cyberspace located at the National Library and a similar structure at the Centre Aoua Keita. Still, the take-up of these initiatives remains lower among women than men, and women are reported to have very little interest in cyberspace research (RECOFEM 2007). It can be stated that many women entrepreneurs are unaware of the benefits associated with the use of the Internet, as in the case of focus group participants.

However, there is a national strategic plan for information and communication technology (ICT) that integrates the gender dimension with the specific objectives: to develop a training plan and develop the capacities of women's mastery of ICTs; to popularize ICTs in women's organizations; and to promote women's entrepreneurship in the ICT field. In July 2010, the first radio programme on the use of ICT by women entrepreneurs was broadcasted, profiling women entrepreneurs who have developed their businesses through the application of ICT. This is part of the annual action plan of the Association of Gender and ICT; six radio programmes were planned for 2010.<sup>55</sup>

## **Participation in business networks and public-private sector dialogue**

### *Participation of women in business associations*

Since the advent of democracy in 1991, there has been a sharp rise in the formation of associations that have impacted on women in both social and economic fields. The landscape for women's entrepreneurship is composed of a multitude of groups, associations, economic interest groups, cooperatives, and umbrella organizations within all sectors of economic activity where women are active: dyeing, tailoring, hairdressing, catering, hospitality, food processing, construction and public works, commerce, and the export of agricultural products. Some of these associations are highlighted in Table 20.

<sup>54</sup> Founded in 1992, APROFEM is a national NGO working to enforce the socio-cultural, political, and economic empowerment of women and children. Involved in building the capacity of women's groups and supporting the strengthening of economic activities, it is also concerned with improving the level of women's participation in the electoral process, especially in decentralized areas. To meet the challenge of involving women more in local affairs and allowing them greater ownership of the electoral process, APROFEM initiated the project 'Civic Participation of women in local governance in the town of San'.

<sup>55</sup> Information obtained from: <http://www.mali-ntic.com>

Table 20. Principal umbrella organizations for women's enterprises in Mali

Organization	Mission	Organization	Mission
Réseau des Femmes Opératrices Economiques (RFOE)	Building organizational capacity (technical, material and financial) of organizations and associations of women economic operators in Mali; promoting women's entrepreneurship; has more than 6 500 members.	Fédération Nationale des Femmes Rurales (FENAFER)	Improving the living conditions of rural women through food security, the organization of production chains and marketing, access to productive resources and credit.
Fédération des Associations de Femmes Commerçantes et Entrepreneurs du Mali (FAFCEM)	Strengthening the capacity of members through training activities and facilitating resources.	Fédération Nationale des Transformatrices du Mali (FENATRA)	Organizing the profession to promote Mali processed local products within and outside of the country; improve the quality of processed products; and promote the exchange of experiences among actors.
Association des Femmes Chefs d'Entreprises du Mali (AFCEM)	Promote and develop the businesses owned by women and also to promote the image of women entrepreneurs in Mali and abroad.	Bureau Nationale des Femmes de la Fédération Nationale des Artisans du Mali (FNAM)	Deal with gender issues within the FNAM membership.
Réseau de l'Entreprenariat Féminin en Afrique de l'Ouest (REFAO)	Develop trade, finance and business investment for women in West Africa; promote women entrepreneurs; improve the business climate in the sub-region.	Union Nationale des Femmes d'Affaires du Mali (UNAFAM), created in 2008 as part of the CCIM	Inform women about the activities of the CCIM and its opportunities to educate women and direct them to different sectors of the Chamber.
Réseau des Femmes Artisanas du Mali (REFAM)	Attending to the specific problems of women artisans.		

Women's representation in mixed professional organizations, such as Chambers of Commerce and Industry, the Chambers of Agriculture, and the CNPM, is still very low, especially if one refers to the number of women members of their boards of directors and management committees (well below 10 per cent). One of the considerations in explaining this weak representation is that women entrepreneurs are more likely than men to be operating in the informal economy.

*Representation and participation of women entrepreneurs in formal public-private sector dialogue and the extent to which issues affecting them are considered*

It is often the case that women have to be in decision-making positions in order to influence the agenda of discussion. A survey of the level of women's participation in decision-making positions, conducted by the MPFEF shows that women are not well represented within the decision-making bodies. In 2009, women made up 10 per cent of the National Assembly, 13 per cent of the Cabinet Ministers, 20 per cent of all Ministers, 13 per cent of the Ambassadors; 11.5 of the magistrates, and 11 per cent of the judges (MPFEF, 2009). In 2008, women accounted for 8.5 per cent of the Mayors and about 7

per cent of the 10 774 local councillors.<sup>56</sup> Moreover, in 2007, women held about 30 per cent of the decision-making posts in the two leading trade unions of Mali, occupied 14 per cent of senior positions in large companies and corporations, and 11 per cent of general manager positions. While there is nothing in the official legal texts preventing women from standing for elected office in Mali, in fact, access to decision-making positions is often a function of the economic weight of the operator (the wealthy and more influential have the best chance of being elected).

The concept of public-private sector partnerships is part of the development process in Mali. In addition to informal annual meetings with the private sector to discuss structural problems in the economy and seek input on proposed solutions, there are formal dialogue structures. Through Decree No. 03-566 P-RM of 3 December 2003, the President of the Republic created a permanent Presidential Investment Council to advise government on development of public and private investments, both domestic and international. It is noted that there were no women among the 15 members of this Council, who are generally selected on the weight of their enterprises. A Coordination Council on Private Sector Development (CCDSP) has also been established by the government (Decree No. 05-074/RPM of 1 MARCH, 2005) as a public-private partnership to follow up on recommendations of the Presidential Investment Council, give advice on laws and initiatives that would have the most significant impact on the development of the private sector, and participate in the evaluation of private sector development strategies. The CCDSP is composed of representatives of 20 ministries and representatives of 18 private sector organizations. These dialogue structures are not well known among the majority of women entrepreneurs, who are not aware of their existence.

## **Conclusions and recommendations**

### **Conclusions**

In conclusion, in the mid-1980s, Mali adopted a policy based on economic structural adjustment, placing the private sector at the heart of economic growth. Measures have been undertaken to improve the legal and institutional environment, simplify procedures for setting up businesses, and eliminate all forms of discriminatory legislation against women.

Although there are no comprehensive data on the SME sector or on the representation of women entrepreneurs, it is known that 88.5 per cent of working women are in the informal economy, about 60 per cent of whom work in the primary sector. The majority of women become engaged in income-generating activity out of necessity, either because they are a household head or need to contribute to sustaining their families. In fact, there are still a number of obstacles that hinder the development of women's entrepreneurship. In addition to the general problems facing all SMEs in Mali, women entrepreneurs face the additional challenges of lack of access to information; low representation of women in decision-making positions; weak capacity of professional organizations of women entrepreneurs; and low participation of women in dialogue with the government and related agencies and organizations. Women entrepreneurs know very

<sup>56</sup> See: [http://www.mpfef.gov.ml/vie\\_publicque\\_politique.pdf](http://www.mpfef.gov.ml/vie_publicque_politique.pdf) [04 October 2011].

little about the laws and regulations and the available support for business start-up, development and growth. As well, the cultural context in Mali continues to produce adverse effects on the full integration of women in Mali's socio-economic development, which needs to be remedied.

The perception of poor infrastructure, regional instability, and widespread corruption, impede the growth of a dynamic private sector. The level of corruption, in particular, has a negative impact on Malian enterprises. This includes malpractices related to administrative delays, collecting illegal taxes on roads, and fraud and counterfeiting encouraged by state officials. According to the US Department of State, the general public and the international donor community are well aware of the situation, and have been working with the Malian government on reducing corruption; however, improvement has been slow.<sup>57</sup> Additionally, rigid labour regulations hurt job growth, while Mali's underdeveloped financial sector limits access to finance, thus, hampering entrepreneurial activity (Heritage Foundation, 2011).

This assessment proposes a number of women-focused actions and initiatives aimed at redressing prevailing challenges in the provision of resources, information, support, capacity building, and business services to women entrepreneurs. The lead implementation body for these actions is likely the MPFEF, but it would be important to collaborate closely with other economic ministries and regional governments, as some of the recommendations are cross-cutting and may require considerable resources. The Conseil National du Patronat du Mali (CNPM) should also play a catalytic role in activating the various institutions involved in the development of women's entrepreneurship. To achieve further progress, it should form a united front with other professional organizations (women's and mixed) in order to convince authorities to implement the series of recommendations presented below.

## Recommendations

### *SME promotion policies*

1. Given the absence of gender disaggregated data in Mali, it is recommended that the MPFEF create a national structure for the collection and reporting of sex-disaggregated data, detailed information on the women's enterprises compared to all firms (for example, size of enterprises, location, firm age and demographic profile data on the women owners) with the aim of quantifying more precisely the economic contributions of women-owned firms.
2. Create a national structure within the MPFEF specifically designed to promote women's entrepreneurship, to be responsible for identifying, classifying, and promoting SMEs created and managed by women, and for the design and development of a coherent policy for the development of women's entrepreneurship.

<sup>57</sup> <http://www.business-anti-corruption.com/en/country-profiles/sub-saharan-africa/mali/general-information/>



### *Business registration and licensing*

1. Inform women more effectively about the requirements and benefits of formal registration of their enterprises (see recommendation under section on access to information).

### *Finance and credit policies*

1. To diversify financing opportunities for women entrepreneurs, establish sources of financing more appropriate to their needs, create new financial products that are more accessible to women; and set up a guarantee fund for women entrepreneurs.
2. Better inform women about the sources of financing available and the requirements for access to credit; educate women in financial literacy and about the need for quality feasibility studies, marketing plans, and good management systems in order to improve their bank-ability; and conduct awareness workshops designed to meet the maximum number of women entrepreneurs, on the need for good business plans (actions for the CNPM and major women's organizations).

### *Property rights*

1. Adopt the new family law and enforce the equal rights of women to land ownership and inheritance.
2. With particular regard to access to industrial land use, ease the conditions of access to land in the new Dialakorobougou industrial zone by, on a demand basis, building leased spaces, instituting a quota of plots for women entrepreneurs; and developing industrial zones in the regions.

### *Gender and mainstreaming policies*

1. To reach the objective of equality between men and women, strengthen the level of mobilization, popularization, and monitoring in support of women's rights and gender equity.

### *Support structures, programmes, and initiatives (for women's entrepreneurship development)*

1. Develop and deliver opportunity identification gender-mainstreamed training programmes to promote the entry of women entrepreneurs into non-traditional sectors, such as ICT.
2. Build the capacity of women entrepreneurs to master the tools and use ICTs to modernize their enterprises, enhance their management skills, and provide a gateway for the acquisition of information on products, services, and the global marketplace.
3. To improve the access of enterprises to qualified personnel: a) establish a training school for hairdressing to teach international standards in modern hairstyling and aesthetics; b) create focal point centres for trades in each district of Bamako and every city that will provide services and qualified workers to SMEs (plumbers, electricians, curtain seamstresses, decorators, etc.); and c) establish SME resource centres that will provide equipped facilities (embroidery and finishing machines, and food processing equipment that craftsmen and artisans are not able to own individually) and access to specialists who can train SMEs in the use of such equipment to improve the quality of their manufactured products (actions to be taken under the leadership of the APCMM).
4. Introduce training modules for craft techniques and food-processing in the curricula of technical and vocational education and training institutions.

### *Access to information*

1. Establish (by the CNPM, for example), an information desk for women entrepreneurs to collect, synthesize and disseminate (in the form of manuals and guides) all information required in the start-up, development and growth stages of their businesses (codes and laws regulating business, taxation and calculation of VAT, support services, such as training, trade shows, financing and study tours that are available from the public and private sector organizations, business opportunities in the sub-regional markets, and export procedures), and to direct women to other support organizations which can meet their identified needs.
2. Inform women entrepreneurs more effectively about the requirements and benefits of formal registration of their enterprises.
3. Implement information and communication training to educate women about the benefits of development ICT tools (an action relevant to the CNPM and women's organizations).
4. Inform women entrepreneurs about the trade regulations of the UEMOA and the Economic Community of West African States (ECOWAS) and export procedures in the sub-region, organize training sessions to explain the conditions and procedures for access to markets in the sub-region, as well as business opportunities in the sub-region, and develop and distribute simplified manuals or guides.
5. Provide information services to women entrepreneurs on how to improve marketing and implement quality assurance programmes in their businesses so they are better positioned to access trade opportunities.

### *Representation of women in business membership organizations*

1. Develop initiatives to increase the negotiating capacity and advocacy skills of women entrepreneurs by strengthening the response capabilities of the professional organizations of women entrepreneurs.
2. Provide the required support to enable women entrepreneurs (in both the formal and informal economy) to mobilize themselves into cooperatives or women entrepreneurs associations in order to address their challenges. This can be achieved through information, education, and communication activities, and training in management skills, group facilitation, mobilizing members, negotiations with partners, and lobbying (action for the CNPM and partners).
3. Increase the participation of women entrepreneurs in UEMOA and ECOWAS activities, such as in the sub-regional trade fairs, business related meetings and forums, and the sub-regional networks of women entrepreneurs.

### *Representation and participation of women in public-private sector dialogue*

1. Activate the various institutions involved in the development of women's entrepreneurship to form a united front with other professional organizations (women's and mixed) in order to convince authorities to seriously integrate the concerns of women entrepreneurs and to implement policies and actions to improve their opportunities and environment for doing business (the CNPM to play a catalytic role).
2. Ensure representation of women's associations and women entrepreneurs on public-private sector dialogue committees and in formal discussions on issues affecting private sector and SME development.

*Other: corruption*

1. In order to reduce corruption practices in the administration dealing with enterprises, inform and educate women entrepreneurs about the laws regulating business and the need to be in good standing vis-à-vis the administration; conduct an awareness campaign to inform women that the first measure in the fight against corrupt practices is to follow all regulations in force; undertake advocacy initiatives with relevant authorities to enforce the strict legislation and regulations; and strengthen the capacity of women's organizations to perform this advocacy function. This will make it easier for an entrepreneur to claim his/her rights from the administration.

*Other: infrastructure*

1. Take steps to advocate to the public authorities on the need to improve the availability of quality infrastructure (land for industrial use, electricity, water, roads, phone service) to foster the development and sustainability of SMEs, particularly in rural areas (actions for business associations, chambers, and financial partners). Specifically, the government should: a) establish an industrial electricity tariff to reduce costs and increase the competitiveness of products manufactured in Mali; b) continue and intensify of construction and rehabilitation of roads; c) reduce the cost of telephone services; and d) provide access to industrial land.
2. Reserve, in each community, a water treatment facility to help resolve the specific problem of craft dyers in Bamako and other major urban centres, so that the environment and groundwater are permanently protected. In particular, water treatment plants should be placed in areas where women dyers operate. This action should include working with women's businesses to help them adopt more environmentally-friendly practices and decrease the risks of women's health.

## **SECTION 5: Summary of the environment for women's entrepreneurship development in Nigeria<sup>58</sup>**

### **Approach to the study in Nigeria**

The assessment of the business environment for women's entrepreneurship development (WED) in Nigeria included a review of both primary and secondary data sources, surveys, and consultations with stakeholders, specifically:

- a desktop review of relevant studies, reports, and government policy documents;
- a review of available macro and micro-economic data and statistics;
- analysis of 388 questionnaire surveys with women entrepreneurs (114) and representatives of government bodies and other stakeholders;
- consultative meetings with stakeholders, including women entrepreneurs, in both rural and urban areas, in the four different locations of Lagos, Ibadan, Abuja, and Yola; and
- focus group discussion with support organizations.

### **Economic, social, and political context**

Nigeria is a lower-middle-income country, organized as a federal, constitutional republic comprised of 36 states, with its federal capital in Abuja. With an estimated population of 155 million in 2011 (World Factbook, WFB), the country is the most populous country in Africa, and the eighth most populous country in the world. Gross domestic product (GDP) per capita in 2010 was US\$2,400 (WFB). Although Nigeria is the eighth largest oil exporter in the world and Africa's second largest economy, 84 per cent of the population lives below the poverty line of US\$2 per day (World Development Indicators, WDI). Poverty is highly feminized, with 2006 data reporting that women make up 65 per cent of the poor (FMOWA, 2006).

<sup>58</sup> This summary, prepared by L. Stevenson and A. St-Onge, is based on the report on the Nigeria environment for women's entrepreneurship prepared for the International Labour Office in 2009 (Anyanwu, 2009). The information in the original report has been updated or supplemented.

**Box 3**  
**Key statistics — Nigeria**

Government: Republic

Population: 155 Million (2011)

Urban population rate: 50% (2010)

Literacy rate: male, 77%; female, 60.6% (2003)

GDP growth: 6.8% (2010)

Agricultural share of GDP: 31.9% (2010)

Agriculture share of labour: 70% (1999)

GDP per capita (PPP): US\$2,400 (2010)

Unemployment rate: 19.7% (2008)

Labour force participation rates: male — 71%; female — 39%

Source: CIA *World Factbook*, *World Development Indicators*, Nigerian statistics ([http://www.nigerianstat.gov.ng/ext/latest\\_release/ssd09.pdf](http://www.nigerianstat.gov.ng/ext/latest_release/ssd09.pdf))

Agriculture was the leading contributor to GDP in 2010 (31.4 per cent), followed by the oil and gas sector at 32.3 per cent of GDP, wholesale and retail trade at 15.9 per cent, and services at 8.2 per cent (AfDB/OECD, 2011). With oil and gas accounting for 95 per cent of export earnings and 85 per cent of government revenues, the economy is not well-diversified (Federal Republic of Nigeria, 2009). Largely due to the oil sector, the economy has averaged annual GDP growth of 5.6 per cent between 2000 and 2008 (WDI), rising to 6.8 per cent in 2010 (WFB). However, this appreciable growth has often been at the expense of job creation and poverty (Federal Republic of Nigeria, 2010). In addition, Nigeria has one of the highest levels of income inequality in the world (UNDP 2009a).

The labour force participation rate for men in 2008 was 71 per cent, compared to 39 per cent for women (WDI). In 2007, women accounted for 72 per cent of employment in the restaurant and hotel business in urban areas and 82 per cent in rural areas; men dominated in wholesale and retail employment, comprising 55 per cent of the workers in urban areas and 66 per cent of the workers in rural areas (NBS, 2009b). Women are particularly disadvantaged in the labour market because of gender disparities in literacy rates (77 per cent for men and 60.6 per cent for women) (WFB) and level of education, in addition to cultural stereotypes regarding women's work and role in the economy. Women comprise less than 20 per cent of technical college enrollment and the majority of these students are taking courses in traditionally-female occupational areas (bookkeeping, catering, home economics, etc.).

Nigeria has been described as a nation of traders with a very weak and stagnant domestic private sector economy consisting of a few huge multinationals and a large segment of essentially informal micro, small, and medium enterprises (NPC, 2004, p. 63). Nationally, about 21 per cent of workers are employed by a large or small private enterprise, ranging from a low of 10.8 per cent in the North East region to a high of 29 per cent in the South West region (Table 21). The majority of workers are employed by a private person or household (over 69 per cent), rising to over 80 per cent in the North East. In 2005, over 75 per cent of households reported being involved in enterprise activity, with an average of 2.3 persons per enterprise (NBS, 2009, table 91). Presumably, these are informal workers, confirming that the informal economy is the major source of livelihood for Nigerians. In fact, the share of informal economy

employment in total employment is one of the highest in sub-Saharan Africa (World Bank, 2009).

Table 21 Employer in main job by region, Nigeria, 2006<sup>59</sup>

Employer in main job	National (per cent)	North East (per cent)	North West (per cent)	North Central (per cent)	South East (per cent)	South West (per cent)	South South (per cent)
Government	9.1	8.0	7.2	12.3	8.1	8.7	10.5
Parastatal organization	0.4	0.1	0.2	0.3	0.5	0.7	0.4
Large private enterprise	2.1	0.4	0.9	0.8	1.9	4.1	2.8
Small private enterprise	18.9	10.4	26.3	15.8	15.5	25.0	12.7
Private person or household	69.3	81.0	65.3	69.6	73.8	61.3	73.4
NGO/international organization	0.1	0.1	0.1	0.1	0.1	0.2	0.3

Source: Data from the Nigeria Core Welfare Indicators, 2006, as reported in the *Annual Abstract of Statistics* (NBS, 2009a, Tables 85.1 and 85.2).

Nigeria's socio-economic conditions in the last two decades have been characterized by unemployment crises and mass poverty. The federal government's concern for the menacing problem of mass unemployment in the mid-1980s spurred the setting up of the National Directorate of Employment (NDE) in 1986 and the Work for Yourself Programme in 1987 to create jobs by providing training and financial support to encourage self-employment activity.<sup>60</sup> Although the NDE achieved a lot in promoting employment, creating wealth, and alleviating poverty, Nigeria's official unemployment rate in 2009 was 19.7 per cent, up from 11.9 per cent in 2005 (NBS, 2010). However, the rate of unemployment among women and, particularly, young people is much higher. In addition, over 23 million of the 40 million unemployed youth in Nigeria are deemed to be unemployable due to poor quality education and lack of job skills.<sup>61</sup> Given that youth between the ages of 15 and 30 represent 47 per cent of the nation's productive population, this a serious situation which is being addressed as an issue in the government's Vision 20:2020 Implementation Plan (Federal Republic of Nigeria, 2010).

Nigeria became independent in 1960, but has experienced considerable political instability and ethnic and religious tensions since its inception. With the emergence of democracy in Nigeria on May 1999, which ended 16 years of consecutive military rule, a new constitution was adopted and today the republic is governed by a president and a bicameral national assembly. The country is divided into the Federal Capital Territory, 36 States, and 774 local governments. The three-tiered governance system is uncoordinated, marked by the overlapping of economic and political responsibilities. The

<sup>59</sup> The total number of workers in 2006 was reported as about 52.3 million.

<sup>60</sup> The NDE launched three core programmes: the Youth Employment and Vocational Skills Development Programme; agricultural programmes; and the Small-scale Industries and Graduate Employment Scheme.

<sup>61</sup> '23MN of Nigeria's youth are unemployable', Nigerian Curiosity, 4 November 2009. See: <http://www.nigeriancuriosity.com/2009/11/23mn-of-nigerias-youth-are-unemployable.html> (4 October, 2011).

refusal of sub-national authorities to promote or support federal policies that they consider unacceptable causes setbacks in the implementation of major policies of the federal government (UNDP, 2009a).

## **Overview of the national business environment**

The Nigerian economy has re-integrated into the global economy since the emergence of democratic governance in 1999 and the implementation of market-led reforms starting in 2003. In efforts to open the economy and attract investment, the government has privatized a number of state-owned enterprises, liberalized some sectors (such as telecommunications), set up investment promotion agencies and export zones, and undertaken banking sector reform. One of its major economic challenges is to diversify the economy away from its mono-dependence on the oil sector and to encourage labour-intensive activity, particularly in the manufacturing sector, to create jobs (for both women and men) and reduce poverty.

Nigeria adopted a private sector-led growth strategy in 2001. Although the government began the process of restructuring trade policy, it continued its policies of providing direct support to industries of strategic interest and maintaining control of the oil and gas industry (World Bank, 2009). During the period from 2003 to 2007, the government initiated strategic economic reforms to create wealth, eradicate poverty, and promote economic equality. The major policy directions were laid out in the National Economic Empowerment and Development Strategy (NEEDS), which stated the major challenges as being to diversify the economic base, reduce dependence on the oil sector, deregulate, mainstream the informal sector, and create a vibrant private sector that can respond to market forces and become the engine of economic growth (NPC, 2004). Complementary strategies were to be developed at the state and local levels. The government's seven-point agenda aimed to promote sustainable growth, improve infrastructure, invest in human capital development, ensure security, law, and order, and reduce corruption and conflict through equitable and sustainable regional development. However, corruption was a major impediment to the success of efforts to execute the NEEDS and seven-point agenda. The new Vision 20:2020 plan continues to emphasize the domestic constraints to growth and development: the poor and decaying infrastructure; the epileptic power supply; fiscal dominance (public sector borrowing crowds out the private sector); pervasive rent-seeking behaviour by public and private agents; weak institutions and regulatory deficit; policy inconsistency (reversals and lack of follow-through); inordinate dependence on the oil sector for government revenue; and the insecurity of lives and property (crime, rule of law, respect for property rights, etc.) (Federal Republic of Nigeria, 2009). The overall objectives of the Vision 20:2020 are to foster private sector-powered non-oil growth, transform the structure of exports from primary commodities to processed and manufactured goods, and to become globally competitive by achieving high levels of efficiency and productivity. The plan also emphasizes the importance of SME support and of gender equity, in the latter case, stating its goal to establish the framework for gender-responsiveness in all public and private sector policies and programmes.

International assessments of the investment climate and regulatory environment in Nigeria are relatively negative. Nigeria's performance on the ease of doing business indicates a relatively worsening position over the past five years on all indicators, falling from a rank of 114 out of 183 countries in 2007 to a rank of 137 in 2011 (Table 22). It is difficult and expensive to start a business (requiring eight procedures and 31 days), lengthy and costly to register property (requiring 13 procedures and 82 days, and costing

almost 21 per cent of the property value), and requires an average of 938 hours a year of a business' time to deal with tax payments (World Bank/IFC, 2010). The trade regime is heavily protected, with import barriers and high tariffs that constrain enterprise development. Reforms are needed to lower the costs of imported inputs and to facilitate greater access to export markets.

According to interviews with business owners, the most problematic factors for doing business in Nigeria are an inadequate supply of infrastructure (roads, electricity, etc.),<sup>62</sup> access to finance, and corruption and crime (Iarossi et al., 2009; WEF, 2010). The view of men and women regarding the severity of these investment climate challenges does not generally differ, although women in the garment sector and those with informal microenterprises are more affected than men by the cost of power outages (Iarossi et al., 2009).

In addition, Nigeria continues to be hampered by the global economic crisis. Due to excessive lending to the energy sector and the decline of the stock market, five banks, accounting for about a third of banking sector assets, became financially distressed in 2009 (AfDB/OECD, 2011). The exchange rate decreased from 119 Nigerian naira per US dollar in 2008 to NGN150 in 2009.

Table 22. Nigeria's performance on 'Doing Business' rankings, 2007–2011

Ease of Doing Business	2007 rank	2008 rank	2009 rank	2010 rank	2011 rank	Change in rank
Overall ease of Doing Business	114	118	120	125	137	-23
Starting a business	86	91	95	108	110	-24
Dealing with construction permits	161	151	153	162	167	-6
Employing workers	28	27	35	37	n.a.	-9
Registering property	176	176	178	178	179	-3
Getting credit	79	84	84	87	89	-10
Protecting investors	49	53	53	57	59	-10
Paying taxes	121	120	120	132	134	-13
Trading across borders	143	144	144	146	146	-3
Enforcing contracts	89	90	92	94	97	-8
Closing a business	92	91	94	94	99	-7

Note: Rank is out of 183 countries.

Source: World Bank *Doing Business* reports.

<sup>62</sup> Transportation issues (poor roads, delays in customs procedures, high transportation costs) result in an average of 4 per cent in lost annual sales for Nigerian enterprises, and an average of 10 per cent loss in annual sales is attributable to power outages (Iarossi et al., 2009).



## Profile of women's entrepreneurship development

### The SME sector

In its national SME policy, SMEDAN defined micro, small, and medium enterprises (MSMEs) based on the number of employees and the value of assets (Table 23). A micro enterprise has fewer than 10 employees, and a small enterprise between 10–49 employees. By default, a large enterprise has 200 or more workers.

Table 23. Formal definition of MSMEs, Nigeria

Size of enterprise	Number of employees	Assets (excluding land and buildings) (NGN million)
Micro-enterprise	Less than 10	Less than 5
Small enterprise	10–49	From 5 to less than 50
Medium enterprise	50–199	From 50 to less than 500

Source: SMEDAN, 2006.

