



# The Double-X Factor: Harnessing Female Human Capital for Economic Growth

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## INTRODUCTION

It has been repeatedly demonstrated that the promotion of gender equality and the deployment of female human capital increases a country's prosperity. Women often become stakeholders in private sector development through involvement in micro and small enterprises (MSEs) – either as owners or employees. This is especially true in situations where employment opportunities are limited by geography, socio-cultural norms, and underdeveloped public and private sectors. Once women have gained experience in a microenterprise, they have expanded potential to contribute to the advancement of commerce and trade. The obstacles lie, not in understanding this concept, but in designing and implementing programs that overcome the challenges confronting disadvantaged women who are attempting to build businesses and participate in viable industries.

This paper draws on MEDA's fifty-year history in private sector development to provide evidence that, with modest investments and good program design, even highly marginalized women can become active economic players. The first section briefly examines the concept that, with appropriate support for the small business sector, women contribute to growth in emerging markets; the middle section presents a series of case studies from MEDA's portfolio of value chain development and microfinance projects to both illustrate the concept and to offer lessons learned regarding successful programming; the final section concludes with remarks regarding the mobilization of women's unused capacity in the pursuit of economic prosperity in emerging markets.

## WOMEN ENTREPRENEURS, SMALL BUSINESS, AND ECONOMIC GROWTH

Gender equality and overall economic development are intrinsically linked so as to be “mutually reinforcing” (Dollar and Gatti, 1999). As women's relative status is elevated, and they enjoy equal access to education and employment, a nation's economy expands (Klasen, 1999; Klasen 2003), while the converse – limiting the capacity of one gender to make productive contributions – hampers a country's ability to advance its citizens' standard of living (World Bank, 2001). To sum up these findings, women are good for economic growth, and economic growth is good for women.

Small business is also good for economic growth. Even in developed economies with vibrant private and public sectors, and opportunities for employment in both spheres, small business is considered to be an engine of prosperity. Statistics from the United States Small Business Administration sums it up well (SBA, 2006a) – there were approximately 22.9 million small businesses in the U.S. in 2002, representing:

- 75% of the net new jobs added to the US economy;
- 99.7% of all employers and over 50% of the private workforce;

- 97% of all exporters, over 40% of private sales, and 52% of private sector output.
- In addition, the small business sector:
- hires a larger proportion of older, younger and part-time workers;
- has cut in half the bankruptcy rate of the late 1980s;
- accounts for over one third of the high technology sector jobs;
- includes owners that are 25% female (SBA, 2006b).

Although the term 'small business' can be applied to firms with as many as 500 employees in some industries in the US, the average number of staff, including sole proprietorships, is well under five (SBA, 2006b) – the figure commonly used to delimit microenterprises in international development. Therefore, the terms 'microenterprise', 'small business' and 'MSE' are used interchangeably in this paper.

In most emerging economies, the majority of microenterprises function in the informal sector, without access to regulated finance, government support or other services enjoyed by their formal counterparts. Informal business activities account for up to 75% of the non-agriculture employment in developing countries, with self-employment comprising a significantly larger share than wage employment (ILO, 2002). If we factor in that smallholder agriculture is normally included by development practitioners in definitions of 'microenterprise,' we realize that a huge majority of the world's working poor are 'small business owners.' Further, female entrepreneurs have a much higher representation in the informal sector than their male counterparts, with many working as street vendors or in home-based production (ILO, 2002).

Putting these three key facts together – 1) the need to harness female human capital for a nation's economic growth; 2) the significant contribution made by small business to a robust private sector; and 3) the large number of women that become economic contributors through involvement in small and microenterprises – we can conclude that development strategies that integrate women into emerging markets will be a cornerstone of economic growth.

## **MEDA CASE STUDIES IN ENTERPRISE DEVELOPMENT**

The following case studies illustrate that women-owned microenterprises can be a significant force in the development of the small business sector, and that this process can be accelerated with improved access to finance, business services and market linkages. Further, with the right interventions, these supports can be made available by sustainable, local, commercial suppliers that continue to operate long after a project ends.

