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PAFO
Pan-african farmers' organization
Organisation panafrique des agriculteurs
المؤسسة الافريقية للفلاحين

Investing in women entrepreneurs

Enabling women's economic participation for sustainable growth and rural development

European Development Days 2017
Room D3 Thursday, June 8, 2017 - 10:45 to 12:00

PROGRAMME

Theme: Gender equality/Women empowerment

Context:

Women's economic empowerment is a prerequisite for sustainable development and inclusive growth, as described in the UN Sustainable Development Goals 5 and 8. Gender responsive policies, services and business ecosystems are crucial to enable the development and scaling up of female-led enterprises. This in turn helps to generate decent work, achieve gender equality, reduce poverty and ensure stronger economies and resilient societies. The number of successful female-led businesses is a testament to women's contribution to sustainable development and the economy. However, their value remains largely overlooked and their potential untapped. This session will debate winning approaches and best practices to support women's entrepreneurship in agri-business based on successful cases in entering lucrative markets and business expansion.

Moderator: Michael Hailu, Director, CTA

Panellists

Vanessa Erogbogbo, Head of Women and Trade Programme, International Trade Centre (ITC)

Heike Rüttgers, Head of Division, Development & Impact Finance, EIB

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Marie-Joseph Medzeme Engama, Expert on agricultural value chains, PROPAC, Central Africa

Fatma Ben Rejeb, CEO, Pan-african Farmer's Organisation (PAFO)

Conclusion

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BACKGROUND NOTE

1. Context

Research has shown the value of women's economic empowerment in development programs: firstly, economic empowerment is one of the most powerful routes for women to achieve their potential and advance their rights; secondly, since women make up the majority of the world's poor, meeting poverty-reduction goals requires addressing women and their economic empowerment; thirdly, discrimination against women is economically inefficient and national economies lose out when a substantial part of the population cannot compete equitably or realize its full potential. Moreover, working with women makes good business sense: when women have the rights skills and opportunities, they can help business and markets grow. Finally, women who are economically empowered contribute more to their families, societies and national economies. It has been shown that women invest extra income in their children, providing a route to sustainable development.¹

Women make significant contributions to the rural economy in all regions of the world. In developing countries, women make up on average about 40 percent of the labour force, ranging from 20 percent in Latin America to 50 percent or more in certain parts of Africa and Asia. Women's role range from being cultivators on their own or other's plots—as unpaid or paid workers, employers or employees—to being wage-labourers in on- and off-farm enterprises, alongside their key role as providers of unpaid care in their households and communities.

However, in many settings women face more constraints than men in accessing key productive resources such as land and to services such as credit, extension and social protection. They also face wage discrimination in rural labour markets and often work without remuneration on family farms. This limits their capacity to contribute to agricultural production and take advantage of new opportunities.

To find jobs in the formal economy or to start and develop businesses, women face more challenges than men due to lack of policies and programs to support and encourage entrepreneurial activity, excessive norms and regulations, and restricted access to credit. Low rates of female land ownership can hinder access to financial assets that are necessary to set up a business. Inequalities in rights and entitlements limit women's access to and control over resources that are crucial to starting and consolidating a sustainable enterprise.

Enabling women to participate fully in household and community decision-making also translates into improved well-being and better prospects for children, thereby reducing inter-generational poverty and contributing to long-term socio-economic development. Therefore, closing the “gender gap” in access to assets, resources, services and opportunities has been identified as one of the most effective approaches to combat rural poverty and promote agriculture and rural development.²

¹ Golla, A.M. et al., Understanding and Measuring Women's Economic Empowerment. 2011.

² FAO, Rural Women's Economic Empowerment. 2014. <http://www.fao.org/3/a-at890e.pdf>

2. Towards increased women's participation in agribusiness

Women are clearly an important part of the agricultural labour force, but agriculture and agricultural value chains are equally important to women as source of employment. Women are a significant entrepreneurial force as owners of farms, input supply stores, service delivery businesses, and export firms whose contributions to local, national, and global economies are far reaching.