Ninety-seven per cent of all businesses in Nigeria have fewer than 100 employees. The SME sector accounts for about half of Nigeria's employment and industrial output.<sup>63</sup> Table 24 highlights data on the sectoral distribution of SMEs according to geo-political zones. The majority of the SMEs are in the services sector (43.2 per cent), followed by manufacturing enterprises (26.2 per cent). Most of the women entrepreneurs are in services and trade. Those involved in production and manufacturing are mainly in food processing and textiles. The Vision 20:2020 implementation plan recognizes the lack of comprehensive data on the SME sector and includes a component to establish functional data on the SME sector and conduct SME surveys and studies on SME-related issues in order to fill this gap (Federal Republic of Nigeria, 2010).

Nigerian SMEs face a number of bottlenecks, including: serious undercapitalization; difficulty in gaining access to bank credit and other financial markets; corruption and a lack of transparency; very high bureaucratic costs; and poor infrastructure (roads, workspaces, utilities, etc.); but most damaging has been the seemingly lack of government interest in, and support for, the role that SMEs play in national economic development and competitiveness.<sup>64</sup> This situation may be remedied during implementation of the Vision 20:2020 plan, which states the SME sector as one of the country's development priorities and outlines actions to address the major obstacles to growing the SME sector (Federal Republic of Nigeria, 2010).

<sup>63</sup> 'Small Firms are the Backbone of the Nigerian Economy', by D. Ariyo, Africa Economic Analysis. Available at: <http://www.africaeconomicanalysis.org/articles/gen/smallhtm.html> [04 October 2011].

<sup>64</sup> Ibid.

Table 24. Sectoral distribution of SMEs by geo-political zone, Nigeria

Geo-political zone	Sub-sector					Total Number of enterprises
	Agriculture Number of enterprises	Manufacturing Number of enterprises	Mining Number of enterprises	Services Number of enterprises	Others Number of enterprises	
South-South	485	249	137	272	65	1 208
South-East	2 833	6 503	169	3 928	11 475	24 908
South-West	541	4 066	31	14 676	-	19 314
North-East	1 152	997	3	3 487	-	5 639
North-West	297	1 056	26	758	-	2 137
North-Central	2 365	4 006	72	4 638	-	11 081
<b>Total</b>	<b>7 673</b>	<b>16 877</b>	<b>438</b>	<b>27 759</b>	<b>11 540</b>	<b>64 287</b>
<i>Percentage share of enterprises</i>	<i>11.9%</i>	<i>26.2%</i>	<i>0.7%</i>	<i>43.2%</i>	<i>18.0%</i>	<i>100%</i>

Source: SMEDAN, and FMOCI (2007).

## The role of women in SMEs

There are no available published sex-disaggregated data for SMEs and entrepreneurship in Nigeria. The National Bureau of Statistics (NBS) has reportedly conducted a recent survey of women entrepreneurs, but the results of the survey have not yet been released. Nigeria will also participate in the Global Entrepreneurship Monitor (GEM) research project in 2011, which will provide data on the percentage of women involved in entrepreneurial activity, as well as their demographic make-up, but these results will not be available until 2012.

According to the World Bank Enterprise Survey for Nigeria, which covers registered enterprises with employees, women participate in the ownership of 20 per cent of these enterprises: 22.2 per cent of the small enterprises (1–19 employees), 13.5 per cent of the medium enterprises (20–99 employees), and 1.5 per cent of the large enterprises (100 or more employees) (World Bank/IFC, 2007<sup>65</sup>). If only the microenterprises are considered (formal or informal with fewer than five employees), women own 30 per cent (Iarossi et al., 2009). Women's participation in the ownership of formal enterprises also varies considerably by region of the country, being higher than average in Abuja and the South East region (Abia, Anambra, Enugu) and lower than average in the North East and North Central regions (Bachi, Kaduna, Kano) (Iarossi et al., 2009). However, Nigeria's women entrepreneurs mostly operate their micro and small enterprises in the informal economy, not reflected in the World Bank statistics.

Nigerian women entrepreneurs appear to be major players in retail distribution, micro food-processing, and traditional crafts, such as pottery and textiles, sectors in which productivity and income tend to be very low (SMEDAN, 2006). The majority of women operate in the informal economy and are often prevented from running competitive businesses by their relatively low education and skill levels, which generally

<sup>65</sup> The Enterprise Survey was carried out with a few hundred business owners across the country.

limit their access to the various support services and to critical resources, such as land, technology, and credit. As a result, women entrepreneurs face many constraints at the start-up and operational stages.

In lieu of any comprehensive studies on the country's women entrepreneurs, a survey of 114 women was conducted during the course of conducting this assessment of the environment for women's entrepreneurship in Nigeria. The results of this survey provide a preliminary picture of the profile of women entrepreneurs.<sup>66</sup> Almost half of the respondents were women between the ages of 25 and 39 and 41 per cent had a university/tertiary level of education (28 per cent of those from rural settings and 45 per cent of those from urban settings) (Table 25). Fewer than 20 per cent had less than a secondary level of education. Over 90 per cent were owners of a microenterprise. About 44 per cent operated businesses in the trade sector, a third in the services sector, and only 22 per cent in the production sector. About 65 per cent of the responding women entrepreneurs cater to local markets, with decreasing levels of trade in regional, national, and international markets (21 per cent, 3.5 per cent, and 1.8 per cent, respectively).

Over 45 per cent of the respondents stated the desire to be their own boss (independence) as the major driver for starting a business, while about 41 per cent cited market opportunities (a niche) as the motivation. Only about 20 per cent reported being drawn to entrepreneurship by necessity factors (could not find a job, did not have the skills for other kinds of work, etc.).

Table 25. Profile of survey sample of women entrepreneurs, Nigeria

Variable	Detail	Number of respondents	Percentage
Location	Rural	25	21.9
	Urban	89	78.1
Age of respondent	15-24 years	1	0.9
	25-39 years	55	48.2
	40-55 years	35	30.7
	Above 55 years	23	20.2
Education of respondent	No formal schooling	6	5.3
	Primary school	13	11.4
	Secondary school	19	16.7
	Vocational or technical training	7	6.1
	Non-tertiary post-secondary education	22	19.3
	University/tertiary education (bachelors/masters)	47	41.2
Business sector	Trade	50	43.9
	Services	39	34.2
	Production (food processing, etc.)	25	21.9
Size of enterprise	Micro	104	91.2
	Small	10	8.8
	Medium	0	0

<sup>66</sup> Surveys were conducted with 114 women entrepreneurs (89 urban and 25 rural) from Abuja, Lagos, Ibadan and Yola. The sample of women entrepreneurs was a convenience sample and not representative of all women entrepreneurs in Nigeria.

Variable	Detail	Number of respondents	Percentage
Trading area	Local markets (local area)	74	64.9
	Regional or provincial markets	24	21.0
	National markets (across the country)	4	3.5
	International markets	2	1.8
	Others	10	8.8
Reason for starting the business*	Wanted to be my own boss	52	45.6
	Saw the market opportunity for a profitable business	47	41.2
	Can work when and how I want	12	10.5
	Couldn't find work anywhere else	12	10.5
	Didn't have any skills for other kinds of work	5	4.4
	Previous employment ended	7	6.1
	Others (personal interest, etc.)	9	7.9

Note: \* Respondent could choose more than option.

Source: Data from survey of women entrepreneurs (Anyanwu, 2009).

Over 90 per cent of the women entrepreneurs responding to the survey were very optimistic about the business outlook over the next two years. In order to strengthen their potential for success, in what they perceive will be a stronger business environment; many of the women entrepreneurs have plans to make various sundry investments in their businesses. Over three-quarters of them plan to make new investments in the business; 87.5 per cent to expand or improve the business; two-thirds to expand the range of products and services; and about 58 per cent to increase the number of workers and to improve the working conditions for staff. The majority of the women stated that if the overall business environment is good for small businesses, they will be able to realize their plans and future business investments.

### **Barriers and constraints to women's entrepreneurship**

The survey conducted as part of this assessment of the environment for WED in Nigeria revealed significant challenges and constraints faced by women entrepreneurs. In order of priority, the women entrepreneurs in the survey ranked lack of access to capital and credit and socio-cultural barriers as the most constraining, followed by training and education needs; lack of information; policy inconsistency; poor infrastructure; and competition from men (Table 26). However, one notes a lack of consistency on the ranking of challenges facing women entrepreneurs between the women entrepreneurs and the other three groups surveyed (development partners, stakeholders, and women entrepreneurs' associations, WEAs). Whereas access to capital and credit and socio-cultural barriers are considered the top two challenges of each group, capacity building is seen as less important by development partners and stakeholders than by women entrepreneurs and WEAs, and poor infrastructure is seen as of higher importance.

Table 26. Ranking of the challenges facing women entrepreneurs by various groups, Nigeria

Challenges	Women entrepreneurs	WEAs	Development Partners*	Stakeholders**
Lack of access to required capital (including credit)	1	1	2	2
Socio-cultural barriers	2	2	1	1
Capacity building (including training and education) needs	3	3	5	6
Lack of information/ policy inconsistency	4	4	4	3
Poor infrastructure	5	4	3	3
Competition from men	6	6	5	5

Notes: 1 = most highest-ranked challenge; 6 = lowest-ranked challenge.

\* Development partners include United Nations organizations and other donors.

\*\* Stakeholders include government officials, Chamber of Commerce and Industry, Manufacturers Association of Nigeria (MAN), etc.

Source: Data from Anyanwu (2009).

The findings from the focus group discussions also revealed that information on market opportunities is not widely disseminated to women, as there are no formal linkages between women entrepreneurs and the Nigerian Export Promotion Council (NEPC) and the chambers of commerce. Neither of these organizations have particular initiatives to assist women-owned small enterprises in terms of access to markets. Only 10 per cent of surveyed women entrepreneurs has participated in government-sponsored domestic trade fairs and their level of participation in missions to other countries is extremely low (2 per cent). Other barriers and constraints identified by the focus group participants included a multiple taxation regime by three tiers of government and lack of general information.

## The policy, legal, and regulatory environment for women's entrepreneurship

### SME promotion policies

The Nigerian government's policy of promoting small and medium enterprises (SMEs) dates back to the early 1970s. The hope of promoting small-scale enterprises to stimulate entrepreneurship was first documented in the 2nd National Development Plan (1970–1974). This policy continued in subsequent National Development Plans through various strategies to improve the technical, financial, and management capacities of small-scale industries. Further, the development of SMEs was a key cornerstone of the government's National Economic Empowerment Strategy (NEEDS), in 2004 (NPC, 2004) and is a pivotal policy priority in the Vision 20:2020 implementation plan (Federal Republic of Nigeria, 2010).

The first formal SME policy, the National Policy on Small and Medium Enterprises, was adopted in 2007. The goal of the policy is to create, nurture, and promote the necessary conditions for SME growth (SMEDAN, 2006). This policy serves as the guiding document for the activities of the Small and Medium Enterprise Development Agency of Nigeria (SMEDAN), an agency established by the government in 2003. The key programme areas outlined in the broad SME strategy include primary attention to the institutional, legal and regulatory framework concerning business registration, land/property rights and land use planning, contract enforcement and dispute resolution and tax administration; and the development of programmes in the areas of technology,

research and development, extension and support services, and access to marketing, infrastructure and finance.

SMEDAN has since been working on areas that affect the legal and regulatory environment. Goals and objectives include a review of labour laws for the mutual benefit of entrepreneurs and their employees, designing programmes to simplify the business registration process, to hasten and improve land and other business property acquisition processes, and to simplify procedures for MSMEs. It is difficult to quantify how much success the agency has been able to achieve.

There have been no specific policies or strategies for SME or entrepreneurship development specifically tailored to women (Olutunla, 2008) and limited consideration of gender issues or targeting of women entrepreneurs in SMEDAN's SME policy, although the Vision 20:2020 implementation plan does address the need to provide entrepreneurship and skills training to women and to support rural women entrepreneurs in gaining the resources they need to engage in agricultural-related enterprises. In the past, the Better Life Programme for Rural Women (BLPRW) initiative, launched in 1986, made unprecedented contributions to the activities of rural women in such areas as agriculture, cottage industries, and trade. Through the BLPRW, rural women were able to access credit and farm inputs from Better Life Cooperatives established for that purpose, as well as various kinds of training support. An additional policy initiative to improve the quality of life for women has been to encourage vulnerable women to form Women Cooperatives Societies to enable their better access to microfinance for business activities or improvements. A number of NGOs have also emerged to promote entrepreneurship development, prominent amongst them the National Association of Women Entrepreneurs (NAWE) and the Country Women Association of Nigeria (COWAN), which has contributed immensely towards WED through the organization of many cooperatives and micro-credit schemes in partnership with the United Nations.

## **Business registration and licensing**

The Corporate Affairs Commission (CAC) is the sole agency charged with responsibility for business registration in Nigeria, including regulating and supervising the formation, incorporation, management, and winding-up of companies, in both the private and public sectors. The process of business registration could be judged as a simple one, but it is quite cumbersome and unnecessarily long for SMEs, taking up to 31 days to complete the process of business registration (World Bank/IFC, 2010) and requiring the services of legal practitioners. It is also expensive with high costs for legal and incorporation fees, as well as stamp duty paid on capital, among other charges. Most of the micro and small enterprises operate in the informal economy and are not fully sensitized regarding the benefits of business registration.

### ***Business registration, licensing and women entrepreneurs***

Among the 114 women entrepreneurs surveyed, almost 85 per cent had single-ownership businesses and fewer than 2 per cent were incorporated (Table 27). Only about 20 per cent had succeeded in fully registering their businesses with the CAC, possibly reflecting a low perceived need to register. Of these who had registered with the CAC, just over a quarter were also registered with the Federal Inland Revenue Service (FIRS) for tax purposes.

Table 27. Legal status of women's enterprises, Nigeria

Status	Number of women entrepreneurs responding	Per cent
Single ownership	96	84.2
Family owned business	11	9.6
Partnership	5	4.4
Incorporated with limited liability	2	1.8
<b>Total</b>	<b>114</b>	<b>100</b>

Source: Survey of women entrepreneurs (Anyanwu, 2009).

Some women view that it is advantageous to operate in the informal economy, where they feel they can maximize profits. Additionally, local and state government authorities impose miscellaneous taxes on poor entrepreneurs. If these entrepreneurs are registered with the CAC, they are expected to be remitting value added tax (VAT), as well as statutory taxes to the FIRS. This has, in a way, adversely affected the zeal of women entrepreneurs to comply with the obligatory business registration, even though registration has its inherent advantages. Provision of tax incentives may help improve the poor business registration practices currently witnessed amongst women entrepreneurs.

## Finance and credit policies

One of the critical factors for the growth of SMEs is easy access to finance. Assessments of the investment climate in Nigeria report that over half of the enterprises experience access to financing and the cost of debt as problems (World Bank and AfDB, 2008). Formal external finance is primarily from banks (specialized, development, commercial), government agencies, and NGOs. To obtain bank financing, entrepreneurs are expected to provide up to 25 per cent of the applied-for financing as equity and/or to produce security. It has been difficult for women to raise financing for their businesses because most interested women, or those engaged in farming, earn low incomes, have low savings, and can offer only very limited collateral.

Over the years, the government has undertaken significant efforts to reform the banking sector,<sup>67</sup> but SMEs continue to be disadvantaged in securing financing from commercial banks. One of the barriers to accessing financing is the low percentage of Nigerian adults with bank accounts, a prerequisite to obtaining bank credit. As reported by Isern et al. (2009), only 21 per cent of Nigerian adults has a bank account (18 million adults), 74 per cent have never had an account (64 million adults), and 61 per cent of the urban and 86 per cent of the rural population are unbanked. Rural areas are especially disadvantaged by the low geographical representation of microfinance banks (MFBs), the government's latest major policy initiative for MSME financing in Nigeria. Women, too, are particularly disadvantaged, as 85 per cent of them have never been banked (EFInA, 2008). The bottom line is that only 5 per cent of enterprises have access to a loan and 59 per cent report difficulties in accessing financial services (Isern et al., 2009).

<sup>67</sup> The banking structure in Nigeria is led by the Central Bank of Nigeria (CBN), which regulates all activities of financial institutions.

There are various interventions by government and organizations to support the financial needs of SMEs. Some examples of programmes are the Small Scale Industries Scheme, the Nigerian Bank for Commerce and Industry (NBCI); the Small and Medium Scale Enterprises Loan Scheme; the National Economic Reconstruction Fund, and the Agricultural Credit Guarantee Scheme for agricultural enterprises. The Nigeria Agricultural Cooperative and Rural Development Bank (NACRDB), renamed the Bank of Agriculture (BOA) in late 2010, has the responsibility to respond to agricultural financing needs at both the micro and macro levels, as well as to provide microfinancing for SMEs, especially those based in rural areas. This is an important policy initiative because many banks are reluctant to grant agricultural loans due to the vulnerability of the sector or because they do not have credit officers who are sufficiently knowledgeable about the sector to conduct the due diligence.<sup>68</sup> In 2005, the Central Bank of Nigeria (CBN) set up a framework and policy for the development of MFBs in order to promote entrepreneurship and, thus, to combat unemployment and poverty (CBN, 2005). One of the objectives of this Microfinance Policy was to eliminate gender disparities by improving women's access to financial services by 5 per cent annually, a relatively modest target. Many of the community banks have converted to MFBs, which, in 2010, numbered close to 900. The Committee of Microfinance Banks in Nigeria was inaugurated in 2008 as a forum for advocacy, information-sharing, capacity building, and finding solutions to the challenges facing the microfinance sector.

Although it is difficult to assess the success of government-led financing programmes, many of these efforts have not yielded the desired results due to either corruption, dominance of public sector ownership, poor credit administration procedures, or the high cost of programme implementation. Another observation worth noting is that over 95 per cent of all the employment-poverty initiatives are now moribund.

Descriptions of some of the key SME financing schemes are presented below.

**Small and Medium Enterprises Equity Investment Scheme (SMEEIS):** Through the CBN, the Bankers' Association decided to establish the SMEEIS in 2001. In this scheme, each bank was to set aside 10 per cent of annual profits before tax to a pooled account to be used to promote, invest, nurture, and provide financial and managerial services to new and existing SMEs. However, in order to be eligible for a SMEEIS loan, the enterprise had to have more than 11 workers and be legally incorporated. This eliminated most small enterprises and all informal enterprises, thus, was not a major funding programme for women-owned enterprises.

During the seven years of the operation of SMEEIS, several modifications were made to its guidelines to better realize its objectives. However, in spite of these efforts, there was a dearth of bankable SME projects. Apart from the lack of any deliberate incorporation of special provisions to target the financing of women entrepreneurs, the banks did not offer enough loans to SMEs (in fact, no loans to microenterprises<sup>69</sup>), fearing the high risks involved, due to the perceived capacity

<sup>68</sup> Agricultural credit as a percentage of banks' total credit in Nigeria was 1.4 per cent in 2008 and has averaged 2.4 per cent over the last three years. See: 'NACRDB changes name to Bank of Agriculture', *Vanguard*, online edition, 18 November 2010. Available at: <http://www.vanguardngr.com/2010/11/nacrd-b-changes-name-to-bank-of-agriculture/> [04 October 2011].

<sup>69</sup> Central Bank of Nigeria estimates, 2006.



constraints of the owners. In addition, enterprises in 12 states did not benefit from the scheme at all, and there were several states with only one or two enterprise beneficiaries. The cumulative sum set aside by banks under the SMEEIS up to June 2008 (when the programme ended) was NGN42.02 billion. Of this amount, NGN24.75 billion, or 58.9 per cent, was invested in 327 projects, almost 40 per cent of which were manufacturing enterprises.

**Micro Credit Fund (MCF):** The MCF was launched in 2008 to replace the SMEEIS. The balance of the SMEEIS fund account (about NGN20.0 billion), projected to grow to NGN100 billion by 2010, was transferred to the MCF (CBN 2008b) to enhance the flow of funds to microenterprises, in particular: to complement the government's poverty alleviation objectives and activities of MFBs; and to ensure a wider and equitable distribution of credit to entrepreneurs across the country by allowing state governments to engage in wholesale borrowing from the banks and on-lending to the entrepreneurs in their respective states.

All deposit money banks in Nigeria are now required to set aside 5 per cent of their annual profits after tax for the MCF. In addition to this, banks are expected to continue their support to SMEs, while the CBN, in collaboration with the fiscal authorities, are to work out other necessary incentives to make SME lending more attractive to the banks.

The MCF is made available to all state governments with viable microfinance proposals. To access the fund, a State has to implement appropriate institutional arrangements for disbursing and receiving the funds, to be verified by the CBN; to demonstrate a commitment to supporting SMEs by setting aside a counterpart fund equal to the amount of the loan being sought; to deposit the counterpart fund in the bank from which it is obtaining the funds; and to set up a monitoring mechanism to ensure efficient utilization of the funds. The CBN articulates clear guidelines for the implementation of the MCF, monitors its implementation, and publishes periodical reports on its performance.<sup>70</sup>

**Bank of Industry (BOI):** The BOI, established in 2001, is another initiative through which SMEs can access credit. The BOI provides direct loans to SMEs, offers financial advisory services to entrepreneurs, and acts as an intermediary between entrepreneurs and financial institutions. It also provides MSME Development Funds in several States and offers Bootcamp workshops for entrepreneurs. Further, it has a Gender Desk handling loan requests for women entrepreneurs and delivers a loan programme exclusively for women, the Business Development Fund for Women (BUDFOW).

Manufacturing SMEs received between 65 per cent and 79 per cent of the total BOI loans from 2001 to June 2007 (Mousley et al., 2008). However, out of the 341 applications received by the BOI, only 45 were approved (only about 13.2 per cent of applications), representing 16.7 per cent of the value of loans applied for by the manufacturing companies. On the other hand, the BOI claims that, in 2008, it recorded an unprecedented 32 per cent expansion in its loans to SMEs without compromising the quality of its risk assets. SMEs received 198 of the loans

<sup>70</sup> It was not possible to obtain copies of any published reports during the course of this assessment.

approved in 2008, and only nine were to large enterprises. The portfolio at risk declined from 65 per cent in 2005 to 10 per cent by 2008.

**Nigerian Export Import Bank (NEXIM):** NEXIM also provides financial services to Nigerian entrepreneurs. By the end of fiscal year in June 2008, the total loan disbursement stood at NGN392.2 million. This amount was disbursed under the Direct Lending Facilities to support the exporting of various products in the manufacturing, agricultural services, and solid minerals sub-sectors. The services sector received the highest loan volumes (63.3 per cent of total), followed by the agriculture sub-sector (15.2 per cent), the manufacturing sector (11.9 per cent), and the solid minerals sector (9.7 per cent) (CBN, 2008b).

Apart from the BOI and NEXIM financing for SMEs, SMEDAN is collaborating with the BOA on financing for agro-based enterprises, and with the National Poverty Eradication Programmes (NAPEP) on a multi-party micro-credit scheme. The problem with these sources of financing (NEXIM, BOI, and MFBs), which were supposed to be the start-up financial havens for SMEs, is that the cumbersome procedures for obtaining loans are quite challenging, especially for women entrepreneurs, thus their impact on SMEs has been somewhat minimal.

### *Finance and credit policies for women entrepreneurs*

High interest rates, collateral security requirements and complex loan application procedures create problems for women entrepreneurs who might otherwise benefit from bank loans. To address these difficulties in accessing commercial bank financing, the government has implemented a few initiatives targeting women entrepreneurs. The Women Fund for Economic Empowerment (WOFEE), established in 2006 by the Federal Ministry of Women Affairs (FMOWA) and delivered through the Bank of Agriculture (BOA), provides a micro-credit funding window for rural women, along with skills training, information, and help in sourcing markets, to encourage them to pursue enterprises in food-processing and production. This micro-credit fund is extended to women's cooperative societies so they can operate revolving loan schemes for their members. Funding has been given to over 800 women's cooperative groups with in excess of 17,000 members.

The FMOWA also works with the BOI to administer the Business Development Fund for Women (BUDFOW) on its behalf, a fund that provides soft loans to women entrepreneurs. As noted above, the BOI has a gender desk handling loan schemes specifically for women's enterprises, also in conjunction with the FMOWA. However, less than one per cent of the women entrepreneurs interviewed for this assessment of the environment for WED in Nigeria stated that they had ever received a loan from the BOI.

In 2006, the Access Bank of Nigeria was admitted to the Global Banking Alliance for Women, a consortium of best practice banks that leverage the women's market for profit and social good. The International Finance Corporation (IFC), a partner in this initiative, initially provided a US\$15 million line of credit to the Access Bank for on-lending to women-owned businesses. The IFC programme enables the Access Bank to meet the financing needs of women clients, particularly those that own SMEs, provides assistance and training to enhance the bank's ability to reach out to women entrepreneurs, and provides business and management training for women entrepreneurs through the IFC Gender Entrepreneurship Markets programme component. Since the partnership launch, US\$18 million in loans has been disbursed to women entrepreneurs in Nigeria, and over 300 women have received training on how to grow their businesses

successfully. This initiative was referenced at the ‘2010 Summit: Global Banking Alliance’ as an example of what can and should be done for women entrepreneurs.<sup>71</sup>

Women entrepreneurs can also access other credit schemes, such as from the MFBs and the NAPEP informal micro-credit scheme. Data suggests that women receive about 35 per cent of the MFB loans (Adewumi et al., 2009), a gender gap that is linked to women entrepreneurs approaching banks on an individual basis (rather than in groups) and without soundly written business plans and/or feasibility studies (Olutunla, 2008). According to NBS (2009b) data, women made up 29.8 per cent of the 28 648 NAPEP micro-credit clients as of 2007.

Findings from the survey of 114 women entrepreneurs in Nigeria revealed that they are most likely to approach family and friends for loans (44.3 per cent) (from whom they have the highest rate of success), followed by microfinance institutions (30.7 per cent) (Table 28). Only 9 per cent of the women approached the BOI, from which 37.5 per cent managed to receive a loan. Among the factors that may account for the higher patronage of MFIs/MFBs among women entrepreneurs over the regular commercial or specialized banks are the lack of available information on commercial banks’ financing products and their modus operandi, and the more liberal approach of MFBs in terms of security demands and other customer requests.

Table 28. Financing sources approached by women entrepreneurs and success rate, Nigeria

Financing source	Approached for financing (per cent of women entrepreneurs)	Succeeded in securing financing (per cent of women entrepreneurs)
Family/friends	44.3	92.3
Microfinance institutions or MFBs	30.7	63.0
Bank of Industry (BOI)	9.1	37.5
Money lender	5.7	60.0
Nigeria Agricultural Cooperative and Rural Development Bank (NACRDB) (now the Bank of Agriculture)	4.5	75.0
Women Fund for Economic Empowerment (WOFEE)	2.3	50.0
Business Development Fund for Women (BUDFOW)	2.3	100.0
IFC/ Access Bank - Gender Empowerment Programme	1.1	0.0
<b>Total</b>	<b>100</b>	

Source: Survey of women entrepreneurs (Anyanwu, 2009). These figures represent responses from 88 of the 114 women entrepreneurs in the survey.

Women entrepreneurs in the focus group discussions indicated that women often choose to access funds from family members and friends because it is easier. They do not have to be concerned about the lack of sufficient security, high interest rates, or the fear

<sup>71</sup> ‘IFC Partners with Nigeria’s Access Bank to Open the First Credit Line for Women Entrepreneurs’. Available at: <http://www.ifc.org/ifcext/media.nsf/content/SelectedPressRelease?OpenDocument&UNID=FD5F1CE7D90F495385257188004CB024> [04 October 2011].

of harassment, which some women entrepreneurs had faced from their bankers in the course of loan recoveries. Another highly probable reason is that few women entrepreneurs maintain business bank accounts, one of the requirements in accessing credit from banks.

## **Labour laws and regulations**

The labour law in Nigeria (Labour Act No. 21 enacted in 1974) provides for equal treatment of women and men and equal access to decent jobs for all Nigerians, except in the case of jobs or work expressly reserved for men. The fact that certain jobs or work (for example, working underground) are expressly reserved for men indicates a degree of gender discrimination in the Labour Act. The Act also has special provisions for women workers with respect to maternity leave and certain regulations concerning the physical condition of the work environment.