In some instances, women-targeted initiatives produce strong results, while in others, gender mainstreaming is a viable project design alternative. The term 'gender mainstreaming' is used here when describing programs that do not specifically target women. Rather, these programs incorporate activities such as the promotion of the program to women, and gender awareness training for staff and clients. A number of lessons regarding 'targeting' versus 'mainstreaming' are articulated in the following examples.

The case studies in this section are further organized into subsections: value chain programs that target low-income women, value chain programs that mainstream gender, microfinance programs that target low-income women and microfinance programs that mainstream gender. The term 'value chain' is used here to mean a market channel that follows a product from raw material to final consumer.

### **Value Chain Programs that Target Low-Income Women**

MEDA value chain programs that target low-income women have resulted in significant and measurable results for project clients. Founded on approaches that build the capacity of local private sector players to establish indigenous institutions and systems, initiatives are not dependent on ongoing donor funding. Further, by dedicating resources to women-dominated industries or women-owned businesses, the specific constraints facing women can be addressed with focused problem-solving and appropriately crafted interventions. As a consequence of these factors, small businesses are diversified and

multiplied, laying the foundation for equitable wealth creation.

### ***Homebound Embroiderers in Pakistan***

The case of homebound women in Pakistan illustrates the outcomes that can be realized amongst hard to reach populations if project design is based on an understanding of a market system's barriers to growth – economic, regulatory and socio-cultural (Jones and Shaikh, 2005b).

The majority of Pakistan's rural poor continues to live below the poverty line: 13.4% of the population survive on less than \$1 per day, while almost two thirds live on under \$2 per day (United Nations, 2004a). Women are typically poorer than men, and have little or no control over household income (e.g., Panhwar, 2004); those who are able to engage in paid employment earn 35% less than their male counterparts (United Nations, 2004a). Moreover, women are often confined to their homes and segregated from society by the tradition of purdah. As a result of this isolation, most women are disconnected from markets and limited in their capacity to become active economic participants.

Since 2000, MEDA has worked in partnership with ECDI, a Pakistani NGO, to strengthen the position of women microentrepreneurs across the country, culminating in the launch of an ambitious three-year value chain development program – From Behind the Veil – in 2004 (funded by USAID's Implementation Grant Program). From Behind the Veil reaches down-market to integrate poor, remote, illiterate and homebound women into more profitable value chains, leveraging their capacity for the good of the market system.

Value chain analysis had revealed a market opportunity for contemporary hand-embroidered garments amongst affluent women in both urban Pakistan and nearby Middle Eastern cities such as Dubai (Jones and Shaikh, 2003). Although the embroidery skills of rural women are excellent, and middle class customers seek out quality hand-crafted clothing, products of rural embroiderers did not meet the design and quality demands of urban consumers. This supply-demand disconnect is a consequence of socio-economic norms: traders were customarily men, transactions were mediated by a male householder;

and cloistered women had neither the knowledge nor opportunity to develop products for high value markets. As a result, products of rural women were sold into low-value markets, through traditional middlemen. Industry analysis conducted by MEDA and ECDI uncovered valuable information on market players and mechanisms, including a number of fledgling innovations, that provided the basis for program design (Jones, 2006).

The intervention activities of the From Behind the Veil program are facilitating the strengthening and rapid expansion of a nascent woman-to-woman system as follows. A network of female intermediaries – who can meet directly with segregated women – links producers to markets, and provides product information, quality control, and design advice to homebound embroiderers (Jones and Shaikh, 2005a). The enhancement of commercial design services in the subsector, including traditional 'tracer designers', stimulates the flow of valuable product development information throughout the system. The formation of producer groups offers a balance of power between homebound women and intermediaries, promoting the negotiation of equitable terms. Women leaders, who tend to naturally emerge in producer groups, often act as 'community sales agents' who fill an organizational role and provide first-level market connections. The development of women-operated buying houses offers further order management, quality control and market links. The creation of accessible input suppliers – for example, the sale of threads at local beauty shops or other women-friendly venues – leads to better finished products.