Gender issues are overlooked in most value chains, though they fundamentally shape the totality of production, distribution, and consumption within an economy. From production to processing, gendered patterns of behavior condition the jobs and tasks of men and women, the distribution of resources and benefits derived from income generating activities in the chain, and the efficiency and competitiveness of value chains in the global market. A growing body of economic and empirical evidence suggests that addressing gender issues in value chains can improve programs' efforts to achieve both greater gender equity and more effective value chain operations.³

Addressing gender-based constraints in employment and productivity can increase competitiveness. When more than half of a country's potential labor force is not used efficiently, competitiveness with other countries is negatively affected.

A gender approach to value chain analysis and development allows for the consideration of groups and individual men and women's access to productive activities; differential opportunities for upgrading within the chain; gender-based division of activities; and, how gender power relations impact economic rents among actors throughout the chain.

Gender analysis is needed to understand value chain operations and identify the gender relations that structure how smallholder households are organized and how they interact with other firms and economic processes.⁴

Evidence shows that female farmers are largely excluded from modern contract-farming arrangements due to their lack of secure control over land, family labour and other resources required in order to guarantee delivery of a reliable flow of produce. One example in this respect is the Kenyan fresh fruit and vegetable export sector, where women comprise fewer than 10 percent of the farmers involved in smallholder contract-farming schemes. Men control the contracts, nevertheless much of the farm work on contracted plots is performed by women as family labourers. For example, in 70 percent of the cases of sugar contract-farming in South Africa, the principal farmer on the sugar-cane plots is a woman.⁵

The preference of food companies to contract with men is driven by companies' need to secure access to land and labor for a guaranteed supply of primary produce. Women are excluded because they lack statutory rights over land and because they have less authority over family labor compared to their husband and male siblings.⁶

In sharp contrast to high-value contract-farming, there is no bias in favor of men in the labor market effects of modern supply chains. In fact, a large share of the thousands of employees in the Sub-Saharan horticulture agro-industry is female. In Senegal, 90% of the agro-industrial employees in the French bean sector and 60% in the cherry tomato sector are female. Also in other countries the share of female laborers in the FFV agro-industry is particularly high; for example in the flower industry in Kenya and Uganda (75%) and the fresh vegetable sector in Zambia.

However, some new forms of organization in supply chains for export-oriented crops and agro-processing have created better-paying employment opportunities for women in many countries than existed before. Women dominate employment in many of the high-value agricultural commodity chains in sub-Saharan Africa and Latin America. New jobs in export-oriented agro-industries may not employ men and women on

³ USAID. Promoting gender equitable opportunities in agricultural value chains.2009

⁴ *ibid*

⁵ FAO, The State of Food and Agriculture, 2011

⁶ Miet Maertens and Johan F.M. Swinnen. Katholieke Universiteit Leuven, Belgium. Are African high-value horticulture supply chains bearers of gender inequality? FAO, IFAD, ILO, 2009.

equal terms, however they often provide better opportunities for women than exist within the confines of traditional agriculture and can also be instruments of change with significant implications for women and rural development.⁷

In Senegal, the growth of modern horticulture supply chains has been associated with direct beneficial effects for rural women and reduced gender inequalities in rural areas. Evidence shows that women benefit more from employment in large-scale estate production and agro-industrial processing than from high-value smallholder contract-farming in which they often provide unpaid family labour.⁸

3. Access to finance for women entrepreneurs

Women entrepreneurs, particularly in rural areas, often experience difficulties accessing relevant financial products and services due to a lack of appropriate products, information, understanding of their needs and collateral.

Women entrepreneurs running SMEs play a significant role in contributing to economic development by creating jobs, boosting economic growth, and harnessing the productive capacity of women. Estimates show that there are 8-10 million formal SMEs across the world fully or partially owned by women. Enhancing women's economic opportunities and entrepreneurship could also contribute to lessen gender gap, boost per capita income growth, and generally reduce poverty.