### *Labour laws and regulations for women entrepreneurs*

Women participating in the focus group conducted as part of the assessment of the environment for WED in Nigeria were not aware of any government strategy, policy, regulation, or plan directed at women that would enable them to start and to grow a business. However, during the ILO/Nigeria Employers' Consultative Association (NECA) Validation Forum held in Lagos in 2009, a new labour act, which is more gender-sensitive, was reported as being before the National Assembly for passage.<sup>72</sup>

## **Property rights**

The 1999 Constitution guarantees every Nigerian, regardless of sex, the right to own immovable and moveable property under the same conditions prescribed by law. However, customary laws and practices of several communities do not support the rights of women to own immovable property, and moveable property is often held in the name of the husband.

Nigeria's Land Use Act of 1978 relating to land acquisition and property ownership vests all lands in the Governor of a state who holds it in trust for the people. In its pure form, anyone, male or female, can apply for a parcel of land, and if the governor considers the application worthy, would allocate such land to the applicant for a fee, with a certificate of occupancy, or a customary right of occupancy. However, it is not easy to apply for and obtain a certificate of occupancy in respect of any land as the process is long, expensive, and cumbersome. The application of this law is also not very clear, considering the lingering cases in courts regarding land disputes, and the conflicting rulings that higher courts give in some instances. This is also compounded by the fact that the customary land tenure is still upheld in some parts of the country, and such laws do not recognize women as having rights to own lands.

<sup>72</sup> It was not possible during the course of this assessment to obtain information on the status of the official adoption of the new Labour Act.

A very important criticism of the Land Use Act is the status of the certificate of occupancy issued by the Governor in mortgage transactions and bank lending; it essentially connotes a leasehold interest. Compensation under the Land Use Act may not be automatic as such. It has to be approved by the Governor and payment is for genuine improvement on land only. It is also difficult and legally expensive to protect property rights. The new Land Reform Bill introduced in 2009 aims to restrict the power of state Governors over land transactions, making it unnecessary to have a Governor's blessing for mortgages, subleases, and other land transfers and, thus, easier to acquire land and to use that land as a convertible asset and means of accumulating capital.

Although the Land Use Act promotes access to land for both men and women, land continues to change hands in accordance with native laws and customs of the people outside of the government regulatory system (Aluko and Amidi, 2006). Since the customary land tenure and inheritance systems discriminate against women, there is inequality in access to land. The result is a very low prevalence of female land-owners. Only 7.2 per cent of women own land in Nigeria, compared to 38 per cent of men (NBS, 2009a, Table 64.1), or in other words, women comprise only 15.8 per cent of landowners (Federal Ministry of Justice, 2008, p. 45). Because women are largely unaware of their rights to land ownership under the Land Use Act, they are not in a position to defend their legal rights when customary practices are applied. Women's land rights are further weakened by the limited participation of women in customary land management institutions. While women have ways of bringing their views to the attention of customary land management institutions, they usually do not participate in decision-making (low economic power). As a result, community decisions are made without explicit reference to women's knowledge or consideration of their priorities (Aluko and Amidi, 2006).

### *Property rights and women entrepreneurs*

The majority of the 114 women entrepreneurs in the sample survey carried out as part of the assessment of the environment for WED in Nigeria do not own their premises, although 20 per cent operate from their houses (Table 29). Almost two-thirds operate their businesses from rented premises, and even a higher proportion in rural areas. The focus group participants attributed this to the application of customary land law in the rural areas, although the Land Use Act of 1978 supersedes it. In urban areas, the cost of acquiring business premises is prohibitive. This is partly responsible for the low participation of women in business clusters and business incubation parks. There are no women-specific business incubators or technology parks. Very few women have secured market stalls. They hawk and operate as street food vendors. Those involved in food processing cannot afford up-to-date technologies, let alone gaining access to spaces in industrial estates or export zones.

Table 29. Types of business premises of women entrepreneurs, Nigeria

Types of business premises	Number	Per cent
Rented shop (in the market or business site)	72	64.0
House	21	20.2
Informal structure constructed by them	11	9.6
Street (no structure)	2	1.8
Other (e.g. family structure)	8	4.4
Total	114	100

Source: Survey of women entrepreneurs (Anyanwu, 2009).

## Assessment of policy, legal, regulatory, and support environment for women's enterprise development

### *Gender and mainstreaming policies*

Nigeria has ratified several international instruments, treaties, and conventions related to gender equality and equity and, in 1989, established a National Commission for Women to assume responsibility for the integration of women into national development activities. The Commission was later upgraded as a full Ministry of Women Affairs. In spite of these efforts, discrimination persists in the Constitution, national and state statutes, and customary and religious laws that militate against the rights and full participation of women in national development. As an overarching framework, the Constitution is, in itself, problematic in that it is written in masculine gender, is gender-blind, and has no affirmative action clauses to address historical discrimination and injustices against women.

Nigeria first developed a National Policy on Women in 2000. The goal of this policy was to ensure that the principles and provisions contained in the 1999 Constitution were effectively enforced and that gender perspectives were mainstreamed into all policies and programmes based on a systematic gender analysis of the issues. This policy was replaced in 2006 by the National Gender Policy (NGP), produced by the FMOWA. The purpose of the policy is to pursue legal equality for men and women and remove all obstacles to the social, economic, and political empowerment of women. The implementation of the NGP is to be carried out by all the ministries, departments, and agencies, at all levels of government and the private sector, with the FMOWA as the anchoring body. Since adoption of the policy, several actions have been taken to develop women-focused programmes in education, health, science and technology, employment, agriculture, industry, the environment, social services, politics, decision-making, and media relations. In addition, gender issues are given consideration in the key economic policies of the country, such as the NEEDS and the Vision 20:2020 plan. In fact, Vision 20:2020 set a target to increase women's access to paid employment, land, credit, and other productive resources by 80 per cent by the year 2020, and stated objectives to set up micro-credit schemes for rural women and to allocate more land to women for farming activities (Federal Republic of Nigeria, 2009). The FMOWA is involved in women's entrepreneurship through the National Centre for Women Development, created within the FMOWA in 1997. One of the main activities of this Centre is training, including support for entrepreneurship training, as well as the promotion of women entrepreneurs and networking.

One of the obstacles to monitoring the implementation impact of the gender policy has been the lack of sex-disaggregated data on a range of socio-economic indicators, although capacity is being built to produce gender statistics. The National Centre for Women Development serves as a gender bank on gender and development in Nigeria, an annual workshop on gender statistics development is held for all ministries, departments, agencies, and the NBS has begun to produce an annual *Women and Men in Nigeria* report (NBS, 2009a).

However, participants in the focus groups convened during the course of this assessment of the environment for WED suggested that the NGP does not contain sufficient focus on economic aspects geared towards women's empowerment and business development, that there are not enough 'teeth' in the policy to 'bite' defaulters, and that considering the scarce resources at the disposal of the FMOWA and possible lack of effective coordination, the policy may fail in achieving its objectives. Thus, they expressed doubt about the efficacy and ability of the policy to boost the economic status

of the Nigerian woman. In addition, women felt that they were not properly and adequately consulted or briefed during the formulation of the policy.

One of the issues in accelerating the advancement of women's equality and empowerment is participation of women in decision-making positions. In 2010, women made up only 6.9 per cent of the 360 members of the House of Representatives, 7.3 per cent of the 109 members of the Senate, 7 of the Deputy Governors, and very few of the members in the State Houses of Representatives. To improve this situation, in 2010, the FMOWA launched a campaign to ensure that women secure at least 35 per cent representation in elective and appointive positions in 2011, one of the objectives of the NGP.<sup>73</sup> Key to this campaign was inauguration of the National 100-Women Consultative Group, which was given responsibility for mobilizing women politicians at all levels and their effective participation in politics and decision making; advocating for women and their issues; and fostering engagements on women issues with various stakeholders and institutions in the public and private sectors (through advocacy visits and lobbying) to strengthen and mainstream gender matters in national institutions and establishments.

### **Support structures, programmes and initiatives**

There are a number of structures and programmes to support SME development in Nigeria. These include: three Entrepreneurship Development Centres (EDCs), established by the CBN in partnership with organizations in Lagos, Kano, and Onitsha, that offer skills and entrepreneurship training, counselling, and mentoring to potential entrepreneurs and existing SMEs; the Centre for Management Development, a parastatal institution attached to the National Planning Commission (NPC) that provides management training to small-scale industries and courses on how to start a business; the Industrial Training Fund (ITF); the National Productivity Centre; 11 Business Service Centres (BSCs) and 21 Business Information Centres (BICs) located in venues across the country<sup>74</sup> that provide information in support of new enterprise creation and the improvement or expansion of existing SMEs (operated by SMEDAN in collaboration with relevant stakeholders); and the National Directorate of Employment (NDE) that claims to have assisted close to a million Nigerians in setting up a business. In fact, most of the para-statals under the commerce and industry sector are involved in skills and entrepreneurship development to promote capacity building for SMEs. Although women can access the services of these organizations, there are no indicators on their participation level.

Since its establishment in 2003, SMEDAN has taken the leadership role in promoting entrepreneurship and developing the SME sector and is the main provider of business information, entrepreneurship training, and counselling to SMEs. The organization has not focused on women entrepreneurs as a target group, but does reach women entrepreneurs throughout the country in their programme offerings. However, there are no available indicators on the number of women beneficiaries of SMEDAN programmes and services or the proportion of women-owned enterprises among SMEDAN clients.

<sup>73</sup> See '2011: First Lady wants women to be focused as Ministry sets up lobby group' (<http://www.fmow.gov.ng/news.asp?Index=1734&index2=8>)

<sup>74</sup> Number as reported for 2006. The goal is to have 120 BICs and 24 BSCs across the country.

Although there are many Nigerian organizations, donor agencies, and NGOs that promote entrepreneurship, the assessment study did not identify many promotional initiatives (conferences, events, campaigns, awards, etc.) designed specifically for women entrepreneurs. The ILO has worked with NECA to deliver activities for women entrepreneurs. Examples include: the Product Exhibition, ‘Advancing Women Entrepreneurship through Exhibition; a two-day event to create a platform for the promotion of products made by women entrepreneurs in Nigeria and to facilitate market access; a one-day event to promote the enabling environment for WED; and the Windows of Investments Workshop to give details on various ways that women entrepreneurs can venture and raise funds to move their businesses to the next level.

In 2010, Nigeria, hosted by the Pan-African University, joined the growing roster of some 100 countries participating in the Global Entrepreneurship Week. Promoted heavily via the internet and social networks, the target population is mainly young women and men. As part of the Week activities, Nigeria launched a youth entrepreneurship award to foster the spirit of entrepreneurship and motivate young people to pursue entrepreneurial ideas with the support of entrepreneurs, government officials, non-profit leaders, and educators.<sup>75</sup>

No needs assessments have been carried out on the entrepreneurial training and business development needs of women entrepreneurs at the start up, formalization, and growth stages. As part of its mandate, SMEDAN delivers entrepreneurship training or facilitation programmes on how to start enterprises for both men and women, however, the content, scheduling, and duration, as well as training locations, are not often designed in accordance with the needs and preferences of women entrepreneurs. On the other hand, although the numbers of clients served by EDCs is a small proportion of the potential market in Nigeria, the EDCs have been somewhat successful in serving women. During the two years, 2008 and 2009, about 31 per cent of the 13 441 clients receiving skills and entrepreneurship training were women. The Vision 20:2020 implementation plan does, however, outline a Women Vocational and Entrepreneurship Development Programme that targets the training of 10,000 women over the 2010–2013 period (Federal Republic of Nigeria, 2010). During the same period, 50,000 Nigerians are targeted for training under the General Vocational and Entrepreneurship Development Programme and 50,000 young people under the Youth Vocational and Entrepreneurship Development Programme. It is assumed that some women will be included in the general and youth programmes as well. These three programmes are to be implemented by SMEDAN.

Women entrepreneurs’ associations (WEAs), in collaboration with the National Productivity Centre and the Abuja Entrepreneurship Development Centre, deliver initiatives supporting the capacity of women entrepreneurs and strengthening their organizations. Programmes focus on various aspects of business management, such as resource mobilization, marketing, business opportunity identification, quality productivity, project management, and advocacy, among others. During these programmes, the participating association members have opportunities to exchange good practices and learn from each other’s experience, but the numbers served are modest.

<sup>75</sup> <http://www.unleashingideas.org/blog/nigeria-officially-launches-global-entrepreneurship-week> [04 November 2011].



Over the period of 2005 to 2007, SMEDAN sponsored a series of capacity building programmes for small business counsellors and business development services (BDS) professionals, in partnership with a Canadian University business development centre. At least 140 Nigerians professional business advisors successfully completed the programme. Women professionals participated, but the exact number is not known. The participation of women in such programmes is seen as positive, given a shortage of women trainers, advisors, and mentors in the BDS networks.

## Access to information

According to respondents in the sample survey of Nigerian women entrepreneurs carried out as part of this assessment of the environment for WED, almost half of them (46 per cent) obtained their business information and advice from other business owners, although use of multiple sources of market and government information were cited, such as newspapers (14.3 per cent), business associations (10 per cent), professional business advisers (8.6 per cent), and government publications (7.1 per cent) (Table 30).

Table 30. Sources of information used by women entrepreneurs, Nigeria

Sources of information	Women entrepreneurs using each source	
	Number of respondents	Per cent of respondents
Other business owners	65	46.5
Newspapers	20	14.3
Other	15	10.7
Business associations	14	10.0
Professional business advisers	12	8.6
Government publications	10	7.1
Chambers of Commerce	2	1.4
Lawyer/attorney	1	0.7
Accountant	1	0.7

Source: Survey of 114 women entrepreneurs (Anyanwu, 2009).

A strong information sharing culture appears to exist amongst women entrepreneurs; however, it is not clear that business and government information is adequately disseminated to women entrepreneurs through their most commonly used source of other business owners. Unless government agencies, such as SMEDAN, develop communication strategies designed to specifically reach out to women entrepreneurs through their business networks, women entrepreneurs will not be fully informed about government regulations, support services, and market opportunities. More use of women entrepreneurs' associations and women's groups to disseminate information should improve the level of awareness among women entrepreneurs in critical areas of business.

## **Participation in business networks and public-private sector dialogue**

### *Participation of women in business associations*

Nigerian women have founded various business associations around the country tailored to the diversity of businesses and sectors in which women are engaged. The major association for women entrepreneurs is the Nigerian Association of Women Entrepreneurs (NAWE), formed in 1993 as a forum for women entrepreneurs (including self-employed women) to exchange ideas, discuss problems, design strategies for the development of women's businesses, promote trade activity, and upgrade women's skills. It is affiliated with international associations, such as the Federation of African Women Entrepreneurs (FAWE), through which members have an opportunity to network and discuss the needs and concerns of women entrepreneurs on a regional level.

Only 46 per cent of the 114 women entrepreneurs surveyed for the assessment of the environment for WED in Nigeria reported being a member of a business association. Over half (56 per cent) of these women (about a quarter of the whole sample) belonged to a women's business association (mostly NAWE); 23 per cent to sector-specific industry associations, 17 per cent to Chambers of Commerce and Industry and mixed business associations (both men and women as members), and only 2 per cent to an employers' organization. Those surveyed who belong to generic business associations were of the view that these organizations do not generally consider gender-related issues or represent the particular needs and concerns of women entrepreneurs. On the other hand, NAWE, with a mandate to represent women entrepreneurs and with chapters at the state level, was viewed as better able to represent their voice and meet their needs. NAWE organizes regular meetings so that members can network and discuss marketing strategies, access to financing, business support services, and development of their businesses.

### *Representation and participation of women entrepreneurs in formal dialogue between the public and private sector and the extent to which their issues are taken into consideration*

There is no formal mechanism to ensure that women entrepreneurs are represented in dialogue between the public and private sector. Women in general depend on the FMOWA as a channel to take all grievances to the government, although COWAN, which represents close to 300,000 members (women's groups and their members), is active in advocating for the social, legal, and economic empowerment interests of women. The extent to which the issues affecting women in business are raised in dialogue between the government and the business community is very low or non-existent. Although stakeholders from mixed business organizations stated that they dialogue with the government on issues affecting women entrepreneurs, women are not generally represented in the decision-making structures of these organizations.

Women entrepreneurs interviewed for this assessment of the environment for WED in Nigeria expressed the view that being members of business associations is not enough; they prefer to be part of organizations where they could influence decisions that relate to

business start-up and development. It should be noted that women entrepreneurs interviewed for this assessment did not have conspicuous roles in the National Association of Small and Medium Enterprises (NASME<sup>76</sup>), Chambers of Commerce, or the Manufacturers Association of Nigeria (MAN), and did not have special seats on the Board of SMEDAN, or any other such body that could influence the development of women's entrepreneurship in Nigeria. They suggested that having a permanent seat on the Board of SMEDAN could be a step towards voicing their concerns and calling attention to, and resolving, the myriad of problems women face in business.

One of the tasks of the newly appointed National 100-Women Consultative Group, which includes some women business leaders as part of its membership, will be to foster engagement on women's issues with stakeholders and private and public institutions, in addition to the task of securing 35 per cent female participation in political and appointive positions of decision-making bodies.

## **Conclusions and recommendations**

### **Conclusions**

Women play a significant role in promoting economic growth, job creation, and poverty reduction, as well as increasing their incomes through entrepreneurial and MSME activity. The National Policy on SMEs identifies women as a target group, but Nigeria does not have a strategic framework for the creation and development of women's enterprises. The Nigerian Constitution of 1999 has been critiqued as being gender-blind and the Convention for Eradication of all Forms of Discrimination against Women (CEDAW), although ratified in 1985 has yet to be passed into law. Equally important, there is no formal framework for dialogue on women's issues between the public and private sectors, except through the Federal and State Ministries of Women Affairs, and no consistently strong lobbyist platform. Representation and participation of women entrepreneurs in decision-making and influencing bodies is very low. In general, there seems to be limited support to promote the role of women entrepreneurs in the economy.

There is low business registration compliance among women entrepreneurs, and rural women entrepreneurs show a lower rate of business registration than urban-based women entrepreneurs. Access to financing is a major constraint and, in addition to the low propensity of banks to lend to women entrepreneurs, the fact that many women operate in the informal economy weakens their opportunity to access financing and increases their risk of precariousness. As a result, the majority of women-led enterprises have low prospects for growing beyond the micro level.

<sup>76</sup> NASME is a private-public sector partnership initiative launched to serve as an apex organization to coordinate SME activities and interact with local and foreign organizations whose services are vital to the development of SMEs. The Association provides a forum for interaction and adoption of concerted approaches to issues of strategic importance to the development of SMEs. There is no data on the participation of women-owned enterprises in NASME membership.

Women business owners do not have a high level of participation in regional, national, and international markets, which could be related to the fact that the NEPC and Chambers of Commerce and Industry have no particular initiatives to assist women-owned small enterprises in terms of market access. Most Nigerian women entrepreneurs will require special support initiatives if they are to enter new growth markets, such as training in business growth strategies, product quality improvements, mentoring, involvement in trade missions, etc.

Capacity-building is an issue for women entrepreneurs. Specific training is not readily offered for women and there is a shortage of women trainers, BDS service providers, and mentors. Entrepreneurs often get caught in the daily operations of their business and, given the family demands on women's time and resources, seldom have sufficient time to invest in their businesses. Commonly, they do not have the knowledge required to determine their own capacity-building needs. Without sufficient time, role models, and opportunities to learn about the benefits of enhancing their management skills, it is understandable that training is not a priority item. Women entrepreneurs obtain business information and advice from multiple sources, although the major source seems to be from other business owners. Accessing information and advice is more difficult for women entrepreneurs in rural areas.

The low level of women's property ownership is primarily due to the use of customary laws and traditional practices (discriminating against women), the lack of awareness among women of their legal rights, the low level of participation of women in land use decisions, and the generally limited economic power of Nigerian women.

The National Gender Policy does not contain sufficient economic aspects geared towards women's empowerment and business development, and the FMOWA has not, in the past, had sufficient political clout in mainstreaming the principles of the NGP.

Overall, this Nigeria assessment concludes that the environment is yet to be fully conducive for women entrepreneurs and their enterprises to thrive, and that many factors continue to militate against women's entrepreneurship in the country. The success of the Vision 20:2020 in achieving its targets and objectives relating to women's entrepreneurship remains to be seen.

## **Recommendations**

Based on the findings of this assessment, several actions have been identified as important to creating a more conducive environment for WED in Nigeria. If holistically implemented, the actions recommended below should assist greatly in meeting the challenge of enabling more viable women-owned businesses and furthering promotion and support for the development of women's entrepreneurship.

### *SME promotion policies*

1. Produce sex-disaggregated analysis of national survey data on MSMEs by sector, size, location, and related variables.
2. Conduct comprehensive research and policy-oriented studies on men and women-owned enterprises (both formal and informal), women's empowerment, and the gender mainstreaming of economic policies (to be undertaken by the NBS, researchers, universities, SMEDAN, relevant units of ministries, departments, and agencies, and development partners).

3. Working with international development partners, SMEDAN and the Federal Ministry of Women Affairs should organize and host a National Policy Forum on the role of women entrepreneurs in the Nigerian economy.
4. Develop a specific policy and strategy for women's entrepreneurship to include appropriate mechanisms for addressing the constraints facing women entrepreneurs.
5. Include budgetary allocations to promote women's entrepreneurship in state and local government development plans.
6. Build the capacity of staff of the National Bureau of Statistics (NBS), relevant ministries, departments, and agencies, and SMEDAN to assess the impact of SME policy on women entrepreneurs at national, state, and local government levels.

### *Business registration and licensing*

1. Simplify registration and licensing application procedures and processes and decentralize systems to the state and local levels, providing technical support to women entrepreneurs on how to adhere to these requirements.
2. Reduce the cost of business registration and provide information to women entrepreneurs, in the appropriate local languages, on the merits and benefits of becoming formal.
3. Allow business registration formalities for women entrepreneurs to be conducted through WEAs. Invite a representative of the CAC to WEAs meeting to provide information on business registration procedures.
4. Harmonize the tax system for micro and small enterprises and offer the appropriate tax incentives to encourage women entrepreneurs to register their businesses and become part of the formal economy.

### *Finance and credit policies*

1. Increase women entrepreneurs' access to credit and a full range of financial services by developing gender-sensitive criteria for loan programmes supporting the start-up and growth of their enterprises; provide women entrepreneurs with access to information on alternative sources of raising business capital.
2. Encourage women to open bank accounts and provide women entrepreneurs with business education on how to access funds and establish credit lines with banks.
3. Require financial institutions to review and appropriately revise the security requirements for loans to women entrepreneurs.

### *Labour laws and regulations*

1. Pass laws to eliminate all socio-cultural, economic, and political barriers/constraints to women's equal participation in the labour market and in business.

### *Property rights*

1. Provide women entrepreneurs with access to land, business premises, and spaces in export processing zones, business incubators, and technology parks.
2. Provide women entrepreneurs with affordable and reliable infrastructural facilities (rural electricity, potable water, and good sanitation and transport networks).
3. Launch a campaign to inform women of their legal property rights.

### *Gender and mainstreaming policies*

1. Increase use of sex-disaggregated statistics and analysis for all indicators of economic life to better inform the gender mainstreaming of policies and monitor their implementation (including on education-related indicators, such as enrolment, pass, and dropout rates in primary, secondary, and tertiary institutions).
2. Modify property ownership and inheritance laws, tax codes, and labour and credit laws to remove all forms of gender-based discrimination.
3. Encourage universities to establish Centres for Gender Development to carry out gender-based research, develop gender-sensitive curricula, and offer training in gender-mainstreaming to officials in both the public and private sector.

### *Support structures, programmes and initiatives (for women's entrepreneurship development)*

1. Establish women's desks in the relevant ministries, departments, agencies (specifically SMEDAN), and business resource and information centres to improve the access of women entrepreneurs to BDS, entrepreneurship training, and information services.
2. Encourage universities to set up gender-sensitive entrepreneurship development programmes and offer entrepreneurship curricula.
3. Ensure an adequate supply of women trainers, counsellors, and mentors by encouraging Training of Trainers programmes in small business management, evaluation of business opportunities, market access, financial management, trade fair participation, and business counselling and facilitation skills.
4. Use a mobile training van with facilities for training tailored to the specific needs of rural women entrepreneurs. Initiate programmes that recognize and celebrate the contributions and achievements of women entrepreneurs, for example by implementing an awards programme for women entrepreneurs and organizing special events profiling women's entrepreneurship during Global Entrepreneurship Week activities.
5. Assist women entrepreneurs to participate in international trade fairs (target of 30 per cent representation) so they can improve their access to growth markets and be exposed to good practices in business development.
6. Establish a dedicated system of BDS for women entrepreneurs, especially rural women, and include a financial provision to make the cost of these services accessible to low-income women.
7. Build the skills capacity of women entrepreneurs and WEAs on the preparation of business plans and feasibility studies for bank credit, recordkeeping, and financial management.

### *Access to information*

1. The NEPC, the Nigerian Investment Promotion Council, and SMEDAN should provide women entrepreneurs with information on market opportunities, especially export markets, and make more effective use of WEAs and women's groups for dissemination of this information.
2. Develop strategies to ensure information on one-stop shop facilities and services is provided to women entrepreneurs through WEAs and other networks of women business owners.
3. The National Council of Women's Societies (NCWS) should monitor developments in the business environment affecting women and create a data bank of all WEAs and women's business-related groups through which they can disseminate relevant information.
4. Publish government and business-related information in local languages so it is more accessible to women entrepreneurs throughout the country.

### *Representation of women in business membership organizations*

1. Build the capacity of WEAs to be able to expand their membership base (attract more women to become members) and offer beneficial services to women entrepreneurs in urban and rural areas of the country.
2. Create additional business networks for, and by, women entrepreneurs that ensure representation of women in all areas of Nigeria.
3. Create avenues and mechanisms for women's business associations to be more proactive, form strategic alliances, and liaise with export agencies.
4. Women entrepreneurs should form advocacy groups to further their interests and enforce implementation of laws for women.
5. WEAs should develop websites to promote their services, activities, programmes, and member databases.

### *Representation and participation of women in public-private sector dialogue*

1. Increase the representation of women in policy, planning, and decision-making bodies with a view to influencing policies in favour of women and better ensuring gender mainstreaming.
2. Create a formal framework for social dialogue between women entrepreneurs, WEAs, key stakeholders, and public and private sectors actors.
3. Strengthen the processes of social dialogue on business environment reforms between women entrepreneurs, WEAs, and the public and private sectors (e.g. MAN, SMEDAN, Federal Ministry of Commerce and Industry, Nigerian Association of Chambers of Commerce, Industry, Mines and Agriculture-NACCIMA, NECA, and Nigerian Association of Small Scale Industrialists-NASSI, etc.) to ensure that the concerns of women entrepreneurs are adequately reflected and taken into consideration.
4. Ensure representation of women entrepreneurs and their associations on government advisory bodies, SMEDAN, and Boards of relevant ministries, departments, and agencies.

## **SECTION 6: Summary of the environment for women's entrepreneurship development in Rwanda<sup>77</sup>**

### **Approach to the study in Rwanda**

This section presents an assessment of the business environment for women's entrepreneurship in Rwanda and proposes strategic orientations for its further promotion and development. The process of carrying out the assessment utilized a mix of methods: a review of analytical information stemming from national business environment and investment climate assessments conducted by international and/or national agencies; a review of country-level statistical data on the micro, small, and medium enterprise (MSME) sector and other relevant economic and social dynamics; a review of national level policies, strategies, and the legislative and regulatory framework governing economic, social, and gender-related activity, with a particular focus on: the potential impact on the development of women's entrepreneurship; consultations with experts in national business environment issues; interviews with women entrepreneurs; and discussion groups with key stakeholders to explore how the national business environment affects the opportunities women have for the creation and development of a business.

### **The economic, social, and political context**

Rwanda is a low-income country located in the Central African region commonly referred to as 'The Great Lakes region'. It has an estimated population of 11.3 million (53 per cent female and 47 per cent male) and gross domestic product (GDP) in purchasing power parity (PPP) of US\$1,100 (World Factbook, WFB). Rwanda is the most densely populated country in Africa, and one of the least urbanized; over 80 per cent of the population lives in rural areas of the country.

<sup>77</sup> This summary, prepared by L. Stevenson and A. St-Onge, is based on the report on the Rwandan environment for women's entrepreneurship prepared by P.G. Ngango, Centre for Economic and Social Studies, for the International Labour Office in 2009 (Ngango, 2009). The information in the original report has been updated or supplemented.



**Box 4**  
**Key statistics – Rwanda**

Government: Republic (presidential, multiparty)  
Population: 11.3 million (2011)  
Urban population rate: 19% (2010)  
Literary rate: 70.4% ; male – 76.3%; female – 64.7%  
GDP: 6% growth rate (2010)  
Agriculture share of GDP: 42%  
Agriculture share of labour: 80% (2001)  
Per capita GDP (PPP): US\$1,100 (2010)  
Unemployment rate: N.A.  
Labour force participation rate: 83.1%; male — 81.3%; female — 84.6% (2008)

Source: *World Factbook, World Development Indicators*; Institut National de la Statistique du Rwanda.

Rwanda is among the poorest countries in the world. The 2009 Human Development Index, on which Rwanda ranked 167 out of 182 countries, reported that 76.6 per cent of the population lives on less than US\$1.25 a day, and more than 90 per cent on less than US\$2 a day (UNDP, 2009b). Close to 80 per cent of the economically active population works in the agricultural sector. Subsistence activity provides 60 per cent of all household income; another 8 per cent from farm wages (NISR 2007b). Compared to the other five countries in this review, the level of literacy in Rwanda is relatively high. In 2003, the overall adult literacy rate was 70.4 per cent: 76.3 per cent for men, and 64.7 per cent for women (WFB).

One of the consequences of the genocide in the early 1990s was the destruction of the institutional infrastructure essential to the socio-economic recovery of the country. During the period of conflict and reconstruction, women emerged as a major force in Rwanda's economic advancement. Thirty-five per cent of households in Rwanda are headed by women, and women performing non-traditional roles, such as decision making, managing financial resources, constructing houses, and many others, have characterized the post genocide roles of women.

Women's share of a labour force of close to 4.5 million in 2008 was almost 53 per cent (World Development Indicators, WDI). The labour force participation rate, at 83 per cent, is one of the highest in the world, and Rwanda is one of the few countries where the labour force participation rate for women (85 per cent) is higher than it is for men (81 per cent). The employment-to-population ratio is 80 per cent, the highest among the five countries under review in this assessment of the environment for women's entrepreneurship, as is the employment-to-population ratio among the population of 15–24 year olds, at 64 per cent (WDI). However, one of the reasons for the high level of involvement in the labour force is the low rate of participation in the schooling system.

Only about 19 per cent of economically active Rwandans had waged employment in 2005 (838,000 people). Although 60.3 per cent of waged workers were in the private sector, only 11.7 per cent of all waged workers were employed in the private sector formal economy, while 48.6 per cent were employed in the private sector informal economy (Table 31). Overall, over 70 per cent of waged workers were in the informal economy.

Table 31. Paid employment in the formal and informal economy, Rwanda, 2005

Paid employment	Formal economy	Informal economy	Total
Public sector	10.3%	-	10.3%
Parastatal	3.8%	-	3.8%
Private sector	11.7%	48.6%	60.3%
NGO	1.8%	-	1.8%
Other	-	23.9%	23.8%
Total paid workers	231 000	607 000	838 000
<i>Share of paid employment</i>	<i>27.6%</i>	<i>72.4%</i>	<i>100.0%</i>

Notes: Paid worker figures do not include the share of independent workers in the workforce (that is, the self-employed). In 2005, there were 40,000 independent non-farm workers in the formal economy, and 308,000 independent non-farm workers in the informal economy, plus 3.12 million subsistence farmers (as per Table 32).

Source: Data from the EICV2 2005, INSR.

In fact, the high proportion of women and men engaged in activity in the informal economy is one of the significant features of the labour force. Of the 4.37 million economically active Rwandans in 2005, only 231,000 (5.2 per cent) had waged jobs in the formal economy, not including the independent non-farm workers (self-employed persons) (Table 32). Almost 94 per cent of the economically active were in the informal economy. While almost three-quarters of the workers in the formal economy were in waged non-farm jobs, over three-quarters of the workers in the informal economy were subsistence farmers. This high level of informality indicates a serious structural weakness in the economy.

Data also show that almost 80 per cent of workers were in farm-related activities; over 60 per cent of the labour on family farms was provided by women; 21 per cent of the farm household heads were women and another 50 per cent were spouses of the household head (NISR, 2007b).

Table 32. Employment structure by institutional sector and level of formality, Rwanda, 2005

Type of employment	Formal economy		Informal economy		Total Number	Formal economy share per cent	Informal economy share per cent
	Number	per cent	Number	per cent			
Waged non-farm	199 000	73.4	279 000	6.8	478 000	4.5	95.5
Waged farm	32 000	11.8	328 000	8.0	360 000	0.7	99.3
Independent non-farm	40 000	14.8	308 000	7.5	348 000	0.9	99.1
Family non-farm	-	-	72 000	1.7	72 000	-	100.0
Subsistence farmers	-	-	3 119 000	76.0	3 119 000	-	100.0
Total	271 000	100	4 106 000	100	4 377 000	6.2	93.8

Source: Data from the Enquêtes Intégrales sur les Conditions de Vie des Ménages au Rwanda (EICV2) 2005, Institut National de la Statistique du Rwanda (INSR).

Rwanda's economy is mainly agricultural. As a whole, agriculture accounted for 38 per cent of GDP in 2008 (WDI), as well as being responsible for almost 90 per cent of export revenues (tea, coffee, crops, flowers, etc.). The industry sector is still in its early stages (contributing only 14 per cent of GDP), consisting of factories that are mainly involved in transforming imported semi-manufactured products, and few export-oriented manufacturing industries. Although the services sector contributes about 44 per cent of GDP, its share of the labour force is low. Rwanda has, however, been achieving

relatively high levels of economic growth in recent years, annually averaging 6.7 per cent in GDP growth from 2000–2008 (WDI), reaching a peak of 11.2 per cent in 2008 (although declining to 4.5 per cent in 2009 before rebounding to 6 per cent in 2010) (WFB).

Rwanda faces a number of socio-economic challenges, including:

1. The very low standard of living of the population, which translates into a low level of national purchasing power, making it difficult for private enterprises to establish a national base for development and expansion.
2. A serious scarcity of arable land with over-exploitation of farmland and considerable breaking up of farm plots,<sup>78</sup> critical issues given the rural distribution of the population and the country's dependence on the agricultural sector to meet livelihood needs and contribute to GDP. Currently the Rwandan government is encouraging farm operators to regroup into cooperatives to improve efficiencies, and encouraging labour-intensive community-based projects to contain a rural exodus of farm workers.
3. The very low level of education of the workforce. According to estimates, only slightly more than 5 per cent of the workforce has a secondary level of education or higher, translating into limited technical competence for introducing technological innovations, and a low level of information and communication technology (ICT) knowledge to take advantage of new management techniques and national, regional, and international market opportunities.
4. A rapidly growing labour force and rising unemployment or underemployment. It is estimated that 140,000 new jobs must be created each year just to maintain an unemployment rate of 10 per cent, a challenge that is far from being within the current capacity of the country.
5. The lack of sources of investment financing in the country. Given the high poverty level, it is virtually impossible to accumulate substantial savings for private investments or that could serve as the base for credit guarantees with the banks.

In its national long-term development programme, 'Vision 2020', Rwanda set itself the ambitious goal of eradicating poverty and becoming a middle-income country by 2020. The target is to raise GDP per capita from US\$250 (in 2000) to US\$900, transition from a predominantly agricultural economy to a predominantly information and knowledge economy, and reduce the role of agriculture as the major contributor to the economy from its current level of 75 per cent to 50 per cent by 2015 and to 40 per cent by 2020.<sup>79</sup> This will be achieved through a process that promotes an open liberal trade regime, competitive enterprises and exports, entrepreneurship, and an administrative environment that supports the growth and diversity of the private sector. The Vision 2020 strategy revolves around six essential pillars, four of which affirm Rwanda's commitment to a market economy: development of the private sector and entrepreneurship; development of human capabilities; investment in the processing of agricultural products; and upgrading of infrastructure and roads. The *Economic Development and Poverty Reduction Strategy (EDPRS), 2008–12 period* (MINECOFIN, 2007) reaffirms the broad lines of Vision 2020 and includes implementation measures to reinforce Rwanda's commitment to private sector and MSME development as the

<sup>78</sup> Farm plots average 0.50 ha per agricultural family, which is considerably smaller than the minimum viable 0.90 ha established by the Food and Agriculture Organization (FAO).

<sup>79</sup> At the current population growth rate, 2.2 million jobs in other sectors will need to be created to achieve the objective of reducing dependence on agriculture to 50 per cent (AfDB/OECD/UNECA, 2010).

vehicles for job creation and poverty reduction. Several actions of the EDPRS are geared to supporting the creation and development of MSMEs, especially in the processing of agricultural products in rural areas, and the development of cooperative entrepreneurship programmes to promote pooling of the means of production and products.

The fiscal decentralization process of devolving financial resources, decision-making processes, and delivery of government services to local governments started in 2001. In line with 2005 reforms, there are five levels of territorial administration: national, provincial (four provinces plus Kigali), city district (30), sector, and cell (community level administrations). Each provincial and lower level of administration has responsibility for implementing social, economic, and cultural policies and programmes. Mayors of Districts sign performance contracts with the President of the Republic on measures related to good governance and security, justice, economic development, and social affairs, including a commitment to support enterprise creation.

## **Overview of the national business environment**

During the first decade following the end of the genocide, the Rwandan authorities reconstituted and reformed the policy framework to liberalize the economy and establish the basis for a private sector-led, market-driven economy, including extensive privatization of state-owned enterprises and the creation of agencies for investment and exports. Since then, the government has embarked on a second generation of reforms aimed at facilitating private sector development through support for creation of a favourable environment for business, the creation of new enterprises, the mobilization of domestic financial resources, and attraction of foreign private investment.

Since 2001, major legislative reforms have been completed on crucial business laws related to investment, taxation and customs legislation, the Investment Promotion Act, the land law, the labour law, the company law, and insolvency law. Focusing on improving the legal and policy framework, Rwanda has also recently passed a new Law on Intellectual Property, Law N° 31/2009 of 26/10/2009, and a policy aimed at promoting intellectual property rights. This action will promote technological innovation and its transfer and dissemination, and create a fairer and more equitable commercial environment by reducing distortions and impediments to free trade.

Commercial courts are new in Rwanda. Law No. 59/2007 of 16/12/2007 on the creation, organization, operation, and competence of commercial courts pertains to resolving problems of commercial litigation that were previously dealt with in various chambers of the ordinary courts. Commercial disputes are now treated through special structures by judges specialized in commercial litigation, ensuring investors of more efficiency.

Other reforms include establishment of a One-Stop Centre to combine the services of entities in charge of business registration formalities for MSMEs, including registration with the Rwanda Revenue Authority (RRA) and the Social Fund (CSR); elimination of the paid-in capital requirement for the incorporation of a business;

exemption or reduction of taxes on profit based on the number of jobs created,<sup>80</sup> tax relief based on the volume of exports,<sup>81</sup> quarterly, rather than monthly, filing of taxes for businesses with a turnover of less than 200 million Frw; and an application of a zero tax rate on any profits of registered microfinance institutions (MFIs) for five years. To reduce other tax barriers, the RRA is redoubling its efforts to disseminate information on the tax code to taxpayers with instructions on how to calculate and pay taxes on their revenue, and is simplifying taxation procedures and structures to lighten the administrative burdens. For example, tax filing can now be made online. Over the 2003–2006 periods the government also ratified international and regional conventions against corruption. In January of 2011, the government launched Rwanda's first Stock Exchange. When fully functioning, this will be a source of equity for enterprises eligible for listing and may help to create a risk capital market in the country.

At the same time as major reforms have taken place, institutions have been created or strengthened to serve as tools for implementation of the national policy for the promotion of the private sector and to embrace actors of the sector, including women.

All of these reforms are paying off, although it may take more time for the effects to be thoroughly felt by Rwandan enterprises. In 2009, Rwanda was the top reformer in the World Bank's 'Doing Business' assessment, and second from the top reformer in 2010. Its ranking among 183 countries jumped from 143 in *Doing Business 2009* to 67 in *Doing Business 2010* to 58 in *Doing Business 2011* (World Bank/IFC, 2010). Since 2005, the government has implemented 22 business regulation reforms in areas measured by Doing Business. Most dramatic have been reforms to the business registration process and the process of registering property, but advances have also been made in trading across borders, dealing with construction permits, protecting investors, and getting credit. The seriousness with which the government is taking regulatory reform is evident in the formation of a Doing Business Unit within the Rwanda Development Board (RDB) that is leading the preparation and implementation of the investment climate reform agenda through enhanced public-private dialogue and regular reporting on progress.<sup>82</sup>

Surveys of the business climate in Rwanda reveal that the most important challenges affecting business success at the national level are: availability and cost of land, access and cost of transport and electricity,<sup>83</sup> taxation rates, and fiscal administration of the tax system (PSF/FSP, 2008; World Bank/IFC, 2006). These constraints persist despite recent improvements to the land registration process, actions to reduce bureaucracy in the transportation corridors for easier transportation to countries in the East African Community (EAC), simplification of taxation procedures, and efforts made by the National Bank of Rwanda to facilitate long-term lines of credit to commercial banks at preferential rates. Rwanda also faces an acute skills shortage,

<sup>80</sup> All registered investors benefit from a graduated tax reduction ranging from a 2 per cent tax reduction on profit if they employ 100–200 Rwandans in their company to a 7 per cent reduction if they employ more than 900.

<sup>81</sup> An economic operator registered in the commercial register that exports commodities or services benefits from a 3 per cent tax reduction if reported exports are between US\$3 million and US\$5 million, and a 5 per cent tax reduction if exports exceed US\$5 million.

<sup>82</sup> See: <http://go.worldbank.org/T7R8W6JI60>

<sup>83</sup> Respondents to the 2007 Business Climate survey estimated that the cost of transport contributed 15 per cent to the monthly cost of a business and electricity, 12 per cent to monthly expenses (PSF/FSP, 2008).

especially for manufacturing, a sector that is underdeveloped and in need of diversification.

More focus is needed to improve the education system to upgrade the quality of the labour force and to promote innovation, technology development, and value-added agriculture. The key to the future will be to ease access to financing, expand vocational and on-the-job training, provide business development services, and continue to develop the entrepreneurial spirit through public campaigns and other strategies to change the mind-set and behaviour of the population. It is also evident that policies and laws to create a more favourable investment climate and business environment have had little impact on reducing the level of informality in the country, which is seen as a serious constraint on future growth.

## Profile of women's entrepreneurship development

### The SME sector

Until the adoption of the Small and Medium Enterprises (SME) Development Policy in 2010, there was no official government definition for SMEs. The definition subsequently adopted is based on the number of full-time employees, the net capital invested, and the enterprise's annual turnover (Table 33). An enterprise is categorized as a micro, small, or medium enterprise if it meets two of the three definitional criteria in the category.

Table 33. Official definition of MSMEs in Rwanda

Size of the enterprise	Number of full-time employees	Net capital invested (Frw million)	Annual turnover (Frw million)
Microenterprise	1–3	Less than 0.5	Less than 0.3
Small enterprise	4–30	0.5 to less than 15	0.3 to less than 12
Medium enterprise	31–100	15 to 75	12 to 50
Large enterprise	More than 100	More than 75	More than 50

Source: Ministry of Trade and Industry (MINICOM) 2010.

It is not clear precisely how many MSMEs there are in Rwanda. The Foreign Investment Advisory Service (FAIS) survey of informal economy activity, carried out in 2005 with the National Institute of Statistics of Rwanda (NISR), estimated there were over 900,000 enterprises in the country: 400 large firms, 3,000 registered small enterprises (paying national taxes), and 900,000 informal enterprises (NISR, 2006). However, the majority of informal enterprises are subsistence farmers or independent household enterprises (HEs).

The PSF/FSP census of economic operators (RGE), conducted in 2007 and the first of its kind in Rwanda, identified over 25,500 enterprises of all sizes,<sup>84</sup> but did not include

<sup>84</sup> The PSF/FSP uses the following definitions: microenterprise, fewer than 10 full-time employees; small enterprise, 10–29 employees; medium enterprise, 30–100 employees.

informal enterprises that were not operating from their own premises. The PSF/FSP estimated the additional number of informal sole traders or family enterprises to be in the order of 40,000 (PSF/FSP, 2007). Both the NISR (2006) and PSF/FSP (2007) studies estimated that less than 1 per cent of enterprises are formally registered. The vast majority of private sector employment (85 per cent) is in enterprises that are somewhat informal with an average size of fewer than three employees (PSF/FSP, 2008, p. 11). Other studies report that, if all microenterprises in the informal economy were considered, including those categorized as HEs,<sup>85</sup> the number of microenterprises would increase by an estimated 665,000, employing about 915,000 people (around 10 per cent of total employment in 2006) (IPAR-Rwanda, 2010, p. 22).

Micro and small enterprises surveyed in the RGE accounted for the lion's share of enterprises and employment – almost 97 per cent of enterprises and 89 per cent of jobs, with most of these jobs in enterprises employing fewer than four workers. In fact, the survey of households and living conditions (EICV) in Rwanda in 2005–2006 reported that 84 per cent of enterprises had fewer than five employees and only 7.3 per cent had more than 10 employees (IPAR-Rwanda, p. 124).

Half of the non-agricultural MSMEs are located in the City of Kigali and the Northern Provinces and the vast majority are operating in trade and services (93 per cent), with very few in industrial activities (Table 34). In the industrial sectors, MSMEs are involved in handicrafts, wood work (carpentry, furniture, and timber business), garment manufacturing, and building materials (bricks, tiles, and lime production).

Table 34. Distribution of MSMEs by geographic location and sector of activity, Rwanda, 2006

Geographic location	Distribution of MSMEs (per cent)	Sector of activity	Distribution of MSMEs (per cent)
City of Kigali	30	Trade and services	93.0
Northern Provinces	20	Professions	1.9
Western Provinces	18	Crafts	1.7
Eastern Provinces	16	Transforming industries	1.3
Southern Provinces	16	Financial services	0.9
		Tourism	0.7
<b>Total</b>	<b>100</b>		<b>100</b>

Source: Recensement des opérateurs économique (PSF/FSP, 2007).

Another indicator of the prevalence of entrepreneurial activity is the proportion of independent workers in employment activity. In 2006, independent workers accounted

<sup>85</sup> A household enterprise is defined as an owner-operated business that is normally in the informal economy and does not employ paid workers on a regular basis. It refers to activity that is not principally in agriculture, fishing or forestry, but does include trade and processing of agricultural products (IPAR-Rwanda, 2010, p. 16). The EICV2 survey of households and living conditions in Rwanda in 2005–2006 identified 665,000 private non-agricultural HEs, just over half of which provide the principal job for the owners (NISR, 2007b). Two-thirds of 'principal job' HEs were located in rural areas. Eighty per cent of HEs were sole proprietor operations with no employees; the remainder employed some 90,000 adults who were members of the same household as the proprietor, plus another 350,000 workers. Only 115,000 informal enterprises had fixed premises (non-household-based).

for 40 per cent of all workers: 32 per cent as independent farmers and 8 per cent as independent non-farm workers (Table 35). Compared to 2001, there was a small reduction in the proportion of independent farmers (down from 36 per cent) and an accompanying increase in the proportion of independent non-farm workers (up from 4 per cent).

Over the 2001–2006 period, the number of unpaid family workers (56 per cent of which were women in 2006) decreased by a quarter, suggesting an increase in non-farming opportunities, especially in urban areas. The number of people working in waged non-farm work more than doubled, as did the number of people working in small non-farm enterprises (NISR, 2007b).

Table 35. Usual work status by type, Rwanda, 2006

Type of employment	Kigali urban (per cent)	Other urban (per cent)	Rural (per cent)	National (per cent)
Waged farm	2	8	9	8
Independent farm	7	25	34	32
Unpaid family worker	5	23	44	40
Wage non-farm	58	24	6	11
Independent non-farm	20	15	6	8
Unpaid non-farm	8	6	1	2
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

Source: NISR (2007b), Table 3.2 (modified). EICV2 data: population aged over 15 years.

The constraints facing SMEs differ somewhat depending on their size and whether they are formal or informal. SMEs in general are impeded by a lack of technical and business skills; rudimentary production facilities; low quality products; and use of unsophisticated technology, all of which limits their ability to innovate and be competitive (MINICOM, 2010). They are further hindered by the lack of business development services (BDS): low access to formal financing; a high cost of doing business, including regulatory red-tape and compliance burdens; poor infrastructure; and difficulty in accessing market information and markets (Ibid).

The primary challenge for informal enterprises, which are the majority of all enterprises, is access to financing. Eighty-five percent of informal enterprises do not have access to formal bank financing, thus must resort to personal savings (which are low) to finance their investments, supplemented by non-formal institutions, such as microfinance or tontines.<sup>86</sup> They are also constrained by limited markets; difficulty in obtaining raw materials and other inputs at reasonable costs; limited access to business spaces; lack of technical and management training (for owners and skilled workers); difficulty in finding required equipment locally; lack of their own transportation facilities; and inadequate access to electricity (NISR, 2007a).

<sup>86</sup> A tontine is an informal system of financing much like a rotating savings and credit fund whereby members join in a group, each contributing a small amount of money into a fund on a weekly or monthly basis that is then lent to one of the members.



## The role of women in SMEs and entrepreneurship

Comprehensive gender-disaggregated MSME data is not currently available (or not readily accessible), but estimates suggest that women own 40 per cent of the registered businesses in Rwanda (World Bank, 2010c),<sup>87</sup> 40 per cent of partially formal enterprises, and 58 per cent of informal enterprises<sup>88</sup> (NISR, 2006). Consequently, if women own 40 per cent of the 3,000 formal enterprises and an average of 43 per cent of the 900,000 informal enterprises (based on the distribution of women's enterprises between partially informal and informal), their overall ownership rate is about 43 per cent of all enterprises. It also suggests that of all women-owned enterprises, 97 per cent are partially or totally informal.

Thus, the extent of the role of women in SME ownership and entrepreneurship depends on the nature and size of the enterprise. Table 36 indicates that only 6 per cent of working women are independent non-farm workers (that is, self-employed), compared to 10.4 per cent of men. Converting to an overall share of independent non-farm workers, women represent about 41 per cent. Women are much more likely to be unpaid farm workers (59.2 per cent of working women), in fact, making up almost 78 per cent of all unpaid farm workers. Small businesses provide one of the few opportunities for women to diversify away from agriculture. Between 2001 and 2006, the proportion of working women engaged as independent non-farm workers more than doubled, reaching 6 per cent of female workers in 2006 (Table 36), up from 2.8 per cent in 2001.

Table 36. Employment status by male and female, Rwanda, 2006

Type of employment	Men (per cent)	Women (per cent)	Total (per cent)
Waged farm work	10.2	6.6	8.2
Subsistence farmer*	41.6	23.4	31.6
Unpaid farm work	19.5	56.2	39.7
Waged non-farm work	17.4	5.6	10.9
Independent non-farm work	10.4	6.0	8.0
Unpaid non-farm work	0.9	2.3	1.6
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>

Notes: \*Subsistence farmer includes independent and unpaid farmers.

The total employment figure in 2006 was 4.38 million, with women accounting for 54.8 per cent.

Source: NISR (2007b), Table 3.3 (modified). EICV2 (2006) data: population aged over 15 years.

Although women have a high participation in MSME activity, they are more concentrated in the very small and subsistence-oriented type of income-generating activities. They are dominant in sub-sectors, such as agro-industry, food-processing, handicrafts (basketry and knitting), tailoring, and garments. Women also dominate the association type of MSMEs, where they account for 63 per cent of membership in associations of artisans (AfDB, 2008). Women are also less likely than men to be employers: only 0.3 per cent of working women have enterprises that employ others,

<sup>87</sup> See *Doing Business 2011* report, p. 18. This refers to formal registered businesses.

<sup>88</sup> An informal enterprise was defined as one that has not registered in the commerce registry, for tax, or for social security.

compared to 1 per cent of working men (IPAR-Rwanda, 2010, p. 116). Of those working in the non-agricultural sector, the proportion of women with employer enterprises rises to 2.3 per cent, compared to 3.2 per cent among men (World Bank, 2010c).

## **Constraints to women's entrepreneurship**

Many Rwandan women wanting to have an income-generating activity are often faced with difficulties: fear of the world of business due to a lack of self confidence; discouragement and resistance from the husband who, even if he does not provide financial support, should provide moral support; and lack of capital, personal savings, and collateral to guarantee bank credit or other sources of formal financing. As well, women generally have low levels of education, very few have had appropriate training to manage businesses, and they are more likely than men to be operating from their homes or without fixed premises (AfDB, 2008). They face difficulties accessing markets and opportunities from rural areas, and are still subject to a cultural environment that is not fully conducive to equality of opportunity and access to resources.

Women entrepreneurs in Rwanda report a lack of working capital as their top constraint, followed by taxes, low purchasing power of their main customers, inadequate technical and advisory support, and market saturation (AfDB, 2008). They have expressed the need for four types of support: (1) easier access to guarantees; (2) reduced tax rates; (3) help with studies on the viability and bankability of their projects; and (4) training projects to increase their capacity and skills relevant to their field of operation (Ngango, 2009).

## **The policy, legal and regulatory environment for women's entrepreneurship development**

### **SME promotion policies**

Until the recent past, government agencies have largely ignored MSMEs because of the need to focus on other critical issues of national importance, such as rebuilding the education system, hospitals, and essential infrastructure. In 2000, the United Nations Industrial Development Programme (UNIDO) helped to establish the Centre for Support to Small and Medium Enterprises in Rwanda (CAPMER) to provide information, advisory, and training services to SMEs in the areas of business planning, marketing, financial management, credit facilitation, etc. CAPMER became an autonomous public-private organization in 2002, with founding membership from the PSF/FSP, the Ministry of Trade and Industry (MINICOM), and non-governmental organizations (NGOs).

Since then, promoting the development of SMEs as the main vehicle for increasing productivity, producing economic growth, and creating sustainable jobs has been recognized by the government as the path forward. The creation and promotion of viable and dynamic SMEs is a goal of Rwanda's Vision 2020 and a priority of the EDPRS 2008–2012 and the Industrial Sector policy. The national employment policy also advocates for the creation and development of businesses as being the best way to create jobs, encouraging young women and men to pursue entrepreneurial and income-generating activities, with a particular focus on women, and promoting equality of opportunity between young girls and boys.

It was not until the spring of 2010, that the government launched its first Small and Medium Enterprise Development Policy and Strategy. The overall aim of the policy is to

foster job creation and an increase in the tax and export base by laying a stronger foundation for the establishment of new SMEs and the upgrading of existing ones in higher value-added activities. Among the key objectives of the new policy are to: (1) promote a culture of entrepreneurship among Rwandans; (2) facilitate SME access to development services, including BDS, market information, and local, regional and international markets; (3) promote innovation and the technological capacity of SMEs for competitiveness; (4) put in place mechanisms for SMEs to access appropriate business financing; (5) simplify the fiscal and regulatory framework for the growth of SMEs; and (6) develop the appropriate institutional framework for SME development, including better coherence in the delivery of SME programmes and services (MINICOM, 2010). Although none of the proposed strategy components specifically targets women entrepreneurs, women in the crafts sector may be able to benefit from specified policy measures that are to establish Craft Production Centers and selling points in strategic areas across the country, facilitate the participation of talented craft producers/SMEs to participate in foreign trade fairs and exhibitions, develop a marketing plan for Rwandan craft products, and establish revolving funds to support the purchase of farmer's produce.

The Government of Rwanda also considers cooperatives as an important instrument for strengthening the capacity of the predominantly rural population (pooling means of production), creating decent jobs, and alleviating poverty. Consequently, it has put into place policies, support institutions, and programmes to encourage their formation. The new Law No 50/2007 of 18 September 2007 on the establishment, organization, and functioning of cooperative societies in Rwanda replaces an old law that limited the domain of cooperatives to husbandry and agriculture. The new law allows cooperatives to carry out activities in all sectors of economic and social life and simplifies the registration process. The National Cooperatives Authority was established under the new law to oversee the cooperatives sector. The process of forming a cooperative does not require heavy, up-front investment (total cost for registration of a small cooperative business is only 67,000 Frw) and is not complicated. With a minimum required number of members set at seven, cooperatives enable the creation of several jobs at a time in the agri-business and handicrafts sectors, sectors in which women entrepreneurs are particularly active.