Nonetheless, notable financial and non-financial barriers block women-owned SME's potential as economic drivers. The financial barriers that women-owned SMEs confront, such as unfavourable lending policies, lack of collateral etc., critically restrict their access to finance. In spite of the fact that both men and women are affected by these constraints, women experience greater vulnerability compared to their male counterparts.

These financial and non-financial constraints represent obstacles to business development for women-owned SMEs at one or more stages of their business cycle: assessment, start-up, growth, maturity, and decline. Consequently, there is a need to define and tackle the credit requirements of SMEs on the whole and particularly of women-owned SMEs and hindrances that affect them in order that women entrepreneurs are able to fulfil their potential both in their business and society.⁹

Business Development Services are not readily available in many rural areas and affect the growth of rural women's businesses. As a consequence, women are left to rely on friends and family for management decisions and other support to their businesses. Many women rely on personal funds for their investment needs.

Entrepreneurs require access to capital not only for initial investments to start businesses but also ongoing access to capital to operate and expand their businesses.

Microfinance institutions, Savings and Credit Cooperative Organizations (SACCOs), other revolving capital funds, and moneylenders address women's immediate credit shortages.

But interest rates are high, the amounts that can be accessed are often small, and the consequences for default can be dangerous, particularly with moneylenders.

Reforming collateral-based loan policies and practices has become a part of many policy agendas and financial institutions are encouraged to design "women-friendly" financial products, for example, non-collateral-based lending, asset leasing, or embedded financial services in buyer contracts.¹⁰

4. The way forward

Women's economic empowerment is a prerequisite for sustainable development and pro-poor growth. Achieving women's economic empowerment requires sound public policies, a holistic approach and long-

⁷ Miet Maertens and Johan F.M. Swinnen. Katholieke Universiteit Leuven, Belgium. Are African high-value horticulture supply chains bearers of gender inequality? FAO, IFAD, ILO, 2009

⁸ *ibid*

⁹ International Finance Corporation (IFC), World Bank Group, "Women – Owned SMEs: A Business Opportunity for Financial Institutions", 2014. <http://tinyurl.com/qboaoch>

¹⁰ USAID. Promoting gender equitable opportunities in agricultural value chains. 2009

term commitment and gender-specific perspectives must be integrated at the design stage of policy and programming. Women must have more equitable access to assets and services; infrastructure programmes should be designed to benefit the poor, both men and women, and employment opportunities must be improved while increasing recognition of women's vast unpaid work. Innovative approaches and partnerships include increased dialogue among development actors, improved coordination amongst donors and support for women organising at the national and global level.¹¹

Rural women increasingly run their own enterprises, yet their socio-economic contributions and entrepreneurial potential remain largely unrecognized and untapped. They are concentrated in informal, micro-size, low productivity and low-return activities and face particular challenges entering new and lucrative markets and expanding their businesses. Enabling and gender responsive policies, services and business environments are crucial to stimulate the start up and upgrading of women's businesses and thereby help generate decent and productive work, achieve gender equality, reduce poverty and ensure stronger economies and societies.

Women's economic empowerment also means voice and representation in decision-making, and strong business networks. The rigidities of some gender-blind policies, institutions, programs, and projects are perpetuated by the underrepresentation of women as policy makers or their limited participation in policy and institutional change processes.¹²

Little sex-disaggregated data on entrepreneurship in agriculture is available. There is a need to improve the collection and analysis of reliable data on rural women's enterprises to understand their needs and realities and inform policies, including generating better indicators, programme/project evaluations, lessons on what does or does not work and why, and feedback mechanisms.

Training and skills upgrading are needed to strengthen women entrepreneurs' business management, marketing and technical skills, with an emphasis on growth sectors, green technologies and safe and sustainable farming and agro-processing practices (standards, safety measures). It will contribute to upgrade clusters/sectors to support the transition of women-led enterprises from informal to formal status.

¹¹ OECD, Women's economic empowerment

¹² Gender in agriculture sourcebook / The World Bank, Food and Agriculture Organization, and International Fund for Agricultural Development. 2008