## **SME policies and women's entrepreneurship**

Although the government considers the promotion of income-generating activities, primarily the self-employment of women, as an appropriate and sustainable response to the feminization of poverty, the new SME development policy does not specifically target measures to develop women's entrepreneurship or to expand the role of women in SMEs.

However, measures having an impact on women's entrepreneurship are evident in laws and regulations that promote gender equality in the country, some of which have translated into very specific policy actions in favour of women entrepreneurs and women-owned enterprises. For example, the RRA reduced the tax rate on imports for women; for an import value of over 10 million Frw, a woman benefits from a tax reduction of 25 per cent, which increases with the value of her imports. The RRA also facilitates women's access to credit from the Preferential Trade Area (PTA) Bank<sup>89</sup> at a

<sup>89</sup> The PTA Bank is the financial arm of the Common Market for Eastern and Southern Africa (COMESA) of which Rwanda is a member.

rate of 2 per cent for those who have projects valued less than 100 million Frw, an advantage that is not very well known among women entrepreneurs. Also noted is the Gender and Employment Project<sup>90</sup> to support the women's employment and equality of opportunity between men and women at work. One of the main components of this project focused on the promotion of women's entrepreneurship among the millions of unemployed or underemployed women.

However, despite past government-led actions in favour of women's employment and entrepreneurial activity, further specific policy measures are needed. In the immediate future, strengthening women's enterprises will depend on the extent to which they can access training, business development services, information, and financing measures and programmes outlined in this new SME policy and the extent to which implementation of the SME policy includes measures to meet the needs of women entrepreneurs of different socio-economic backgrounds and sectors of activity. At this point in time, it would be beneficial if the government established an integrated and coherent interministerial policy and programme approach to WED.

## **Business registration and licensing**

The government of Rwanda, in its legislative reform, has simplified the documentation requirements, procedures and processes for registering an enterprise and obtaining a business license (Law No. 07/2009 of 27/04/2009 relating to commercial companies) with the aim of reducing the time and cost involved and facilitating the formalization process. This gender-neutral law provides for a single registration to obtain a certificate of incorporation as a commercial company in two simple steps. Unlike the former legislation, the establishment of a company no longer requires the involvement of the courts and everything can be done at a one-stop shop in the Registrar General in the Rwanda Development Board (RDB). Further, the paid-in capital requirement for newly-incorporated businesses has been eliminated. In 2005, registering a business required nine procedures and cost 223 per cent of income per capita. In 2010, the registration process for a limited liability company takes no more than 3 days and costs the equivalent of only 8.9 per cent of income per capita (World Bank/IFC 2010). For a simple business registration, a single application (satisfying both taxation and social security authorities) can be processed in 24 hours. Another important objective of the new law is to encourage registration of enterprises earning a minimum daily income equivalent to US\$20 (largely informal enterprises). A Ministerial Order in 2009 requires all of these low-income businesses to be on the Registry of Trade register, but provides for very simple registration procedures and reduces the cost to about US\$43.<sup>91</sup> However, fines are applied if the enterprise fails to register and/or display a license (IPAR-Rwanda, 2010). In addition, the frequency of tax filing for businesses with turnover of less than 200 million Frw has been reduced from monthly to quarterly.

The new law on cooperatives and the agencies governing cooperatives provides for implementation of an integrated system for managing and regulating cooperatives. These reforms are important for the facilitation of the registration of businesses, in general, and

<sup>90</sup> The Gender and Employment Project was outlined in the Ministry of Public Service and Labour's five-year action plan for the promotion of women's employment, 2006–2010, developed with support from the ILO.

<sup>91</sup> See: 'Rwanda women win by formalising businesses', *Microfinance Africa*, 11 June 2010. Online at: <http://microfinanceafrica.net/tag/rwanda-development-board/>

may be of particular benefit to women, many of which choose to operate their businesses in women's cooperatives.

The most important agencies in the registration and obtaining of trade licences include: the Office of the Notary for validation of status (if it is a corporation with more than one shareholder); banks for the letter of debt; the RRA to obtain a taxpayer identification number (TIN); the RDB for the Register of Companies; and the Chamber of Women Entrepreneurs, etc. These agencies are interdependent and one cannot operate a business formally without passing through them.

The advantages of registering with these agencies, having a business licence, and being in good standing with the state organizations are significant. Although MSME owners may be afraid to become formal because of the risk of being prosecuted if they fail, being formal allows them to freely negotiate with any partner, such as banks; conduct national and international transactions, such as importing and exporting, receive adequate training from these agencies and minimize being prosecuted for non-compliance, tax evasion, or worse.

## **Business registration and licensing and women's entrepreneurship**

Almost all women entrepreneurs in Rwanda are operating without registration in the informal economy, which is a barrier to accessing financing and other MSME services. Among the reasons for this high level of informality are the lack of information about the registration/formalization process, the perceived complexity and cost of the process, and lack of knowledge about the benefits of being formal. The vast majority of women interviewed during the course of this Rwanda assessment indicated that they would like to be assisted by persons or offices qualified in the field of business registration and licensing, such as lawyers and experts, but very few deemed that they have the capacity to do this.

One of the key objectives of the RDB, the agency tasked with business registration, is the sensitization and mobilization of women to invest in doing business. Registering their businesses could lead to enhanced opportunities for their growth. As well, if more of them were part of the formal economy, it would produce more revenue for the government through the tax system. Women entrepreneurs may certainly benefit from recent changes to the business registration procedures and also revisions to the laws and procedures governing the formation of cooperatives and the simplification of this process. In order to make significant inroads in the proportion of women who register their enterprises, they must be made more aware of the registration processes and the benefits of formalizing their activity and be assisted in the process.

## **Finance and credit policies**

Access to financing is a critical gap for SMEs in Rwanda, especially access to bank credit and long-term financing (PSF/FSP, 2008). Only 14 per cent of the Rwandan population is banked and only 47 per cent use formal or informal financial products; the rest being excluded from the financial system (FinScope, 2008). Women are most likely to fall among the 18 per cent of the banked adults who have indirect access to someone else's bank account (FinScope, 2008). At the same time, the banking sector in Rwanda is small, fragile, primarily centred in Kigali, and reluctant to finance commercial activities of enterprises/entrepreneurs that do not have a proven track record. The FinScope study reports that the main sources of credit for the non-agricultural informal economy are the

Union des Banques Populaires<sup>92</sup> (by far), followed by MFIs, NGOs, and cooperatives. Informal enterprises are more likely to use their own savings and informal lending sources, such as tontines, to finance their business activities. Only 13 per cent of informal economy enterprises has access to finance for working capital (NISR, 2007a). Even then, the small amounts involved do not allow for much expansion or growth.

The government has instituted a number of policy initiatives to improve SME access to financing, for example, the Agricultural Guarantee Fund managed by the Central Bank to boost investment in the agricultural sector; the SME Guarantee Fund; the Women's Guarantee Fund to help women without collateral or credit records access financing; and the Guarantee Fund for Retrenched Public Servants to support those who want to start income-generating activity.<sup>93</sup> In 2007, the government also created the Rwanda Enterprise Investment Company (REIC) to assist early-stage growth enterprises access risk capital investment. In the new SME Development Policy, these various funds are combined into one SME Development Fund to be administered through the Rwanda Development Bank to alleviate some of the financing pressures for SMEs by easing access (simplifying application and disbursement procedures and processes).

To improve the quality of services in the MFI industry, the country adopted a National Microfinance Policy and the National Microfinance Policy Implementation Strategy in 2007, followed by adoption of the Law No 40/2008 of 26/08/2008 on the organization of microfinance activity. This new law gives some structure to the industry, defining four types of microfinance institutions: informal; savings and credit cooperatives; deposit-taking; and non-deposit-taking. There are more than 230 organizations in Rwanda delivering microfinance to over 1.2 million clients (AfDB, 2008), so the industry is developing strength, but lacks institutional capacity and sufficient funding to meet the potential demand.

## **Financing and women's entrepreneurship**

Women entrepreneurs in Rwanda are at a disadvantage in accessing financing. They do not have the same opportunity as men to earn salaries and so to accumulate savings, are less likely to own property, and are less able to offer guarantees for bank credit. According to USAID (2009), 82 per cent of Rwandan women business owners self-finance their enterprises, 38 per cent have bank credit, and 14 per cent have a loan from an MFI. Informal financing still plays a large role in the socio-economic system of Rwanda. Women, disadvantaged in the conventional banking system or fearful to approach MFIs often resort to small loans from families and friends, a practice which, in turn, affects the scale of business they can start and grow. At the local level, community credit funds are another major source of microfinancing for women entrepreneurs.

The government has implemented some policy measures to address the financing gap for women entrepreneurs. In 1998, the Ministry of Gender and Women in Development established the Women's Guarantee Fund that offers a 50 per cent

<sup>92</sup> The Banque Populaire du Rwanda was established in 1975 as a cooperative bank; it transformed into a commercial bank in 2008.

<sup>93</sup> The utilization rate of the government guarantee programmes has been somewhat limited due to complexities in preparing applications and the costs of assessing the guarantee. Only 1.3 per cent of the available funding limit of the SME Guarantee Fund had been issued, and 36 per cent of the Women's Guarantee Fund. See: [www.bpr.rw](http://www.bpr.rw).

guarantee to commercial banks on their loans to individual women (for loans up to 5 million Frw), and a 70 per cent guarantee on loans made to associations of women or their cooperatives (for loans up to 10 million Frw). However, not many loans have been given under this scheme, and it is deemed as not being very successful (IFC, 2008). The Banque Populaire targets women with both SME and micro-credit loans, in rural and urban areas. In 2001, it created a Women's Branch in Kigali (Banque Populaire for the Promotion of Women) with a mission to help reduce poverty in rural areas by mobilizing savings and encouraging women to take part in income-generating activities. Consequently, because of its approach to serving this segment of the SME market, it stands out as the preferred commercial bank for women business owners (USAID, 2009).

The Urwego Opportunity Microfinance Bank, the only licensed bank focused on microfinance, is also a significant lender to women who make up 88 per cent of its 30,000 clients (USAID, 2009). Savings and credit cooperative societies for women have also been set up by the Association for the Promotion of Women Entrepreneurs, Duterimbere, notably the Duterimbere COOPEDU. In the fight against the feminization of poverty, the government has also established a Fund at the district level for granting micro-credits to women in cooperatives.

The majority of the women interviewed for the Rwanda assessment of the business environment for women's entrepreneurship had previously approached a bank for credit to start a business or finance the activity of an existing one. However, in general, the few women who do attempt to secure a bank loan encounter difficulties because they cannot provide a guarantee, or are subject to negative attitudes of the bank towards women based on cultural stereotypes. There are several reasons why women may not approach the banks. The first is their perception that formal banking is the domain of men and is thus inaccessible to them. The second has to do with culture. Until only a few years ago, a Rwandan woman did not have the legal right to open a personal bank account without prior permission of her husband, inherit property, especially land, or have property in her own name. The third is that women still face difficulties in obtaining credit due to a lack of collateral. Even in a family regime of community property, the cultural practice is to have the important assets registered in the husband's name (house, car, farm land, etc.). Although today, a person may have credit without the co-signature of a spousal partner, it is always easier to obtain bank credit when it is requested by the husband, with the wife being the simple co-signer. Some women have, sometimes with great difficulty, managed to secure conventional credit if the project is considered to be a family enterprise and the husband is seen as the one mainly responsible (even if the credit is granted to the woman); if they can obtain a guarantee; or if the bank considers them credible because they have a track record of repaying their loans.

## **Labour laws and regulations**

The new Labour Law No. 13/2009 of 27/05/2009 on regulation of labour in Rwanda prohibits discrimination based on race, sex, marital status, religion, etc., in recruitment, as well as in the treatment of workers. Certain provisions in the law relate to the protection of the working woman. Women, regardless of age, are not permitted to work at night in any industrial undertaking, with the exception of health services. The labour code protects women against dismissal due to maternity or during the period of maternity leave, and working women have the right to take one-hour breaks for breastfeeding.

A national social protection policy was established in 2005. Formal workers are supposed to be registered with the Social Fund (CSR), but the onerous administrative process and high costs required to register in the Fund means that only a small number of workers have coverage (PSF/FSP, 2008). Over 40 per cent of government employees are

registered but only 4 per cent of private sector employees (FinScope, 2008). Over 80 per cent of Rwandans have medical insurance, mostly in the form of community health insurance through the Mutuelle de Santé set up as part of the government's social protection programme in 1999. In this scheme, Rwandans pay a premium of \$2 a year for basic health and medical coverage. Over half of the cost of this health insurance provision is covered by donor organizations.

Workers in the informal economy do not contribute to the CSR. In 2006, only 1.74 per cent of informal production units were affiliated to the Social Fund, although almost 70 per cent adhered to the mutual health insurance scheme (NISR, 2007a). It is noted that women account for only 14 per cent of the total members registered in the CSR (AfDB, 2008).

## **Labour laws and women's entrepreneurship**

All of the women interviewed for the assessment of the environment for women's entrepreneurship stated that they generally recruit and manage their employees on an informal basis, since the business itself is likely to be informal. Very few, including formal businesses, observe formal labour regulations, an issue that seems to be related to tax requirements. Most women make heavy use of family and friends as workers in their businesses because of the ease of hiring and dismissal, low costs, the absence of procedural requirements, such as written and signed contracts, and the absence of RRA and Social Fund employer obligations. The process of adhering to the formal requirements of hiring, offering salaries and benefits, and termination of employment required by law appears to be quite complicated to most women entrepreneurs, especially those operating in the informal economy.

## **Property rights**

Recognition of the link between poverty and income inequalities and household endowments has prompted the government and donors to address the land ownership issue, particularly to expedite the granting of title deeds to landowners, which are largely held under an informal system, and therefore, cannot be used as collateral. The Organic Land Law of 2005 on the land tenure regime seeks to achieve three basic goals: to formally recognize land rights in the form of long-term secure lease rights; to resolve uncertainty over landholdings caused by the post-conflict situation; and to encourage consolidated use of land to increase productivity and stewardship. The law states equal rights of women and men to land ownership.

Rwanda has made considerable progress in reducing the time and cost of registering property. In 2005, the property registration process took more than a year with transfer fees of almost 10 per cent of the property value. In 2010, the process took only 55 days at a cost of 0.4 per cent of the property value (World Bank/IFC, 2010). A registrar of land titles has been appointed and property registration has been decentralized to the provincial and district levels. Property transfer and mortgage registration fees have been reduced to a flat fee of 20,000 Frw. Other reforms to develop a land registry and to establish an electronic land information system are in the pipeline.<sup>94</sup> However, despite

<sup>94</sup> 'BD Reform Status end of March 2010'. Available at: <http://www.rdb.rw/media-centre/press-release/business-reforms-end-may-2010.html> [04 November 2011].



major reforms to the land registration process, the cost and availability of land still present huge constraints to entrepreneurs who want to start and grow a business (PSF/FSP, 2008), especially women entrepreneurs.

The new law (Law No. 10/2009 on property guarantees of 14/05/2009) relating to mortgages protects the matrimonial home in mortgage assets, stipulating that if the matrimonial home is the sole source of livelihood of the home, the mortgage cannot exceed 30 per cent of its value. With this new law, and through the application of the principle of equality between men and women, the requirement for married women to obtain marital permission to start a business has been removed.

## **Property rights and women's entrepreneurship**

By the 1999 Law on Matrimonial Property and Succession women were given the right to inherit property from their parents and husbands (applying only to legally married women). The property of women is also regulated by the Organic Land Law of 2005 that gives women equal rights with men to property and inheritance. Nevertheless, the concept of property ownership for women remains taboo in many families, and when women try to take advantage of their rights, they often encounter social resistance, such as from a husband who fears losing his status as head of the household. Everything that the family owns, even if the woman personally earned it, is often registered in the husband's name. This is precisely one of the obstacles that women entrepreneurs face when asked for a guarantee for a loan. In addition, joint registration of land ownership is only guaranteed for married women under civil law and does not apply to women married under customary law or in polygamous unions (AfDB, 2008, p. 21).

Although, there are no available statistics on women's access to and control over land in Rwanda, women are less likely than men to use land in their enterprises, and when they do, are more likely to use land from the state, whereas men are more likely to lease land or use private land (NISR 2006). Women entrepreneurs will potentially benefit from the new land law, if they are able to title land, because they will be able to use this land as collateral for borrowing from banks.

Although it is undeniable that remarkable changes have been made to women's property rights and that Rwanda is advanced in comparison to other countries in the sub-Saharan region, it is also clear that the favourable impact of the new legislation is still hindered due to the persistence of cultural constraints, such as husbands insisting that properties not be registered in the name of the woman. This places limitations on initiatives, such as the purchase of new land or enlargement of existing land; dampens the spirit of independence and self-confidence (need for a husband's permission); and negatively impacts on the offer of collateral for a business loan. The other major barriers to women exercising their property rights is the daily practice of applying customary law to inheritance rights, which discriminates against women, and the lack of awareness and knowledge women have of their rights to their husband's land (USAID, 2008).

# **Assessment of policy, legal, regulatory, and support environment for women's enterprise development**

## **Gender and mainstreaming policies**

Rwanda is a world leader in promoting equality between men and women, and the Government of Rwanda is highly committed to the cause of gender equality and women's empowerment. The terms of the Constitution of the Republic of Rwanda 2003 clearly set out the principles of equality between women and men, such as equality of all before the law, the right of every person to private, individual, or collective property, the right of women to property and inheritance of land and property, and the right to free choice of work. The Constitution further states that any discrimination is prohibited and punishable by law. Rwanda has also ratified the major international conventions on equality rights for women and complies with the gender policies of the EAC and the Community Market for Eastern and Southern Africa (COMESA). The Civil Code on persons and families entitles each spouse to practice a profession, an industry or trade without the consent of the other spouse. The right to sue, regardless of the matrimonial property regime, is recognized in each spouse, and widows have the right to administer the property of minor children.

Rwanda adheres to the principle that equal participation of women and men in decision-making is a factor of development, measured in terms of involvement of women and men in decision-making processes and the design of development policy. The 2003 Constitution stipulates that women must represent at least 30 per cent of the Parliament and all decision-making bodies. On this target, Rwanda performs well at some levels of government, but not at the level of mayors. Women represent 55 per cent of the seats in the lower House of Parliament, 30 per cent at the Senate level, 44 per cent of the Supreme Court, and 40 per cent of the heads of provinces. In the private sector, there is a low representation of women in decision-making positions in industries, banks, insurance and real estate companies, etc. Essentially, there is a need for continued and strengthened advocacy efforts to integrate women in decision-making institutions.

The Constitution also created institutional mechanisms charged with the promotion and protection of the rights of women. Strategies and instruments have been adopted for the eradication of existing inequalities between men and women and instruments and to better ensure a solid political basis for integrating the issue of gender in various sectors of national development. The National Council of Women was created in 1996 as a forum for Rwandan women to formulate and share their ideas on how to solve their problems and as a vehicle to ensure the participation of women in the governance of the country and in government programmes. The Council is placed under the tutelage of the Ministry responsible for the promotion of gender and the family, but has a legal personality and financial autonomy. It is represented at the provincial, district and city, sector, and cell levels. As a result, women participate in all national level structures. The Council holds 24 seats in the Parliament.

The Government of Rwanda adopted the National Gender Policy in 2004 to address the persistence of imbalances between men and women, which hinder efforts to reduce poverty and achieve the government's long-term development vision. The general objective of the gender policy is to ensure that, in all areas of development, women and men have the same opportunities of access to (and control over) resources, goods, and services. The policy states that existing differences between men and women, and boys and girls, especially in the area of access to employment (an essential factor to promote

the economic independence of women), must be effectively analysed and taken into account in the development process. The gender policy is implemented across administrative sectors from central to decentralized levels. Gender focal points and monitoring mechanisms have been set up in other ministries to hold actors accountable for integrating gender in their policies and programmes. The Vision 2020, the EDPRS,<sup>95</sup> and the decentralization process all highlight gender as a cross cutting issue, seeing women's empowerment as critical to economic development. Although there is still much to do, gender representation is a priority in the processes of setting up the administrative authorities and must be considered in the daily management of affairs of decentralized bodies. In this process, the principle of civic participation in the identification of needs and local interests is geared to take into account the particularities of men and women, and girls and boys.

The Ministry of Gender and Family Promotion (MIGEPROF), established to coordinate implementation of the National Gender Policy, is the responsible department of government to strengthen the capacities of women in all areas of national life by reducing their level of marginalization and making them more aware of their rights. Its role is to develop policies and programmes to correct existing disparities in the socio-economic status of men and women, to accelerate the productive participation of women in economic development with a particular emphasis on training, and to cooperate in the implementation of programmes to ensure the self-determination of women. Women's committees are represented at the level of each administrative sector in order to advocate for the advancement of women and, in particular, women's entrepreneurship and involvement in income-generating projects.

As well, a Gender Budgeting Unit has been set up and the gender budgeting process launched in 2003 under the cooperative efforts of MIGEPROF and the Ministry of Finance and Economic Planning (MINECOFIN).

Lastly, a Gender Observatory was created in 2007 to serve as a framework for guidance and reference in matters of equality of opportunity and fairness and to monitor compliance with indicators of gender equality and equity in the government's vision of sustainable development.<sup>96</sup> Its functions are to: track and evaluate performance on gender indicators in both public and private institutions; make recommendations to the various institutions regarding the integrated promotion of gender in national development; and monitor the observance of the gender principle in the national development vision, submitting an annual activity report to the Government, Parliament, and the Supreme Court. (This assessment was not able to determine if the Observatory has yet produced any public reports.) The Observatory also provides inputs to draft legislation, policies, and strategies or other documents in relation to the implementation/integration of a gender equity approach, creates awareness in all institutions of the importance and mechanisms of mainstreaming gender in their programmes, leads statistical research on

<sup>95</sup> The EDPRS clearly stipulates that the government should keep track of the composition of employment by sex in different sectors, and jobs in different categories of competence, and that measures will be taken to expand the professional choices of women and to eliminate wage discrimination based on gender (MINECOFIN, 2007, p. 99).

<sup>96</sup> Several targets for greater gender equality were set in the EDPRS and Vision 2020 documents. These include indicators with respect to female participation in formal and informal labour markets; literacy rates; formal social insurance coverage and social safety net provision; women's share of microfinance; women's access to agricultural inputs; women's poverty levels; etc. For more information, see: Gale Reference Team (2008).

specific problems in the integration of gender, develops indicators to identify the degree of gender equality in various fields, and identifies gender disparities in all areas of the life and proposes means to redress them. Gender disaggregated statistics are produced in all socio-economic areas, covering demographics, education, reproductive health, gender violence, and women's participation in employment and decision making to better inform and monitor policy developments (see MIGEPROF, 2009). Although there is a need to build institutional capacity to generate gender statistics in areas closely linked to women's economic status, such as in the agricultural census, the land registry, women's access to credit, and women's ownership of enterprises (AfDB, 2008).

The gender-specific legislative actions in Rwanda have raised the status of women in Rwandan society and increased awareness of their equality and rights. This has increased the confidence of women, who now recognize that the policy of the country supports women at all levels and in all sectors, and dissuaded men from publicly raising questions or making comments that may be interpreted as sex discrimination or degrading to women. However, women must continue to fight for full equality status and men must leave behind their cultural stereotypes of the role of women in society and perceptions of superiority to women.

## **Support structures, programmes and initiatives**

The government of Rwanda has set up several programmes in support of private sector and SME development in collaboration with bilateral and multilateral partners. Examples are the Integrated Development Programme for Industry (PDII), in collaboration with UNIDO; the Programme for Promotion of Rural Small and Micro Enterprises (PPMER), with support from the International Fund for Agricultural Development (IFAD); and the Support Centre for Small and Medium Enterprises (CAPMER). The framework structures for MSME support include a number of public and private organizations, programmes, and initiatives, some of which are geared towards women. Data on the proportion of women beneficiaries of these various MSME support programmes are not readily available, however, only 30 per cent of the beneficiaries of the PPMER programme, which provided support to about 6,000 micro and small-scale enterprises (handicrafts, food processing, tailoring, carpentry, etc.) in poverty-stricken areas, were women which is low given the high participation of women in the informal economy (AfDB, 2008).

The objectives of CAPMER, located in the Rwanda Development Board, are to promote entrepreneurship and enterprise development through enterprise training and support programmes; to facilitate access to management consulting services, financing, and domestic and international markets; and to provide information on the service-providing structures for enterprise development.

The Private Sector Federation (PSF/FSP), created in 1999, is the main voice for private sector actors in relations between the private and public sector in Rwanda, and is very active in providing support services to SMEs as an important partner with the government and donors. Its mission is to represent the collective interests of the private sector through effective advocacy of the development of businesses to strengthen the private sector as the engine of economic growth. The PSF/FSP achieves sectorial and geographical representation through national, provincial, and district level committees. It is composed of nine sectorial chambers, including the Chamber of Women Entrepreneurs and Chamber of Young Entrepreneurs. The Chamber of Women Entrepreneurs has a membership including seven women's trade associations representing different sectors. To be a member of the Chamber, the woman's enterprise must have a registration

certificate, thus, the Chamber does not represent the vast majority of informal women entrepreneurs.

The PSF/FSP has developed a number of programmes geared to developing entrepreneurship and business growth and building private sector capacity to support the development of enterprises (such as, BDS, training of trainers, international study tours, business plan competitions, and an Enterprise of the Year award open to both men and women). It has established a number of Business Development Centres in Rwandan provinces, with plans to have 30 of them in place by 2012. In partnership with CAPMER, it has created Entrepreneurship Development Centres to provide support to entrepreneurs with more innovative enterprises and has initiated the Provincial Investment Corporation Programme (Société des Investissements Provinciaux) and the Investment Group Programme (Programmes de Groupes d'Investissement du Rwanda) to pool the investment capacity at the provincial level for larger investments and create common funds for investment in the start-up and strengthening of large export industries. The PSF/FSP also partners with the IFC in delivery of the 'Business Edge' training programme offered to business owners to help them acquire the management skills they need to succeed. Furthermore, the PSF/FSP chambers are active in training artisans to upgrade the quality of their products and helping them to trade in international markets, a group that often works in cooperatives and associations and needs BDS services.

In addition, the Rwanda Bureau of Standards, created in 2002, works to improve the quality of manufactured goods from Rwanda in order to respond to international competition, and the Centre de formation et de recherche co-opératives (IWACU) is specifically dedicated to supporting cooperatives, one of the government's priorities for strengthening micro and small enterprises. Its objectives are to improve the management and technical capacities of cooperatives, many of which are formed by women; to encourage training of cooperative networks; and to improve the capacity of unions in the area of good governance.

### *Support structures and initiatives and women's entrepreneurship*

There are no data on the participation of women in the support programmes and initiatives noted above. Certainly women are a targeted group in all of these initiatives, but because of the high level of informal activity practiced by women and their rural distribution, one can imagine that not very many women are being reached. The NISR (2007a) study of the informal sector revealed that only 26 per cent of non-agricultural informal economy enterprises have ever accessed BDS services (training, help with improving the quality of their products or their management skills, marketing, legal advice, credit facilitation, etc.). Plus their evidence revealed that the majority of the BDS beneficiaries are men (70 per cent). On the other hand, the study indicated that women are more likely than men to participate in technical training. One of the government's strategies to improve women entrepreneurs' access to BDS is to strengthen the technical and financial capacity of women's organizations to revitalize their training activities (reoriented more towards the real needs of the economy) so they can reach out to more women beneficiaries.

The Chamber of Women Entrepreneurs and CAPMER both play a role in encouraging and coaching new women entrepreneurs and following up on already operational women-owned businesses. The Chamber offers training programmes based on the expressed needs of women entrepreneurs; has established training and capacity building centres to provide training to trainers, as well as women entrepreneurs, and to act as a storehouse for the creation, collection, processing and dissemination of business-

related information; organized consultative meetings with partner organizations and business entities in other parts of the world to access information, share experience, and open up trade possibilities; and provided ICT training and tools to women entrepreneurs in urban and rural areas, and broadly disseminated information to members and organizations using ICT. The Chamber also delivers the Goldman Sachs 10,000 Women Project in Rwanda, aiming to empower women through entrepreneurship and to build their skills and competences to start and grow substantial enterprises. However, the access and scope of this initiative is limited.

A number of other enterprise promotion programmes exist in Rwanda, some of which focus specifically on the development of women's entrepreneurship, although these are mostly in the area of financing access covered in Section 5.3. However, it is noted that the RDB, for the first time in 2011, has included a 'woman entrepreneur' category in their Business Excellence Awards. Also, the ILO has recently trained trainers in the delivery of the Start/ Improve Your Business (SIYB) training modules to women. The immediate objectives of this initiative are to enable local BDS organizations, and among them explicitly women's organizations, to implement business start-up and improvement training and related activities and enable potential and existing small entrepreneurs, both women and men, to start viable businesses, and to increase the viability and profitability of existing enterprises, creating quality employment for others in the process.

Unfortunately, many women are not aware of the enterprise support facilities and services and therefore do not benefit, especially those in rural areas, and to some degree in certain urban areas. Obviously more needs to be done to extend these services to more women, including promotion and awareness of their existence. There is also no evidence that services are adapted to the needs of women entrepreneurs of all socio-economic backgrounds. Women entrepreneurs interviewed as part of this assessment of the environment for women's entrepreneurship stated that they were poorly received and served by some agents of the State, although well received by others. This indicates the need to improve the level of customer service in Rwanda and to change the mind-set, attitude, behaviour, and culture towards women. Due to the indifference shown to women by certain customer service agents, coupled with the fact that women are not being adequately informed of the channels and structures of appeal, they prefer not to complain under the pretext of not creating more trouble.

## **Access to information**

One of the complaints of business people, in general, is that they are not adequately informed about recent pro-business reforms that have been implemented, such as the land registration processes or simplification of business registration (PSF/FSP, 2008). The Chamber of Women Entrepreneurs and CAPMER are the main sources of information on new business opportunities that might be of interest to women in the MSME sector, although information is not made sufficiently accessible. Women living in rural areas receive information from the different decentralised institutions at the District and sector levels, institutions responsible for the promotion of women, and the national media. The better educated women, more likely those living in urban areas, can access information on governmental decisions from government websites or in the official journal, which is

available to everyone at an affordable cost. On the other hand, women<sup>97</sup> admit that they understand little of this published information and only realize its usefulness when they are in need of specific services to advance their businesses. The other major source of information is from organized meetings of women entrepreneurs. However, not all women participate in such meetings, especially those who operate in the informal economy.

A decentralized system of outreach and awareness-raising is needed to make information on new business opportunities, changes in regulations, and business support services more accessible to a broader segment of the female population, especially in rural areas.

## **Participation in business networks and public-private sector dialogue**

### *The participation of women in business associations*

In the latter half of the 1990s, following the genocide that ended in 1994, there was a rapid rise in the number of women's organizations in Rwanda (Newbury and Baldwin, 2001). Through collaboration with other women in collective organizations and associations, women sought mechanisms and options to support themselves. Many of these organizations are advocating for women's rights in society, the economic advancement of women (with a view to combating the feminization of poverty), and the further integration of gender in policies, programmes, and general society, while others are oriented specifically to supporting women's entrepreneurship. Although there are numerous women's associations, cooperatives, and organizations in the country, the Foreign Investment Advisory Service (FIAS) concludes that their capacity is in need of strengthening (FIAS, 2005).

The Chamber of Women Entrepreneurs, established in 2006, is one of the main associations representing women entrepreneurs in Rwanda. Its strategy is to reinforce the economic role of women, promote self-employment, improve the business climate, and remove obstacles to doing business for women entrepreneurs. Before the establishment of the Chamber of Women Entrepreneurs, the Association des Femmes Entrepreneurs au Rwanda (AFER), created in 1989 as a national NGO, played a role in promoting women's rights as entrepreneurs and reinforcing their capacity and competencies as competitive business owners. It was during this period that women gained the right to open bank accounts, register their businesses, and carry out business without requiring the consent of their spouse. In 2007, the AFER dissolved and members adhered to the Chamber of Women Entrepreneurs. The Chamber has organized a diverse business network and solidified its position as the 'Voice of Rwandan Business Women' to the public, to the media, and to the government. It is a persuasive advocate for business viewpoints and national unity.

Women entrepreneurs also participate in other mixed associations (both men and women members). While men still dominate in terms of membership representation and association leadership positions in these mixed associations, the political will for change

<sup>97</sup> Input from women participating in the focus groups conducted during the course of this assessment.

towards more gender equality is leading to an increasing role for women in decision-making positions (executive, committee, and board levels). One of the challenges to a faster rate of change in this regard is the stereotypical division of work in society. Driven by the cultural and social environment, this will take more time and effort to change.

*Representation and participation of women entrepreneurs in formal dialogue between the public and private sector and the extent to which their issues are taken into consideration*

Women play a key role in the development of the country, a role recognized in different decentralization policies and laws. For example, Law No. 08/2006 of 24/02/2006 regarding the organization and functioning of the district specifies that the District Council is to be made up of at least 30 per cent female councillors and represented by the Coordinator of the National Council of Women at the level of the district. Various committees of the District Councils support the advancement of women and provide advice and opinions to the District Council regarding the implementation of District Council decisions in the promotion of women. In 1996, women parliamentarians formed the Forum of Rwandan Women Parliamentarians as a lobbying body for the development and adoption of legislation designed to strengthen women's rights and equality between men and women, especially at the decision-making level. This group participated actively and positively to influence the revision and repeal of discriminatory legislation for women.

Overall, it can be said that women in both mixed and women's associations are participating in discussions with government institutions on the conception and implementation of national development programmes. On the other hand, formal business and sector associations do not generally represent the views and needs of informal business owners, who are more likely to belong to tontines and savings and credit associations, which do not have much capacity, and are not part of official public-private sector dialogue. The Chamber of Women Entrepreneurs, as a chamber of the PSF/FSP, is involved in dialogue with the government on women's business issues. However, many associations of women are not members of the Chamber, as well as those dominated by informal enterprises.

PRO-Femme/Twese Hamwe, created in 1992, is an umbrella for more than 40 Rwandan organizations committed to the socio-economic advancement of women, peace, and development. Pro-Femme's vision is to ensure that Rwanda is free of discrimination linked to gender, whatever its form, and that equality and equity between men and women are anchored in the process of developing a stable and peaceful society. Its member associations work in the field of human rights in education, advocacy for the education of girls, the role of women in decision-making bodies, and the fight against violence. PRO-Femme provides a platform for providing input to the government on the revision of laws and definition of policies affecting women.

In order to promote the development of the private sector and entrepreneurship, the government has set up a 'Forum de Partenariat entre le Secteur Public et le Secteur Privé' (there is no evidence of the proportion of women involved in this forum). This and other mechanisms are used to solicit the input of private sector actors in the policymaking process, but according to the PSF/FSP (2008), the private sector is still not sufficiently consulted when new policies are being developed.



## **Conclusions and recommendations**

### **Conclusions**

During the past decade, the government has developed diverse policies to alleviate poverty and adopted new legislation to improve the regulatory environment for a market economy, good governance, decentralization, health conditions, the environment, and business. Rwanda is also considered a leader in the Africa region in terms of gender equality measures and has put into place many institutional structures and mechanisms to reinforce the equity of women and men in all facets of society. The government's commitment to business environment reforms and the development of women's entrepreneurship and empowerment of women in economic activity is evident in various constitutional guarantees, legislative and administrative actions, and policies. However, awareness of many of these reforms is low among the population, especially in rural areas. These policies and implementation tools need to be popularized on a larger scale, especially in rural areas, so that potential beneficiaries have more awareness and knowledge to avail themselves of opportunities and to comply with the regulatory environment. In addition to the multiple actions in favour of women entrepreneurs that have been implemented (bodies to promote women's entrepreneurship, targeted initiatives), more specific measures are needed to improve their situation and to address their persistent challenges.

The government has already done much in the area of technical and professional training and development of women to increase their confidence in taking risks to succeed in their businesses, but the implementation of policies depends on a chain of agents who should be more aware of the importance of the task and focus their efforts in assisting government's efforts. This training is provided by certain institutions, such as the PSF/FSP or CAPMER, however, the magnitude of the challenge is beyond their means in terms of human, financial, and technical resources. Although associations exist for both formal and informal women entrepreneurs, for the most part, they are vulnerable and in need of capacity building.

In spite of all that has been accomplished to implement gender policies, mechanisms, and structures to foster the advancement of women in socio-economic activity, due to the prevailing negative impacts of culture and the chauvinistic attitudes towards women, there is an ongoing need for the government to heighten societal awareness of the equality of women and men. There are still limited opportunities for women in salaried jobs (56 per cent of women are in unpaid work) and an underrepresentation of women in wage-earning jobs. Salaried jobs are an opportunity for women to gain valuable skills and knowledge beneficial to eventually starting their own enterprise. Although women entrepreneurs comprise a significant percentage of all economic operators in Rwanda, their enterprises are very small (many of them at the level of subsistence income-generating activity) and not well diversified across economic sectors. Very few are in the formal economy with access to financing and business development services. Well targeted initiatives to better meet their needs and build their capacity and know-how would allow them to contribute more fully to the economic advancement of the country.

### **Recommendations**

Based on this analysis, the following have been identified as critical policy and programme measures to improve the environment for women's entrepreneurship in Rwanda.

### *SME promotion policies*

1. Ensure that issues concerning the development of women entrepreneurs are adequately integrated in the implementation of measures within the new SME Development policy.
2. Institute a more coordinated interministerial structure for developing a coherent and cohesive approach to the design and delivery of support measures for strengthening women's enterprises.

### *Business registration and licensing*

1. Implement an outreach strategy to help women recognize the benefits of formalizing their enterprises and to provide advisory services to guide them through the process.

### *Finance and credit policies*

1. Dramatically accelerate efforts to support and enhance the expansion of microfinance institutions so that they can finance microenterprises and income-generating activities located in the provinces.
2. Undertake a review of the Women's Guarantee Fund with a view to improving its functioning as a model for providing loan guarantees for women entrepreneurs (expanding its reach, improving its utilization rate, etc.).

### *Labour laws and regulations*

1. Ensure equality of opportunity in the hiring practices in both the public sector and the formal private sector to increase the participation of salaried women workers. Research may be needed to examine current gender biases in the composition of formal economy employees.

### *Property rights*

1. Gather statistics on women's ownership of land in Rwanda and the proportion of women among those registering land under the new land registration system, as a basis for implementing initiatives to improve their access to land titles.
2. Educate women (in particular rural women) and men about the legal reforms regarding matrimonial property and inheritance rights of women.

### *Gender and mainstreaming policies*

1. Strengthen the level of popularization, mobilization of effort, and monitoring of gender equity and protection of women's rights to reach the objective of equality between men and women as stated in Rwanda's 'Vision 2020'.
2. Build institutional capacity to generate gender statistics in areas closely linked to women's economic status, such as in the agricultural census, the land registry, women's access to credit, and women's ownership of enterprises.
3. Integrate gender-sensitive entrepreneurship education into curricula in order to raise awareness among girls and boys about enterprise development as a possible career path and build positive attitudes towards entrepreneurship in general.
4. Do a follow-up of the educational evolution of girls through the entire process of training to be able to guide them according to their abilities and to the needs of the nation; create an incentive fund for girls, particularly those who want to work in areas traditionally reserved for men.

### *Support structures, programmes, and initiatives (for women's entrepreneurship development)*

1. Develop and implement a capacity building programme for institutions and associations that have a mission to mentor and support women entrepreneurs in the effort to permit a more rapid and sustainable development.
2. Expand the orientation and capacity of institutions, such as CAPMER, to support women entrepreneurs solve some of the problems they face in the design, start-up, or management of their businesses (related to family issues, dealings with banks, etc.).
3. Create incentives to enable organizations to offer gender-sensitive technical and professional training to women on starting and managing a business.
4. Strengthen the capacity of women's entrepreneurship in rural areas, taking into account the need for entrepreneurship-oriented literacy training and diversification of farm- and non-farm-related activity.
5. Extend training on the development of income-generating activities to a larger number of women and help them to access the micro-credit and other services to support women's entrepreneurship.
6. Collect and disseminate gender-disaggregated data on the take-up of business support services and financing schemes.
7. Mobilize, by the government, through specialized organizations, the use of the media, and other official routes, an intensive, sustained, and permanent effort, involving both women and men, to change the culture, mind-set, attitudes, and behaviour regarding the role of women as entrepreneurs and successful businesswomen.

### *Access to information*

1. Create a decentralized system of outreach and awareness-raising to make information on new business opportunities and support programmes and services more accessible to a broader segment of the female population, especially in rural areas.
2. Design an information and communication programme to educate women about the process of formalizing their businesses, supported by an initiative to help them through the process.
3. Promote awareness among women of the facilities and services available to support women entrepreneurs and their modes of access (micro-credit funds, guarantee funds, etc.).

### *Representation of women in business membership organizations*

1. Identify all of the associations of women entrepreneurs in rural and urban environments, at the level of each district, and develop a complete and reliable database that is accessible to women.
2. Encourage more collaboration among these associations to promote sharing of information and knowledge and to develop a broader-based representation of women entrepreneurs and their needs.

### *Representation and participation of women in public-private sector dialogue*

1. Encourage membership of more women's associations in the Private Sector Federation and the Chamber of Women Entrepreneurs.

## **SECTION 7: Summary of the environment for women's entrepreneurship development in Senegal<sup>98</sup>**

### **Approach to the study in Senegal**

This section presents the assessment of the environment for women's entrepreneurship in Senegal. The assessment was carried out using a combination of data and approaches that included:

- a review and analysis of national-level statistics, studies of the business and investment climate, and government policies and strategies affecting small and medium enterprises (SMEs) and specifically women entrepreneurs;
- meetings with representatives of stakeholders (government officials, agencies, business and advocacy organizations, and programme delivery agents);
- analysis of two focus groups in each of the four selected regions (Dakar, Kaolack, Tambacounda, and St. Louis); and
- a survey of 50 women entrepreneurs (20 in Dakar) and ten in each of the other three regions.

### **The economic, social, and political context**

Senegal is a lower-middle-income country located on the west coast of Africa with an estimated population of 12.6 million, 58 per cent of whom live in rural areas (World Factbook, WFB). Approximately 43 per cent of the population is less than 15 years of age (WFB). Gross domestic product (GDP) per capita in purchasing power parity (PPP) amounted to US\$1,900 in 2010 (WFB). The annual growth in GDP averaged 4.5 per cent between 2000 and 2008 (World Development Indicators, WDI), but dropped to 1.8 per cent in 2009 before rebounding to 3.9 per cent in 2010 (WFB).

The adult literacy rate is low, at about 40 per cent, with a sizable gender gap in literacy rates (29 per cent for women compared to 51 per cent for men) (World Factbook, WFB)). This gender gap places women at a great disadvantage in terms of their level of participation in public and economic life. In 2005, an estimated 60.3 per cent of the population was living below the international poverty line of US\$2 a day (WDI). Over three-quarters of the labour force is engaged in the agricultural sector, which contributes only about 15 per cent of GDP (WFB), indicating low productivity.

<sup>98</sup> This summary, prepared by L. Stevenson and A. St-Onge, is based on the more extensive report on the Senegal environment for women's entrepreneurship prepared by A. Mactar Diop for the International Labour Office in 2009 (Diop, 2009). The information in the original report has been updated or supplemented.

**Box 5**  
**Key statistics – Senegal**

Government: Republic

Population: 12.6 million (2011)

Urban population rate: 42% (2008)

Literary rate: 40%; male – 51.1%; female – 29.2%

GDP: 3.9% growth rate (2010)

Agriculture share of GDP: 16% (2008)

Agriculture share of labour: 78% (2007)

Per capita GDP (PPP): US\$1,900 (2010)

Unemployment rate: 23% (2009)

Labour force participation rates: male — 80%; female — 62%

Source: *World Factbook, World Development Indicators, government statistical sources.*

In 2010, the labour force approximated 5.6 million (WFB). The labour force participation rate is 70.7 per cent: 80 per cent for men and 62 per cent for women (ANSD, 2009). The disparity is more marked in the 30–49 age group, the period during which the presence of women in the labour market is most likely to be constrained by their maternity and child care responsibilities (Mane, 2008). Women's share of the labour force in 2008 was 43.1 per cent, only a modest increase from 40.8 per cent in 1990 (WDI).

In 2004, less than 9 per cent of the working population was employed in the public and formal private sector. Almost 90 per cent of the overall working population was employed in an individual or household enterprise: 92 per cent of women and 85 per cent of men (Table 37). The prevalence of this type of work was much higher in rural areas (95 per cent) than in the urban centre of Dakar (65 per cent) or other cities (80 per cent).

Women were particularly disadvantaged in formal private enterprise employment, accounting for only 29 per cent of these workers, compared to almost 49 per cent of those in individual or household enterprises, most of which are informal. The weak participation of women in formal enterprises is linked to their lower literacy and education levels (Granstöm, 2009) as well as to socio-cultural attitudes about the role of women in economic life. Although data does not exist on the entire informal economy in Senegal, it employs the vast majority of workers, accounting for 83.4 per cent of jobs in Dakar in 2008 (ANSD, 2009, p. 73).

Table 37. Share of employment by institutional sector, urban-rural location, and gender, 2004, Senegal

Institutional sector	Total (per cent)	Dakar (per cent)	Other cities (per cent)	Rural (per cent)	Male (per cent)	Female (per cent)
Public and para-public sector	3.4	11.9	8.6	0.9	4.6	1.8
Formal private enterprise	5.3	20.0	6.5	1.8	7.0	3.2
Individual or household enterprise	88.3	65.2	79.8	95.2	85.1	92.4
Other	3.0	4.8	5.1	2.1	3.2	2.6
Total	100	100	100	100	100	100

Source: Enquête Sénégalaise Auprès des Ménages (ESAM –II) (DPS 2004).

Senegal was ruled by a socialist party for 40 years until elections in 2000. As per the Constitution of 22 January 2001, it became a democracy under a semi-presidential regime. Since 2001, institutional reforms have sought to deepen participatory democracy and strengthen the judicial system. Although some institutional instability is still noticeable, Senegal is considered one of the most stable democracies in Africa (WFB).

Senegal is divided into 14 regions headed by a Governor in the capitals of the major cities: Dakar, Diourbel, Fatick, Kaffrine, Kedougou, Kaolack, Kolda, Louga, Matam, Saint Louis, Tambacounda, Sédhiou, Thiès, and Ziguinchor. Administratively, the country works on the dual principles of devolution of State-level services to administrative districts and decentralization of powers to regions, towns, and rural communities. This sharing of powers and government services is intended to realize greater harmony in local development. Local communities have responsibility for the design and implementation of actions pertaining to economic, educational, social, and cultural interests and for compliance with the laws and regulations affected by their decisions. The Agency of Municipal Development has been created to help communities improve their financial management, mobilize fiscal resources, and implement investments of development priority.

## Overview of the national business environment

Senegal is a small economy with a weak industrial base. During the last decade, strong growth of the services sector and rapid expansion in telecommunications, tourism, and agro-industry have led to improved economic performance, but the economy still suffers from a lack of diversification, a weak industrial sector, and overdependence on the agricultural sector. Most of the economic, political, and social activities of the country are centred in the Dakar region.

Since 2000, marked by the arrival in power of a liberal regime, efforts to promote a favourable business environment as well as the implementation of significant structural reforms to foster local private sector and foreign investment, including regulatory and legislative measures to remove obstacles and policies to promote private investment, have changed the economic landscape of the country. Private enterprise is now recognized as the engine of economic growth and creator of wealth.

Many public companies in the agricultural and infrastructure (water, rail, and, especially, telecommunications) sectors have been privatized. With the creation of the National Agency for the Promotion of Investment and Major Projects (APIX) in 2000, and launch of the Accelerated Growth Strategy (SCA) in 2007, Senegal is leveraging its

future. The SCA, organized around the promotion of competitiveness and the creation of wealth, lays out the directions for transforming the ‘still too complex’ business environment into a world-class business environment. To do this, five high-potential industries have been identified around which to build competitiveness clusters: agriculture and agro-industries; information and communications technologies (ICT) and teleservices; tourism, cultural industries, and crafts; textiles and apparel; seafood; and aquaculture.

In recent years, the Senegalese authorities have begun actions to improve the business environment by simplifying existing regulations in the areas of business registration and taxes. The government has relaxed the conditions and time required to create a new business, launched a new investment code in 2004 allowing customs and tax exemptions in a number of sectors, and adopted simplified export procedures. One-stop shops were put into place in 2000, and thanks to the simplification of procedures and the consolidation of all corporate entities in the premises of APIX, it now only takes 48 hours to create a company. Changes have been made in the Tax Code to provide tax relief to encourage private investment (reduction of taxes on corporations in 2006 from 33 per cent to 25 per cent, elimination of the equalization tax on informal enterprises); in the Customs Code to encourage imports and exports; and in labour regulations to provide more flexibility in employment contracts. In addition to these regulatory and legislative strategies and measures, the Poverty Reduction Strategy Paper (PRSP) stresses the importance of developing the private sector in order to advance the economic and social development of Senegal. The government has established a National Council against Non-Transparency, Corruption, and Extortion and created a President’s Council on Investment to help raise Senegal’s rankings on the World Bank *Doing Business* indicators. Alleviating infrastructure bottlenecks are also badly needed to address an important constraint to growth, consequently, the State has begun many projects to improve the country’s infrastructure, considered critical to attracting foreign direct investment (FDI) and enabling domestic enterprises to access efficient transportation systems, electricity supply, etc.

The private sector currently accounts for 87 per cent of GDP and provides 100 per cent of the value-added in the primary sector (small rural producers), 86 per cent in industry, and 77 per cent in services. Little by little, private investment is becoming more dynamic than public investment and closer to the targeted goal of 25 per cent set in the SCA. But despite this positive dynamic, the business climate is not yet up to the expectations of private investors. Senegal ranked 152 out of 183 countries on the *Doing Business 2011* assessment (World Bank/IFC, 2010) (see Annex 1 of this report), down from 157 the previous year. It is clear that reforms already undertaken in Senegal have not yet significantly improved the investment climate or changed investors’ perceptions regarding the attractiveness of Senegal as a place for doing business. The main investment constraints are linked to the functioning of market factors, corruption, regulations (slow and cumbersome administrative procedures), problems of infrastructure, a dearth of skilled labour, and access to financing. Access to financing, tax rates, tax regulations and administration, and corruption are the top four most problematic factors or constraints to doing business as reported by business leaders in surveys conducted by the World Bank<sup>99</sup> and the World Economic Forum (WEF) (WEF, World Bank, and AfDB, 2009).

<sup>99</sup> See: <http://www.enterprisesurveys.org/data/exploreeconomies/2007/senegal/#gender>

Achieving the objectives of economic emergence and meeting all of the Millennium Development Goals calls for implementation of an integrated strategy focused on the challenges of modernizing the agricultural subsector and rural development; modernizing infrastructure (roads, ports, airports, etc.), energy management, and land-use planning and development; improving basic social services (affordable housing, promoting primary school completion, literacy, professional training, and health care); implementing cross-cutting policies to support job creation, gender equality, good governance, and public participation; and expanding results-based management to all sectors through effective public expenditures (MEF, 2010)

## Profile of women's entrepreneurship development

### The SME sector

Small and medium enterprises (SMEs) in the Senegal context are defined in the SME Charter and the Orientation Law on the Promotion and Development of SMEs using the criteria of employment, annual turnover, and registration details (Table 38).

Although there are limited data on the number of SMEs in Senegal, they are reported to account for 90 per cent of all enterprises, about 30 per cent of jobs, 25 per cent of turnover, and 20 per cent of national value-added (République du Sénégal, 2008). The representation of SMEs has increased strongly over the last decade, notably at the level of micro and small enterprises (MSEs) and in the informal economy. Economic expansion must continue to rely on the sustainable development of SMEs and their more diverse and innovative activities.

Table 38. Official SME definitions, Senegal

Category of enterprise	Number of employees	Annual turnover before taxes	Registration criteria
Small enterprise	1–20 employees	Not exceeding the limits to be imposed by the Unique Globale Contribution (CGU) tax, set by the general tax code	Keeping bookkeeping accounts, internally or through a Centre de Gestion Agrée (CGA), or any other similar legally recognized structure, according to the accounting system in force in Senegal
Medium enterprise	21–250 employees	Between the limits set for a small enterprise and 5 billion FCFA	Keeping accounting records according to the normal system in force in Senegal and certified by a registered member of the National Order of Chartered Accountants of Senegal
Large enterprise	More than 250 employees	Annual turnover of more than 15 billion FCFA; net investment of more than 1 billion FCFA	Keeping accounting records according to the normal system in force in Senegal and certified by a registered member of the National Order of Chartered Accountants of Senegal

Notes: Definitions as per the SME Charter of 2003 (MPMEMF, 2003) and the 2008 Orientation Law relative to the Promotion and Development of SMEs (République du Sénégal, 2008).



The private sector in Senegal consists of both the modern or formal economy and the informal economy. The formal or modern economy is comprised of approximately 12,000 companies (very few of them large enterprises) and economic interest groups (GIEs),<sup>100</sup> which is a relatively small number compared to the approximately 470,000 economic units (micro and small enterprises) reported to be operating in the informal economy. In fact, the informal economy accounts for 60 per cent of GDP and nearly 90 per cent of the workforce. The number of persons employed in a permanent manner in the modern formal economy is about 101,349 (ANSD, 2008b), approximately 2.3 per cent of the workforce. Almost 39 per cent of enterprises in the formal economy are in the services sector and another 37 per cent are in the industrial and manufacturing sector. About 55 per cent of informal economy workers are in the primary sectors (agriculture, fishing). The majority of formal enterprises and employment opportunities are concentrated in the Dakar region: nearly 90 per cent of the companies, 75 per cent of turnover, and 71 per cent of the value-added of the formal economy.

Generally, the informal economy and the rural economy, where MSEs are most dominant, comprise the important poles of development in Senegal. The few rare statistical and socio-economic surveys of the informal economy demonstrate the vitality and dynamism of the economic activities of MSEs, in spite of an often unfavourable environment. Expansion of the informal economy helps absorb unemployment by mobilizing low-skilled and low-waged workers. According to representatives of the National Union of Traders and Industrialists in Senegal (UNACOIS), informal enterprises employ 2.7 people per unit (88 per cent of jobs are from units of production with fewer than six people and nearly 46 per cent from self employment). The informal economy employs the youngest and the least educated workers and the majority of female workers (Mane, 2008).

There is high level of self-employment activity in Senegal. The majority of workers (53.6 per cent) are employed as independents, with few employers among them (1.2 per cent) (Table 39). Just fewer than 15 per cent are salaried workers; 19.1 per cent are family helpers; and 6.8 per cent are employed as apprentices. Men and women are about equally likely to be self-employed (independent workers), but women are more likely than men to be family helpers, particularly in rural areas. The majority of rural women work as an independent (51.2 per cent), but very few among them are employers (0.5 per cent) or employees (4.2 per cent). On the other hand, in urban areas, salaried women represent more than one-third (32.4 per cent) of the female workforce.

The regions of Ziguinchor and Diourbel have the highest proportions of independent workers (64.1 per cent and 60.7 per cent, respectively); the Dakar region contains the highest proportion of employees (35.0 per cent); and Tambacounda, Kaolack, and Matam have the highest frequency of family helpers (39.1 per cent, 34.7 per cent, and 33.3 per cent, respectively) (ANSD, 2008b). At the time of the 2002 Population Census, employment in rural areas depended heavily on self-employment, very few self-employed persons created paid jobs for others (were employers), and salaried jobs were relatively rare.

<sup>100</sup> Répertoire des entreprises, see Trade Point: <http://www.tpsnet.org>

Table 39. Distribution of the economically active population by type of employment, urban-rural, and gender, Senegal, 2002

Milieu / Sexe		Employeur (per cent)	Indépendant (per cent)	Salarié (per cent)	Stagiaire (per cent)	Aide familial (per cent)	Apprenti (per cent)	Autre (per cent)	Total (per cent)	
Urbain	Sexe	Masculin	1,8	47,2	27,5	0,6	2,3	15,1	5,4	100,0
		Féminin	0,8	49,7	32,4	1,3	2,9	6,2	6,7	100,0
	Total	1,5	48,0	29,0	0,8	2,5	12,4	5,8	100,0	
Rural	Sexe	Masculin	1,4	54,6	6,3	0,2	27,1	4,3	6,1	100,0
		Féminin	0,5	51,2	4,2	0,2	35,7	0,9	7,3	100,0
	Total	1,1	53,6	5,7	0,2	29,6	3,3	6,4	100,0	
Ensemble	Sexe	Masculin	1,5	53,3	14,4	0,4	17,6	8,4	5,8	100,0
		Féminin	0,6	51,2	15,4	0,7	22,7	3,0	7,0	100,0
	Total	1,2	53,6	14,7	0,5	19,1	6,8	6,2	100,0	

Source: ANSD (2008a), Resultats Definitifs du Troisième Recensement General de la Population et de l'Habitat – (2002), Rapport National de Présentation, p. 80.

## The role of women in SMEs and entrepreneurship

Senegalese women have historically contributed to supporting their families through formal or informal work related to domestic and agricultural production. In recent years, as a result of socialization at a younger age to develop a sense of business and how to seize and exploit opportunities, they are becoming more and more numerous in the labour market and in the development of revenue-generating activities, sharing their time between professional and family life.

Although there are no comprehensive, national-level data on the number or percentage of women entrepreneurs among micro, small, and medium enterprise (MSME) owners in Senegal, more than half of the women in the labour market are independent workers. The participation of women entrepreneurs in the formal economy is low. The World Bank Enterprise Survey in Senegal in 2007 reported that women participate in the ownership of 26.3 per cent of registered enterprises:<sup>101</sup> 25.5 per cent of the small enterprises (1–19 employees), 30.7 per cent of the medium enterprises (20–99 employees), and 26.7 per cent of the large enterprises (100 or more employees) (WEF, World Bank, and AfDB, 2009). However, the majority of women's enterprises are in the much larger informal economy, mostly present in sectors with low capital intensity and of lesser importance to economic growth (Fall, 2006), such as agri-food, trade, or personal services; and only 14 per cent of them employ workers. Women's microenterprises are concentrated in a small number of economic sectors, which give them only limited access to markets, and are frequently located in the home, or near the home, of the entrepreneur, which does not always ensure customer proximity.

<sup>101</sup> See: <http://www.enterprisesurveys.org/data/exploreconomies/2007/senegal/#gender>

## **Constraints to women's entrepreneurship**

Different socio-economic analyses in Senegal quite clearly reveal a persistence of inequalities in social gender relationships as well as in access to and control of resources. Most women undertaking economic activities still face enormous difficulties which hinder their efforts, suffering from socio-cultural burdens and inequalities in access to financial resources, land, property, education and training for entrepreneurship, economic information, and support and advisory services.

They experience a major problem in accessing the necessary financing for start-up activities because the vast majority of them cannot meet the necessary criteria for the granting of bank credit. In addition, countless other social and cultural barriers (having to assume most of the household and family tasks) prevent women from fully exercising their economic activities. This often leads to the deployment of their entrepreneurial activity in the informal economy, where they may be able to survive while also escaping taxes and other charges imposed by the State. Whether they are formal or informal, or in rural or urban environments, women entrepreneurs face almost identical constraints: lack of know-how, capital, technology, information, and the weight of discriminatory cultural and social values.

## **The policy, legal, and regulatory environment for women's entrepreneurship development**

### **SME promotion policies**

In Senegal, SMEs are recognized as important to economic growth and as an essential lever in the fight against poverty, unemployment, and underemployment. However, their vulnerability to internal and external shocks considerably affects their growth, limits their contribution to GDP, and impacts on their ability to create much needed jobs, particularly for young people. The level of integration of SMEs into the multilateral trading system remains marginal due to their low competitiveness, which is the end result of low quality production, limited access to markets, and weak export capabilities.

To improve the situation of SMEs and their access to the resources and structures essential to development and growth, in 2003, the Government of Senegal adopted the Charter of Small and Medium Enterprises (MPMEMF, 2003), and, in 2008, enacted the Orientation Law relative to the Promotion and Development of Small and Medium Enterprises (République du Sénégal, 2008). The specifics of the national SME policy to address the needs of SMEs and promote the sector are outlined in the SME Sectoral

Policy Letter (LPS/PME)<sup>102</sup> (Ministere des Mines, de l'Industrie, de l'Agro-industries et des PME, 2010).

The SME promotion policy in the SME law envisages the establishment of rules and consensual principles allowing SMEs to fully play their role in the economy, and calls on authorities to support them in matters of internal organization, financing, subcontracting, vocational training, taxation, access to markets, and managed sites. In this context, the State undertakes to carry out reforms to reduce and simplify legal, fiscal, and administrative rules and procedures in the areas of access to finance and markets, as well as to accelerate land reform and facilitate the development and provision of suitable sites. The SME law also introduced an innovative approach to traditional systems of access to bank credit. This approach should ensure sustainable financing for SMEs through the public appeal for savings to expand the base of shareholders and investors.

The SCA puts particular emphasis on the development of SMEs as an integral part of the growth clusters approach in targeted sectors and integrates the promotion of entrepreneurship and SMEs in its accompanying measures. From the perspective of the SCA, SME promotion involves the promotion of entrepreneurship; access to financing; the existence and availability of competent human resources; access to adapted technologies; innovation; access to markets; the promotion of exports; partnerships with large enterprises; the extension of infrastructure to support enterprises; and the strengthening of intergovernmental coordination.

To ensure the success and effectiveness of the SME promotion policy, the State of Senegal has taken the initiative to establish an institutional and legal framework and formulate support measures, articulated through structures and mechanisms of dialogue and partnership with operators, institutions representing SMEs, and development partners to create a social climate that is conducive to the development of enterprises. Currently, the institutional system is composed of multiple entities to promote the creation, support, and development of SMEs and their competitiveness, including the Ministry of Mines, Industry, Agro-industries, and SMEs, the Ministry of Women's Entrepreneurship and Microfinance (MEFMF); the Agency for Development of SMEs (ADEPME), created in 2001,<sup>103</sup> the Ministry of Crafts, Tourism, and Relations with the Private Sector and the Informal Sector; the Ministry of Commerce; the Economic Development Fund (FPE); the

<sup>102</sup> The SME policy has four strategic axes: 1) improving the efficiency of support to SMEs; (2) improving the business environment for SMEs to achieve sustained growth and a reduction of poverty (facilitating access to land and real estate, in rural and urban areas, and to the factors of production; streamlining legislation and the system of taxation; implementing community mechanisms of dispute resolution in rural and urban areas; revising labour regulations to encourage formal employment; reducing the costs of business creation; and improving information on the solvency of natural and legal persons to banks and the SFD); (3) promoting SMEs' access to non-financial services in order to increase their performance and competitiveness (develop a market for non-financial services adapted to the needs of SMEs; improve access to technical training and promote innovation and technology transfer; develop and offer products to facilitate the migration of enterprises from the informal to the formal economy; facilitate access to non-financial services for rural SMEs; and develop sustainable strategies for financing non-financial services for SMEs); (4) sustainability of access of SMEs to diversified and integrated sources of financing, adapted to their needs at different cycles of development (Ministère des Mines, de l'Industrie, de l'Agro-industrie et des PME, 2010).

<sup>103</sup> The objectives of the ADEPME are to assist in building the management capacity of SMEs and artisans; facilitate access to credit; train, inform, and mentor business owners; and make proposals for improving the legislative and regulatory environment for SMEs.

Agency for Promotion of Exports; and various Chambers of Commerce and sectoral associations; among others.

The Ministry responsible for SMEs is in charge of coordinating all interventions across the large number of ministries and agencies with SME support programmes and services. Monitoring Units have been established at the national and regional levels to follow-up on assistance measures and support granted to SMEs. Their mandate is to ensure a programme of actions, monitor the timetable of actions, frame and monitor indicators, and monitor and evaluate the impact of implementing the LPS/PME and its financial execution.

Concerted efforts to develop and support SMEs are relatively recent, as noted above, and SME policy formulation suffers from a few deficiencies. First of all, most of the SME promotion policies cater to formal economy enterprises, and most of the structures responsible for SMEs support are not specifically adapted to the issues and challenges of the informal micro and small enterprises. The absence of statistical data on the informal sector; the lack of technical capacity of associations representing informal enterprises to develop proposals for reform and development; and the better access to senior government officials (Ministers, directors of cabinet, heads of departments) of business leaders in larger enterprises than of owners of informal enterprises are partly responsible for the deficiencies in this policy orientation. However, it is noted that the 2010 SME policy and the new national employment policy 2010–2015 are placing a level of priority on efforts to encourage informal enterprises to become formal and to address the precarious conditions of their operating environment.

Secondly, rural SMEs, which, although representing a potential pole of development in creating jobs and national income, and despite the specific objective to facilitate access to non-financial services for rural SMEs in the SME policy, continue to be little taken into account in national development strategies. Development of MSEs in the farm sector represents an opportunity to reduce poverty and overcome unemployment and underemployment in rural areas, and also to reinforce the productivity and profitability of agricultural activities, particularly through production and maintenance of tools and agricultural equipment, input supply, marketing, and processing of agricultural and rural products.

Thirdly, due to the lack of comprehensive data on women entrepreneurs, the development of programmes and services best suited to their specific needs is often thwarted and not adequately reflected in measures of the national SME policy (see next section).

### *SME policies and women's entrepreneurship*

Generally speaking, the potential of women's entrepreneurship justifies taking the specific needs of this group into account in SME promotion and development policies. The Charter for SMEs, for example, includes articles specifically referencing support for women's entrepreneurship. The Orientation Law on the Promotion and Development of SMEs states that specific measures to promote the emergence of women entrepreneurs will be initiated in accordance with the strategy of the Ministry responsible for women's entrepreneurship, that 15 per cent of the public procurement reserved for SMEs is to be

granted to women-owned businesses,<sup>104</sup> and that there will be a strategy of training and positive discrimination in favour of young people and women. Furthermore, the 2010 LPS/PME includes the policy objectives to facilitate the sustainable development of women entrepreneurs and to reduce barriers to the formalization of their enterprises.

The promotion of women's entrepreneurship is also referenced in other framework documents and major government programmes, such as the PRSP, the National Strategy for the Equity and Equality of Gender (SNEEG), the SCA, the Tenth Plan of Economic and Social Development, the Millennium Development Goals, and the United Nations Development Assistance Framework (UNDAF) 2007-2011 in Senegal. The International Labour Office (ILO) programme, 'RBSA WED' – Women's Entrepreneurship Development, has identified measures in support of national and sectoral policies which will serve as a lever to promote women's entrepreneurship.

Although provision for promoting women's entrepreneurship is embedded in the SME policy developed by the Ministry of Mines, Industry, Agro-industries and SMEs, the lead on specific policy measures rests with the new Ministry of Women's Entrepreneurship and Microfinance (MEFMF), structured in the fall of 2010 (previously the Ministry of Family, Food Security, Women's Entrepreneurship, Microfinance and Children). The objective of the MEFMF is to assist women entrepreneurs or potential entrepreneurs, in both rural and urban areas, to create, manage, and develop companies according to international standards in niches of the national economy, and to overcome their constraints. The Women's Entrepreneurship Directorate in the MEFMF develops actions to help women entrepreneurs and women wishing to start a business, and promotes training of women entrepreneurs in the areas of finance, credit, accounting, and national and international trade. The National Fund for the Promotion of Women's Entrepreneurship (FNPEF), created in 2004, is also a policy instrument to support women's entrepreneurship, acting as a source of funding and management support. A sectoral policy letter for the promotion of female entrepreneurship has yet to be drafted, but the MEFMF is in the process of preparing a national strategy for the development of women entrepreneurs.<sup>105</sup>

Current policy to promote women's entrepreneurship largely focuses on putting micro-credit lines in place. To some extent, this overshadows other policies measures. The visible weight of policies to build capacity of women entrepreneurs, provide marketing support, or support the networking and other activities of women's professional organizations is still insufficient.

## **Business registration and licensing**

In Senegal, the establishment and official functioning of private enterprises are subject to several registration requirements. The first challenge for the entrepreneur is to choose a legal form for her/his company, which will be the legal framework under which

<sup>104</sup> According to the Code of Public Markets and specified in the Charter for SMEs, 30 per cent of public market procurement is reserved for SMEs.

<sup>105</sup> 'Sénégal: Stratégie nationale de développement de l'entreprénariat féminin', 9 octobre. Available at: <http://fr.allafrica.com/stories/201010111080.html> [04 November 2011].

it shall carry out its activities.<sup>106</sup> The choice of the legal status must be studied carefully with, if possible, technical assistance from a notary public, the Chamber of commerce, or a lawyer. Most SMEs do not have the capacity to analyse the relative ease and cost of complying with the various registration formalities. The cost of registering an enterprise ranges from less than 50,000 FCFA for an individual enterprise (sole proprietorship), a little more than 100,000 FCFA for a Groupement d'Intérêt Economique (GIE), to less than 1 million FCFA for a limited liability company. In addition, the entrepreneur must inform the local labour inspectorate in order to secure a license to start operations. Affiliation to the Social Security Fund (CSS) is also mandatory for any business employing salaried workers, whatever their quality or work contract duration.

In addition to the general lack of information about the formal administrative procedures relevant to small businesses, registration complexities hinder the creation of enterprises and discourage the formalization of existing units. Implementation of the one-stop shop in APIX and use of a single registration form has simplified registration procedures for SMEs and reduced processing times. The pilot project to establish a Centre of Formalities for Enterprises (CFE) in the Chamber of Commerce in Dakar is also a worthy development. The aim of the CFE is to enable companies to submit, in one place and on the same document, declarations relating to the formalities of creating, operating, recording modifications, and ceasing enterprise activity, with telematic access in the regions. In addition, the ADEPME has published an electronic format guide for entrepreneurs to provide information on the measures to be taken to launch and manage a business.<sup>107</sup>

Most MSEs are registered with the NINEA,<sup>108</sup> the Registry of Trade, or the Chambres de Métiers, but the majority do not submit the required information and declarations to the labour inspectors and social agencies, or submit the declaration of their accounts to the Centre Unique de Collecte de l'Information (CUCI) in the national statistical agency. The number of registering SMEs has increased considerably in recent years, notably among MSEs in the informal economy. In late 2005, there were 220,683 SMEs listed in NINEA, compared to 85,000 in 2003.<sup>109</sup>

Either way, the route to be taken by the entrepreneur to evolve in the formal economy is an obstacle course, especially for MSEs, the managers of which often have a low level of instruction and financial means, and who view the administrative procedures as heavy, complex, slow, and costly. Administrative costs and minimum capital requirements for creating a company are high in Senegal, compared to South Africa,

<sup>106</sup> Private enterprises in Senegal can choose to take one of nine different legal structures: Société en Nom Collectif (SNC); Société en Commandité Simple (SCS); Société Unipersonnelle à Responsabilité Limitée (SURL); Société à Responsabilité Limitée (SARL); Société Anonyme Unipersonnelle (SAU); Société Anonyme; Société de Fait; Société en Participation; and Groupement d'Intérêt Economique (GIE).

<sup>107</sup> See: <http://www.senegal-enterprises.net/guides-entrepreneurs/index.htm#2>

<sup>108</sup> NINEA is the national identification number for enterprises and associations. Enterprises register for the NINEA at the Tax Services Centre in their locality. With the new reform, the NINEA is the main tax formality to complete the exercise of commercial activities and must appear on all documents, including letterhead, invoices, notices, and other correspondence. Obtaining the NINEA has been simplified.

<sup>109</sup> 'Les PME Moteur de la Croissance et de la Compétitivité'. See website of the Ministry of Mines, Industry, Agro Industry and SMEs. Available at: [http://www.industrie.gouv.sn/index.php?option=com\\_content&view=article&id=50&Itemid=62](http://www.industrie.gouv.sn/index.php?option=com_content&view=article&id=50&Itemid=62) [04 October 2011].

which has the most effective mechanisms on the African continent. Corruption, which is a serious concern for entrepreneurs, is another element that contributes to the costs of formalities involved in starting an enterprise.

### *Business registration and licensing and women's entrepreneurship*

The institutions identified by women entrepreneurs interviewed for this assessment of the environment of women's entrepreneurship in Senegal as being the most important in terms of business registration were: Chamber of Trades, Chamber of Commerce, the regional court, community development services, and local government offices. These entities support them in fulfilling the administrative formalities to obtain a legal status, registration in the Trade Register, or an Artisan Card, although they also noted the existence of some confusion among the agents of these structures. These women entrepreneurs often think that it is mandatory to legally register their enterprises in order to access support programmes and projects (which is the case for services provided under the SME Law). They also think that having a legal status, a Trade Register number, or an Artisan Card is sufficient to be in compliance with the laws and regulations in force. This confirms a certain level of misinformation regarding the legal obligations required for operating a business.

On the other hand, the majority of women's businesses are informal. For women business owners, formalizing their enterprises is only motivated by the desire to benefit from lines of credit, training, or the multiple offers of support by programmes and projects initiated in their favour. Formalization is, in many cases, a condition to access these support projects and programmes. To deal with the complexity of registration/formalization procedures, women are predominantly approaching structures such as community development services, chambers of crafts (privileged partners of women entrepreneurs throughout the regions of Senegal), or the Chambers of Commerce. To provide more information to women on the steps to take to start a business, the Directorate of Women's Entrepreneurship has published the 'Le Guide de la Femme Entrepreneur'.<sup>110</sup>

## **Finance and credit policies**

The financial sector in Senegal is underdeveloped and characterized by conservative lending practices, high interest rates, and rigid collateral requirements. Only 5–6 per cent of the population has a bank account and it is very difficult for SMEs to obtain bank credit (Financial Standards Foundation 2009). Due to the selection criteria of banks, on the one hand, and the characteristics of SMEs, on the other hand (absence or insufficiency of organization, weak financial structures, limited experience of owners, etc.), bank credit is largely concentrated in the hands of a few large domestic and foreign enterprises. The costs of bank financing (interest rates and level of required guarantees) are also viewed by SMEs as too high. The lack of institutional SME financing windows is further exacerbated by the limitations of microfinance institutions (MFIs), which tend to offer short-term loans and often for small amounts.

<sup>110</sup> See: <http://www.senegal-entreprises.net/entrepreneuriat-feminin/index.htm#guide>



Although data on the financing of SMEs in Senegal is limited, it is evident that the vast majority of SMEs use their own personal savings to finance their enterprises. Almost 80 per cent of the financing of informal enterprises comes from family inheritance or loans (Granström, 2009). Of those who do borrow money, many start with very small loans (average of 50,000 FCFA), repaid over several months or even a year. Senegal has put into place a number of SME financing instruments to address their lack of access to conventional financing: lines of credit to banks and MFIs, such as the Economic Promotion Fund (FPE);<sup>111</sup> matching funds to local financial intermediaries to increase their credit funds (loans) and grants to improve their technical capabilities; and guarantee funds to provide an incentive for financial intermediaries by reducing the risks of unpaid loans.

Micro-credit institutions are available to poor people, and particularly women, who are difficult to reach by other means. The government has been active in the microfinance sector since the emergence, at the end of the 1980s, of the first decentralized financial systems (SFD).<sup>112</sup> Its focus is on creating a favourable environment for the development of the SME sector by implementing financial support structures for the promotion, monitoring and control, and institutional delivery of microfinance. The national microfinance and credit strategy is based on the letter of sectoral policy, 'Microfinance Strategy and Plan of Action 2005-2010',<sup>113</sup> Law 95-03 regulating mutual savings and credit institutions, which defines the regulatory framework governing the activity of MFIs in Senegal, and the Unit for Technical Assistance to the Savings and Credit Unions (CAT/CPEC), an instrument for monitoring in the Ministry of Economy and Finances (MEF) set up by the State in 1992. The CAT/CPEC monitors the activities of 225 mutual credit institutions (75 per cent of them outside of Dakar), 260 savings and credit groups (90 per cent outside of Dakar), and 8 institutions that have signed on to the convention framework.

The MEFMF, together with the MEF, supports capacity building of the microfinance sector, including training, execution, and management of lines of credit, and creating the conditions to foster the participation of banks in the development of microfinance activity. In addition, the PRSP, adopted in 2003, set directions to improve rural access to products and services offered by the SFD. The National Microfinance Strategy is consistent with the PRSP and other sectoral policies (Private Sector Development Strategy, national policy for local development, SNEEG, etc.).

The microfinance sector, which includes mutual savings and credit groups and the SFD network of partners,<sup>114</sup> is the main provider of external financing to MSMEs. The

<sup>111</sup> The FPE resolves problems of corporate finance by locating lines of financing in favour of growth sectors; disposing resources to licensed banks for the financing of investment and working capital of SMEs; and ensuring short- and long-term credit for the creation, expansion, and restructuring of companies.

<sup>112</sup> The SFD structure provides financial products and services to people excluded from the conventional banking system and allows the expansion of opportunities for social and economic development through the creation of MSEs.

<sup>113</sup> Prepared by the Ministries responsible for SMEs and women's entrepreneurship in 2004.

<sup>114</sup> The microfinance sector is dominated by seven networks: Alliance de Crédit et d'Épargne pour la Production (ACEP); Crédit Mutuel du Sénégal (CMS); Union des Mutuelles du Partenariat pour la Mobilisation de l'Épargne et le Crédit au Sénégal; Réseau des Caisses d'Épargne et de Crédit des Femmes de Dakar (RECEC/FD); Réseau des Mutuelles d'Épargne et de Crédit de l'UNACOIS (REMECU); Union des Mutuelles d'Épargne et de Crédit (UMEC); and Union des Mutuelles d'Épargne et de Crédit de l'UNACOIS (UMECU).

number of MFIs recognized by the MEF increased from 280 in 2002 to 833 by the end of 2005, and the number of beneficiaries of these institutions exceeded 1.2 million in 2009 (MEF, 2010). MFIs touch more than one-quarter of Senegalese families, but according to the International Finance Corporation (IFC), only 2 per cent of the Senegalese population has access to microfinance services and products.<sup>115</sup> In parallel to this formal financial system co-exists a still active informal system comprised of traditional tontines and moneylenders.

Despite these developments, there are limitations in the microfinance system in Senegal: the predominance of short-term resources in the financial structure of MFIs; the weak capacity of MFI borrowers to offer guarantees; the high effective global rate on MFI credit (usually between 20 per cent and 30 per cent a month); the cap on credit of 20 million FCFA; and the timid business relationship between banks and MFIs. The main challenge for the microfinance sector is its professionalization. Capacity building is needed to ensure that SFD staff are well trained and better equipped to provide quality services and meet current and future demand. Long-term and stable financial resources will be required to anchor the microfinance sector in the national financial system.<sup>116</sup>

### *Financing and women's entrepreneurship*

Women entrepreneurs often have fewer personal financial assets than men and have to find additional means to launch an enterprise, especially if it requires massive investment. Women are more likely than men to be excluded from the system of conventional bank financing (less able to offer collateral and meet guarantee requirements, lower level of credibility with bankers due to stereotypical attitudes about the roles of women, etc.). Women entrepreneurs mainly complain about the cumbersome security requirements, the complexity of procedures, and the delays in processing loan applications. At the same time, women entrepreneurs engage in businesses about which financial institutions have limited knowledge or interest (personal services, etc.). Women entrepreneurs also have fewer opportunities to be introduced to informal financial networks.

To meet their external financing needs, women entrepreneurs tend to deal with MFIs, where they typically open accounts, even if their loan amounts remain low (rarely more than one million FCFA). In 2009, women made up only 39 per cent of the 1.2 million SFD customers, down from 44 per cent in 2008 (MEF 2010, p. 28). In 2004, the government created the National Fund for the Promotion of Women's Entrepreneurship to encourage women to create new formal enterprises and to strengthen their existing formal enterprises by facilitating access to finance. The Fund provides loans (often in the form of guarantees to banks or MFIs), at rates from 5 per cent to 7 per cent, to urban and rural women entrepreneurs in eleven regions of Senegal, with positive discrimination in favour of women in the regions of Kolda and Ziguinchor to help benefit their economy recovery and reconstruction. Recipients must agree to follow a six-month programme of training to strengthen their management capacity (for which the ILO Start Your Own Business materials are used).

<sup>115</sup> 'IFC invests \$1.2 million in MicroCred Sénégal microfinance', Microfinance Focus, 20 February 2010. Available at : <http://www.microfinancefocus.com/news/2010/02/19/ifc-invests-1-2m-in-microcred-senegal-microfinance/> [04 October 2011].

<sup>116</sup> See: [http://senegal.portailmicrofinance.org/portail\\_senegal/la-microfinance/microfinance-au-senegal-1/presentation-du-secteur](http://senegal.portailmicrofinance.org/portail_senegal/la-microfinance/microfinance-au-senegal-1/presentation-du-secteur)

In October of 2010, the government launched the National Credit Fund for Women with the objective of putting into place a financing system capable of supporting women with low interest (between 3 per cent and 5 per cent) loans (between 250,000 FCFA and 5 million FCFA) and strengthening their technical and managerial capacity. This new fund will specifically benefit women in the agricultural sector, helping them to become more successful because they have access to credit.

## **Labour laws and regulations**

Equal rights between women and men in work, employment, and social security are enshrined in the Constitution of 2001. The Labour Code and the Code of Social Security (Law 73-37 of 31 July 1973) specify the provisions to ensure equality of opportunity and treatment of citizens with regard to access to vocational training and employment. Women also have the right to equal pay for equal work, given equal professional qualifications.

Both the Labour Code and Social Security Code make provisions to accommodate the needs of women workers. Every pregnant woman whose pregnancy is apparent may quit work without notice and without having to pay compensation for breach of contract, and is entitled to a period of maternity leave;<sup>117</sup> new working mothers are entitled to rest for breastfeeding (up to one hour per day) for a period of 15 months from the birth of the child; and mothers of families are entitled to one extra day of leave per year for each child under the age of 14 years. Regulations exist regarding night work for women and children in industry. Married women exercising a profession or trade can, without the permission of their husbands, join professional unions and participate in their administration or their direction as per conditions fixed in the Labour Code.

In general, social charges and other labour law obligations vis à vis workers are judged by owners of enterprises as too heavy. This legislation does not extend to cover conditions of work in the informal economy and informal economy workers are not generally covered by social protection. This is the result of the dilapidation of the Code of Social Security and certain collective agreements, and insufficient consideration of all forms of work carried out in the real economy. Regardless of the reason, the lack of rules in the labour and social security codes to include the informal economy disadvantages women workers, since women are more likely to be employed in the informal economy.

### *Labour laws and women's entrepreneurship*

Labour and employment-related laws and regulations are not well-known among women entrepreneurs, who largely operate informal enterprises and tend to contract with their employees in an informal manner. Their employees are primarily members of their family or neighborhood or persons recommended by someone in their personal networks. Labour legislation is not well promoted among SMEs, in general, and consequently, women think that it does not apply to them or only to formal and modern economy enterprises.

<sup>117</sup> A pregnant woman has the right to suspend her work for 14 consecutive weeks and the right, during this period, to a special system of assistance to ensure both subsistence and necessary care under the conditions prescribed by the Code of Social Security.

## Property rights

The Constitution of Senegal recognizes and guarantees women's access to land and property. The Ministry responsible for gender and women's issues carries out strong advocacy actions with mayors and presidents of rural communities for the effective implementation of the provisions of the Constitution relating to women's access to land. In addition, the Ministry has conceived the *Projet de Périmètres d'Intérêt Communautaire* designed to facilitate women's access to land, and ensures financial and material support for the exploitation of these lands.

Within the framework of land law reform in Senegal, the head of State mandated that women's associations be represented in the technical committees in order to guarantee that women's concerns were taken into consideration. The framework of the new agro-sylvo-pastoral orientation law and the Return to Agriculture Plan, initiated in 2006, both accord a priority to women in land access. In the matter of property and inheritance rights, the Family Code provides a legal regime compatible with religious practices (community goods or separation of property, inheritance rights of women, etc.).

In the domain of agriculture, women's access to land ownership (by inheritance and or by grant) is relatively important. In the St. Louis region, 59 per cent of the lands purchased in the region are purchased by women; the granting of land plots to women is dominant in Tambacounda (25 per cent of the parcels received by grant at the national level) and Kolda (24 per cent); women in Tambacounda, Kolda, and Kaolack occupy 65 per cent of the plots received by grant at the national level (it is in these three regions that women are most involved in rainfed agriculture); and in Kolda, 59 per cent of the plots obtained through inheritance are held by women, and these parcels represent 28 per cent of the plots obtained by inheritance at the national level (UNIFEM, 2006). The practice of land being transmitted from mother to daughters may explain this situation.

In reality, traditional lands are currently most often managed according to customary law that rarely recognizes the land rights of women. Women do not traditionally have the right of direct access to land with the exception of being able to exercise the right of transmission from mothers to daughters.

### *Property rights and women's entrepreneurship*

Women entrepreneurs in Senegal, even if they are increasingly likely to exercise their property ownership rights, are often unaware of the laws and regulations which grant these rights. In effect, most of them have assets in their own name or in the name of their companies (homes, vehicles, equipment, work tools), however, the value of these assets tends to be low because the profit they earn is primarily injected into family support and not reinvested in their enterprises.

When they finance the purchase of furniture and appliances for the family, they do not generally have any guarantee of being able to claim these assets in the event of divorce. Worse, if their enterprise activities are housed in the matrimonial home, they risk losing their work tools at the time of the divorce with husbands, who often confiscate everything or claim to have financed their purchase. In reality, many women entrepreneurs do not take sufficient care to protect their ownership of property and assets, an issue because without ownership, they cannot offer the property as collateral for loans to develop their businesses.

Nevertheless, it should be noted that in spite of the diverse initiatives to improve the legal situation and rights of women to own property, it takes time before a change adopted by the political authorities is also adopted by society as a whole.

## **Assessment of policy, legal, regulatory, and support environment for women's enterprise development**

### **Gender and mainstreaming policies**

The integration of gender into development programmes has been a priority of the Senegal government for nearly a decade. Senegal has ratified all of the conventions and international and regional instruments for the promotion and protection of the human rights of women and girls. The Constitution of 2001 rejects all forms of injustice, inequality, and discrimination against women, and guarantees gender equity and equality in access to the possession and ownership of land, to education, to employment, and in the determination of wages and taxes. Senegalese legislation recognizes the legal capacity of a married woman to engage in or disengage from an obligation, which includes her personal consent to marriage, and to freely administer property and goods. Property and goods acquired by a woman in the exercise of a profession separate from that of the husband are reserved for her management. The Family Code establishes the principle of equality of individuals before the law and provides for legal remedy in the event of violations of the law.

Senegal adopted the National Strategy for the Equity and Equality of Gender (SNEEG) (2005–2016) to offset gender inequalities and discrimination against women. The strategy is an institutional legal framework favourable to the empowerment of women in political, economic, and social life, and aims to involve more women in decision-making by strengthening their representation in the spheres where strategic directions and priorities for action in the country are set. However, in 2009, women held only 18 per cent of the positions in political decision-making bodies (MRF, 2010).

The Ministry of Gender is the key ministry in implementing the SNEEG. Decisive actions to reinforce the application of gender equity and equality in social life have already been implemented, including establishing programmes to strengthen the capacity of political and administrative authorities to integrate gender equity and equality into policies, programmes, and development projects; establishing a Gender and Budget Working Group to introduce the gender dimension in the preparation of national, sectoral, and local budgets; decentralizing the Economic Promotion Funds to support women's activities; and creating a fund to strengthen the leadership capacities of women and promote the initiatives of young women. Delivery of training modules, integrated more and more into the curricula of schools (for example, in the National School of Administration in Dakar), is creating awareness of among actors charged with applying and enforcing gender equality rights.

Among the structures and mechanisms dedicated to promote gender equity and equality are: the Direction of the Family, the National Directorate of Gender Equity and Equality (located in the Ministry of Gender); the National Women's Advisory

Committee; the Credit Project for Women;<sup>118</sup> the Project to Reinforce Gender Capacities; the National Action Plan for Women (PANAF); the National Observatory of Women's Rights; the National Centre of Assistance and Training for Women (CENAF) (located in the Ministry of Family, Women's Organizations and Child Protection, MFOFPE); and projects to combat poverty that promote the economic and social advancement of women. Also, the President of the Republic took the decision to designate the Association des Femmes Juristes du Senegal as a Presidential advisory body. The AFJS is active in the application of gender principles in the production of legislative texts and laws.

Despite the weight of certain deeply-rooted gender constraints in the customs and traditions of Senegalese society, there is a genuine political will and an emerging associative women's movement that has registered considerable advances, particularly in raising the status and protecting the rights of women relative to work and property ownership, a dynamic that has magnified since 2000. That said, much more remains to be done.

## **Support structures, programmes, and initiatives**

There are a number of SME support structures and programmes in Senegal. The ADEPME is the main government entity offering support services to SMEs. It provides information on creating and developing a business and sources of financing; diagnostic services to help SMEs identify their needs, develop feasibility plans, and participate in upgrading programmes (Programme de Mise à Niveau); offers advice on start-up and expansion; and organizes training workshops on themes to improve enterprise competitiveness. The Agency for the Promotion and Development of Crafts (APDA) plays the same role for entrepreneurs in the crafts sector. The reach of ADEPME services is somewhat limited. From 2004 to 2009, only about 3,200 SMEs benefited from ADEPME programmes (ANSD, 2010, p. 71), however the agency is expanding its offices to other regions of the country. Women are able to access ADEPME services, but the proportion of female clients is not reported.

Other agents in the support system include: the Centres de Gestion Agréés (CGA) offer support to MSMEs on tax and financial matters, as well as fiscal management advice, training, and help with preparing requests for credit; the Centre for Enterprise Development provides non-financial support, technical/commercial assistance, and training; the Trade Point Senegal serves businesses, especially SMEs, by providing information on foreign markets, establishing communication links between the state and economic actors (consumers, producers, and investors) on issues of trade (competitiveness, quality, safety, and accessibility), and offering an online store allowing SMEs to be visible on the internet and to be contacted by potential buyers; the Société du Domaine Industriel de Dakar (SODIDA) operates an incubation and training centre for enterprise creation and assistance (coaching, technical and financial assistance), and a SME Service Centre that targets microenterprises; the Union of Chambers of Commerce, Industry and Agriculture (CCIA) in Dakar has created a Centre de formalités des entreprises and operates one of the Centres de Gestion Agréés; and various non-governmental organizations (NGOs), Regional Councils, local and rural communities,

<sup>118</sup> Funding in the amount of up to 10,000,000 FCFA is available from the Women's Credit Project to help HIV-positive women in the interior parts of the country develop income-generating activities.

and donor projects offer support and initiatives to facilitate the creation of businesses (by individuals or groups) and promote entrepreneurial activity.

There is minimal available data on the proportion of women entrepreneurs among beneficiaries of these generic support programmes and structures. However, as noted earlier in this report, there are a small number of specific support programmes targeting women entrepreneurs. The approach to promoting women's entrepreneurship in Senegal consists of two main dimensions: (1) training programmes to build managerial capacity among women entrepreneurs, directed by the National Directorate of Women's Entrepreneurship and ADEPME; and (2) expansion of women's access to credit and microfinance, spearheaded by the MEFMF. Measures such as the National Fund for the Promotion of Women's Entrepreneurship (described in the Finance and credit policies section above) and the ILOs 'RBSA WED' programme are two good examples. The objectives of the WED programme are to create a favourable environment for women's entrepreneurship; strengthen institutional capacity to support women entrepreneurs; and develop support tools and services targeting women entrepreneurs.

However, support programmes of the Ministry of Women's Entrepreneurship and Microfinance and its national directorate are not sufficient to meet the needs of women entrepreneurs and their associations in Senegal. The lack of funding for initiatives is partly responsible for the limited achievements made in the promotion of women's entrepreneurship. Developing a cohesive strategy for support initiatives and coordinating the efforts of ministries, donor projects, business organizations, and women's associations could produce a better outcome and greater impact in solving the problems of women entrepreneurs. The plans of the MEFMF to launch a strategy for the development for women's entrepreneurship and to establish local offices for women entrepreneurs in each region,<sup>119</sup> if adequately funded, will hopefully offer an expanded outreach to women entrepreneurs, both in informal enterprises and in non-urban areas.

## Access to information

Differences exist in the access to information of women and men. Women have lower levels of literacy and education, which restricts their use of print materials and ICT; they are less likely to be engaged in formal entrepreneurial activities and, thus, have fewer opportunities to access information on business opportunities through formal networks; and they have less representation in decision-making bodies where information is shared.

Women entrepreneurs can approach institutions as the consular Chambers, the ADEPME, the National Directorate for Women's Entrepreneurship, and business associations to procure information on support opportunities and advice. Women interviewed during the course of this assessment of the environment for WED in Senegal expressed the view that information provided by certain of these entities is more tailored and beneficial to men and managers of professional organizations. In addition, they reported being sometimes forced to pay bribes as a condition of being given access to

<sup>119</sup> 'Fonds national de credits: Le ministre de l'entreprenariat feminine promet un égal accès des femmes aux financements', *Le Messager*, 12 November 2010. Available at: [http://www.lemessagersn.info/Fonds-national-de-credits-Le-ministre-de-l-Entreprenariat-feminin-promet-un-egal-acces-des-femmes-aux-financements\\_a6879.html](http://www.lemessagersn.info/Fonds-national-de-credits-Le-ministre-de-l-Entreprenariat-feminin-promet-un-egal-acces-des-femmes-aux-financements_a6879.html) [04 October 2011].

information on support opportunities and advice, and citing instances where they had even received inappropriate advances and indecent proposals.

## **Participation in business networks and public-private sector dialogue**

### *The participation of women in business associations*

The dynamics of participation and accession of women entrepreneurs to professional organizations is in permanent evolution. Most women who are members of professional associations, networks, or professional groups are seeking to benefit from support opportunities and advice. The professional organizations to which they belong are mostly ones that are oriented towards the cause of women. Even if employer and consular organizations include membership sections for women business leaders (such as the National Movement of Women in the UNACOIS) that deal with the management issues of women, and have women members on their Boards who ensure that gender issues are considered in their private sector development strategies, membership statistics are not disaggregated by sex and so the degree of their representation in these organizations is unknown. However, in the mixed (male and female) membership organizations, the estimated proportion of women is low, as well as the number of senior management positions that they occupy. For example, in the GIE crafts clusters, the representation of women's associations and cooperatives are limited, reaching only 6 per cent of women-led craft enterprises. On the other hand, the Association of Women for the Promotion of Enterprise in Senegal (AFEPES) has nearly 40,000 members from all sectors of activity, consolidated in cells throughout Senegal and in the diaspora in Africa, Europe, and America. There are a number of other women's association representing women entrepreneurs on a sectoral basis, such as the Association des Femmes d'Affaires et Femmes Commerçantes. However, the dynamics of women's organizations remain generally low.

Women entrepreneurs and informal and formal traders participate to a great extent in national, subregional, and international trade fairs and exhibitions. Although statistical data is not good, more than half of the exhibitors in these expositions are generally women. Indeed, it is customary today for Chambers of trades to capitalize on women entrepreneurs and their professional groups to ensure a good presence during these events.

### *Representation and participation of women entrepreneurs in formal dialogue between the public and private sector and the extent to which their issues are taken into consideration*

The participatory approach has been systematically adopted by the Government of Senegal. The Ministry responsible for SMEs has used a consultation approach in developing strategy documents touching on the private sector. The National Directorate for Women's Entrepreneurship has been able to mobilize and mentor a large population of women's organizations and women business leaders to play a leading role in the Senegalese private sector and to spearhead and defend the interests of women entrepreneurs. Thus, women entrepreneurs are generally represented in formal public-private sector dialogues in Senegal. The strong mobilization of women's organizations, such as the Federation of Women's Associations of Senegal (FAFS) or networks of women entrepreneurs, is evident in the majority of formal dialogue meetings. Indeed,



authorities in the Ministries in charge of SMEs and women's entrepreneurship make every effort to ensure that women from different sectors of society are sufficiently represented in any private sector and civil society delegations.

Similarly, in its strategy to improve the visibility of SMEs, the Ministry responsible has established a framework for dialogue and consultation with the organizations and networks of SMEs, including those of women. As a result of government's commitment to increase women's access to management and decision-making bodies, women are present in practically all forums, conferences, workshops, and consultations on the development of the national private sector.

However, there is some concern about the degree to which the real questions and issues affecting women are raised and seriously discussed in formal mechanisms of dialogue between the government and the business community. Indeed, the vast majority of managers of professional organizations who participated in meetings during the course of conducting this assessment of the environment for WED in Senegal noted that gender questions are given rather global treatment in the dialogue between the government and the business community and that in the approach to economic sectors, the different roles and potentialities of women and men are not explicitly and sufficiently analysed. The result is non-specific measures in priority action programmes arising from the dialogue.

## **Conclusions and recommendations**

### **Conclusions**

In spite of many efforts to ensure gender equity and equality in Senegal, women are still at a highly disadvantaged position with respect to literacy, education level, opportunities to secure paid work in formal private enterprises, representation in decision-making positions, and ownership of enterprises in the formal economy.

SMEs are very important in to the Senegal economy, contributing significantly to employment, job creation, and GDP. However, the majority of SMEs, especially women entrepreneurs, are concentrated in the informal economy, where they do not have access to formal sources of financing and business support services. Most women embarking in economic initiatives continue to be faced with an inequality of opportunity. They are operating in a small number of sectors (such as, the transformation of agricultural products and fisheries, trade, or personal services) that are of lesser importance for economic growth and development, of low capital intensity, and with limited access to markets. Their enterprises are frequently located in their homes, or near the home, which does not always ensure customer proximity, and few among them employ workers. They continue to encounter inequalities in access to financial resources, land and property that could be used as credit guarantees, education, training, economic information, support services and advice, and socio-cultural burdens. Women entrepreneurs often have less personal financial assets than men and are more likely than men to be excluded from the conventional bank financing system. Social and cultural attitudes about women's role in economic activity and the application of laws and regulations that defer to customary and traditional practices of women's non-privilege also pose constraints.

The SME Charter, SME law, and SME policy letter reference women as a target for enterprise development, but largely in respect to supporting them in income-generating activity as a path out of poverty. It is not clear the extent to which women-owned enterprises are viewed as having equal potential for contributing to economic growth. The lack of comprehensive official data and socio-economic surveys related to SMEs,

including informal enterprises, means that there is very limited information on the role and situation of women-led enterprises in the economy. Policy efforts to improve the operating environment and reduce obstacles for all SMEs will logically have a positive impact on women's entrepreneurship, but, in addition, gender specific constraints must also be taken into account. The potential for entrepreneurship among women certainly justifies taking account of the specificity of this social class in the SME promotion and development strategy with specific measures to foster and support WED.

Senegal is unique among the five countries in this business environment assessment in that the government has a separate ministry for women's entrepreneurship and a National Directorate for Women's Entrepreneurship (within the Ministry). Policies and measures to improve the situation of women entrepreneurs are implemented in cooperation between the Ministry responsible for women's entrepreneurship and the Ministry responsible for SMEs (recognizing that other ministries also have initiatives to support women's enterprise activities, such as in the national employment policy). Issues related to women's access to land, credit, non-financial services, and training, as well as their presence in decision-making bodies are at the centre of actions to develop women's entrepreneurship.

However, the national SME policy is essentially concerned with small and medium enterprises in the formal economy. Microenterprises, rural enterprises, and those in the informal economy, where women are most dominant, are not the policy priority, even though the SME policy has an objective to migrate informal enterprises to the formal economy, to facilitate the access of rural enterprises to non-financial business services, and to facilitate the sustainable development of women entrepreneurs. A policy letter or strategy on women's entrepreneurship has not yet been developed or issued, thus, a coordinated approach to meeting the needs of women entrepreneurs is still not in place. This needs to be addressed.

Although gender concerns have been integrated into strategic policy documents, such as the PRSP, effective implementation of policy measures is constrained by the lack of systematic information and knowledge on the role of women in various sectors of the economy, and lack of competence in applying gender as a development tool. Finally, the inadequate consideration of issues affecting women when they are presented in the formal processes of dialogue between the government and business community is a constraint.

## **Recommendations**

The findings of this assessment lead to the following recommendations to improve the environment for women's entrepreneurship in Senegal.

### *SME promotion policies*

1. Conduct a comprehensive census of SMEs followed by annual surveys to form a system of information and data that can be used for forecasting, monitoring, and policy input. This data should be analysed by sector of activity (crafts, agriculture, commerce, industry, and services) and disaggregated for better visibility of the gender dimensions. The data on women-owned SMEs should be complemented with more comprehensive studies of the characteristics, behaviours, experiences, and needs of women entrepreneurs.
2. Develop a policy letter on women's entrepreneurship as a coordinated effort of the Ministry responsible for women's entrepreneurship and the Ministry responsible for

SMEs, with implementation oversight by an interministerial committee that seeks input and representation from key women entrepreneurs' associations and stakeholders.

3. Improve efforts to integrate microenterprises, which are often owned by women, into the objectives and targets of the various SME programmes and projects and to extend to them the institutional benefits offered to formal enterprises.
4. Given that the transformation of agricultural products is among the areas of excellence of rural women, define and pilot a support policy for the promotion of rural women entrepreneurs that includes measures to improve their access to credit and the packaging of their products to facilitate their access to local markets (MEFMF in cooperation with Ministry responsible for agro-industries and SMEs).

### *Business registration and licensing*

1. Formulate proposals to reinforce and accelerate the simplification and cost reduction of existing administrative procedures required of SMEs, including rationalizing the number of administrations (committees, cells, agencies) and the complexity of processes. Study the possibility of developing partnerships with regionally-located entities, such as the Chambers of commerce and trades, employers organizations, regional services or departments of the State, etc., to act as focal points for providing administrative services on behalf of the government.
2. Set up one-stop shops in quarters outside of Dakar (towns and rural areas) to improve access of rural enterprises to administrative services and information, especially those own by women.
3. Reduce the time required to obtain a Card to operate a trade or crafts enterprise (such as through the computerization of the process of issuance of these cards).
4. Streamline the procedures and costs, improve reliability, and shorten delays for the certification of agricultural products.

### *Finance and credit policies*

1. Expand the resources available for the Development Fund for Promotion of Women's Entrepreneurship (staffing and budget) so more women entrepreneurs can benefit.
2. Streamline the deployment of MFIs to promote the efficiency of a national structure for financing women entrepreneurs. Provide grants to MFIs to help cover their operating expenses and reduce the interest rates applied to loans. Relax the conditions of access to micro-credit loans.
3. Inform and educate women entrepreneurs on credit-granting procedures of MFIs, modes of calculating interest rates, and how to prepare funding proposals.
4. Support the creation of mutual or guarantee funds in employers' organizations.

### *Labour laws and regulations*

1. Implement legal mechanisms that provide health coverage and social security tailored to small operators (traders, hairdressers, crafts, mechanical car, small workshops, etc.).

### *Property rights*

1. Strengthen advocacy efforts with rural councils to take the gender dimension into account in the granting of land.
2. Provide more information to women on the law and procedures regarding land registration and ownership rights.
3. Consider the needs of SMEs for managed work spaces in urbanization plans and put into place a framework of collaboration between professional associations, municipal

authorities, and agents of the state government to improve access of women entrepreneurs to these spaces.

4. Include a plan for constructing work spaces for SMEs in peripheral areas as part of city planning efforts, enabling them to benefit from local land at reasonable prices, and assigning a quota for businesses headed by women.

### *Gender and mainstreaming policies*

1. Enhance the integration of gender in strategic policy documents in compliance with the priority actions of the national equality and gender equity strategy (SNEEG), making funds available from donor allocations to accelerate the momentum.
2. Launch a major campaign to disseminate documentation and information and strengthen the capacities of actors and beneficiaries on gender and gender provisions included in all legislative and regulatory devices.

### *Support structures, programmes, and initiatives (for women's entrepreneurship development)*

1. Initiate the creation of cooperation frameworks with the consular Chambers, under the leadership of the Directorate of Women's Entrepreneurship, to promote the participation of these chambers in national efforts to improve the coherence of support programmes for women entrepreneurs.
2. Establish One-Stop Shops for women entrepreneurs as a mechanism for ensuring that they have a welcome place to receive the following services: general information on business support and financing institutions; connections with specialized consulting assistance; and advice on the preparation of business plans, administrative procedures, formalization, etc. These one-stop shops could be located in support institutions in each region, such as the consular Chambers and women's associations.
3. Establish, at the level of each region, a coordination cell for support to women entrepreneurs, accompanied by mechanisms to ensure that opportunities equitably benefit all women.
4. Develop an inventory of all of the projects and partners offering programmes and services to women entrepreneurs with a view to mapping existing efforts and resources, and identifying gaps. This would form the basis for combining efforts to find funding partners to more comprehensively fund WED projects and address the problems of women entrepreneurs. Implement a mechanism for monitoring the implementation and impact of projects and programmes on women entrepreneurs.
5. Promote the further education and training of women in entrepreneurship (accounting, management, marketing, and taxation) by continuing actions in favour of the school enrollment of girls, literacy programmes for women, expansion of the Start and Improve Your Business (SIYB) training programme, technical training for women entrepreneurs in sectors such as processing of local products, and establishing entrepreneurship training centres with modules specifically oriented towards the development of women entrepreneurs.
6. Enhance knowledge of existing financing and training programmes and establish a special fund for financing women to acquire training and learning.
7. Support women entrepreneurs in commercializing their products, notably export activity and participation in trade fairs abroad.
8. Establish a Grand National Prize for Women's Entrepreneurship to celebrate successes and create credible role-models.

### *Access to information*

1. Initiate national media campaigns (radio, television, social mobilization on the ground) in national languages to inform women entrepreneurs on their legal obligations and rights, and other campaigns for dissemination of information on local and regional opportunities.
2. Provide information to women entrepreneurs on the new procedures in the APIX that allow them to register a company in 48 hours, as well as on the benefits of formalizing their enterprises.
3. Strengthen information to SMEs on the legal and regulatory texts governing the quality standards for export products.

### *Representation of women in business membership organizations*

1. Facilitate collaboration among women's businesses by supporting their networking, the structuring of women entrepreneurs' organizations, and strengthening their capacities in leadership, lobbying, and search for funding and partners.

### *Representation and participation of women in public-private sector dialogue*

1. Strengthen the actual consideration of issues affecting women in the dialogue between the government and business community by adopting positive discrimination (including more senior level women), fixing parity quotas in the delegations before participating in these discussions, and entrusting women's steering committees to follow-up on discussions.
2. Increase the representation of women in land use commissions in the Rural Councils.



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## Annex 1. Comparative country performance on *Doing Business 2011*

Doing Business indicator	Rwanda		Nigeria		Senegal		Mali		Cameroon	
	Score	Rank	Score	Rank	Score	Rank	Score	Rank	Score	Rank
Ease of doing business global		58		137		152		153		168
<i>Starting a business</i>		9		110		101		117		131
Number of procedures	2		8		4		6		6	
Time in days	3		31		8		8		19	
Cost (per cent of income per capita)	8.8		78.9		63.1		79.7		51.2	
Minimum paid-in capital requirement (per cent of income per capita)	0.0		0.0		205.1		306.8		191.8	
<i>Dealing with construction permits</i>		82		167		117		87		118
Number of procedures	14		18		16		15		14	
Time (days)	195		350		210		168		213	
Cost (per cent of income per capita)	353.6		597.5		459.0		505.0		1 235.8	
<i>Registering property</i>		41		179		167		88		149
Number of procedures	4		13		6		5		5	
Time (days)	55		82		122		29		93	
Cost (per cent of property value)	0.4		20.9		20.6		11.9		19.3	
<i>Getting credit</i>		32		89		152		152		138
Strength of legal rights index (0–10)	8		8		3		3		3	
Depth of credit information index (0–6)	4		0		1		1		2	
Public registry coverage (per cent of adults)	0.7		0.0		0.4		0.1		2.9	
Private registry coverage (per cent of adults)	0.0		0.0		0.0		0.0		0.0	
<i>Protecting investors</i>		28		59		167		147		120
Investor protection index (0–10)	6.3		5.7		3.0		3.7		4.3	
<i>Paying taxes</i>		43		134		170		159		169
Payments per year	26		35		59		59		44	
Time spent (hours per year)	148		938		666		270		654	
Labour tax and contributions (per cent)	5.7		9.7		24.1		32.6		18.3	
Total tax rate (per cent of profit)	31.3		32.2		46.0		52.2		49.1	
<i>Trading across borders</i>		159		146		67		154		155



Doing Business indicator	Rwanda		Nigeria		Senegal		Mali		Cameroon	
	Score	Rank	Score	Rank	Score	Rank	Score	Rank	Score	Rank
Documents to export	8		10		6		7		11	
Time to export (days)	35		24		11		26		23	
Cost to export (US\$ per container)	3 275		1 263		1 098		2 202		1 379	
Documents to import	8		9		5		10		12	
Time to import (days)	34		39		14		31		26	
Cost to import (US\$ per container)	4 990		1 440		1 940		3 067		1 978	
<i>Enforcing contracts</i>		39		97		148		133		173
Number of procedures	24		40		44		36		43	
Time (days)	230		457		780		620		800	
Cost (per cent of claim)	78.7		32.0		26.5		52.0		46.6	
<i>Closing a business</i>		183		99		79		106		141
Years to go through insolvency	n.a.		2.0		3.0		3.6		3.2	
Cost (per cent of estate)	n.a.		22		7		18		34	
Recovery rate (cents on the dollar)	0.0		26.8		32.0		24.6		13.6	

Note: Ranking is out of 183 countries.

Source: *Doing Business 2011* (World Bank/IFC 2010).



## Annex 2. The national business environment and women's entrepreneurship in Cameroon

	Domaines Stratégiques	Critères majeurs	Évaluation											Note				
			1	2	3	4	5	6	7	8	9	10						
1	Cadre politique et institutionnels	1. Disposition constitutionnelle en faveur de la femme											x			8	10	
		2. Intégration du genre dans les politiques et dans les institutions			x												3	10
		3. Autorité unique pour le genre	x														1	10
		4. Conventions internationales (Droits humains)							x								6	10
		5. Convention internationales (Droit de la femme au travail)							x								6	10
2	Cadre juridique et règlementaire	1. Création/Enregistrement/Licence	x													1	10	
		2. Politique de promotion de la petite entreprise		x													2	10
		3. Droit du crédit et du financement des femmes entrepreneurs	x														1	10
		4. Droits et réglementation du travail								x							6	10
		5. Droit de propriété		x													2	10
3	Systèmes administratifs et judiciaires	1. Accès à l'information détenue par le Gouvernement	x													1	10	
		2. Accès à l'information sur les marchés et les opportunités		x													2	10
		3. Accès à l'internet			x												3	10
		4. Participation aux foires commerciales à l'étranger				x											4	10
		5. Participation aux foires commerciale locales															5	10
4	Dispositions Organisations	1. Organisations professionnelles fortes		x												2	10	
		2. Représentation/ Participation des femmes			x												3	10
		3. Dialogue Présidence de la République/Secteur privé		x													2	10
		4. Dialogue Ministère/Secteur privé				x											4	10
		5. Dialogue secteur privé/Secteur privé					x										5	10
5	Opportunités	1. Engouement de la femme pour l'entrepreneuriat									x					7	10	
		2. Disposition des partenaires au développement													x	10	10	
		3. Volontarisme des organisations professionnelles									x						7	10
		4. Diversité des structures privées d'appui										x					8	10
		5. Contexte international											x				8	10
		Moyen													4.28	250		

Source: Ndzogoue, 2009



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