Project innovations rely on the development of women's productive and business capacity, enabling them to become active contributors to their families', communities' and even nation's economic growth. Project clients report not only increased sales, but a sense of confidence that they can engage in markets and respond to consumer demand.

In early 2006, halfway through the three-year project, the network of women sales agents numbered 185. They have engaged over 7000 embroiderers, with almost 2000 participating on a full-time monthly basis. The average rise in monthly

income for a full-time embroiderer has gone from \$6 to \$20, and 96% report improved monthly income attributable to their participation in the program. The program also includes 160 garment makers who have gone from no income for stitching to monthly averages of \$14. Sales agents report that their profits have risen by \$45 per month. And, since the earnings are commission-based, there are no direct subsidies in the compensation formula at any stage. Program activities concentrate on the development of a vibrant private sector, and do not involve direct provision of subsidized services to value chain actors – an approach that is key to post-project sustainability of the system (Jones and Shaikh, 2005b).

From Behind the Veil offers women an opportunity for economic advancement, but for many it has also led to broader empowerment on a number of levels: participation in community groups, changing family relationships, and engagement with the larger society. Rural embroiderers are actively participating in group activities: workshops, seminars, meetings and joint ventures. Women have come together to act as an economic unit in order to fill larger orders and to negotiate with buyers. Group activities have also impacted family relationships. Initially, some producers could only participate in a group venue if a male family member accompanied them and observed the proceedings. As trust was built, this situation evolved through various stages, and families are often very supportive of women as they demonstrate their productive capacity outside the household sphere. Project activities have brought rural embroiderers more and more into the public arena. Women who rarely left their rural communities prior to the program have journeyed in pairs or groups on the train from Balochistan, Sindh and Punjab to participate in public exhibitions in Karachi (for further details see Jones and Snelgrove, 2006). Finally, in excess of 50% of all participants state that they are benefiting from elevated status in the household due to their greater economic contribution.

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**Client Spotlight:** Mumtaz is a village woman from the Multan district of Punjab, Pakistan. When first introduced to the program, Mumtaz earned no

income but was intrigued by the opportunity to sell the embroidered fabrics that she made for her family. A mother of five, Mumtaz was committed to sending her youngest child, a girl, to school, and to providing better nutrition and opportunities for the entire family. Mumtaz participated in workshops to learn about managing a business, connecting to buyers, and raising the quality of her outputs. An entrepreneur in the truest sense of the word, Mumtaz emerged as a natural leader in her community and organized over 50 women to produce embroidered fabrics for lucrative urban markets. With this network of producers, Mumtaz was able to fill orders of urban buyers. Her family was supportive and gave her relative freedom of movement when they understood the purely economic nature of her activities. Mumtaz has traveled to Lahore and Karachi to participate in exhibitions and expand market opportunities for her network of homebound embroiderers, benefiting the lives of an entire community.

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### ***Bolivian and Ugandan Projects Target Women***

Case studies from countries that rank higher than Pakistan on the United Nations Gender-Related Development Index confirm that specifically focusing on women-owned enterprises can result in significant contributions to industry economic growth. In Bolivia, MEDA worked in partnership with DAE (Desarrollo Agropecuario Empresarial), a local NGO, to target female farmers involved in rice and corn cultivation. This project, received funding of \$100,000 from the PERLS Foundation, and is currently at the half-way point (running from June 2005 to July 2007). Gender roles in agricultural production were identified during the pre-entry phase of the project in order to ensure that program design was effective in reaching female producers. As a result, customized technical assistance for production and marketing was provided to women's community groups by means of site visits, demonstration plots and training events. Female clients have increased their yields on existing crops – corn yields, for example, rose by an average of 13% – and they have diversified crop production to strengthen household food security and meet demands of nearby markets.

Another example that corroborates the success of concentrating efforts on women-owned enterprises comes from MEDA's work in Uganda. Female proprietors in a variety of sectors were unable to reinvest in their firms as the bulk of profits and considerable time were spent on efforts to fight malaria. The limitations on upgrading individual firms meant that the sectors were constrained in their growth. Facilitated by MEDA and Quality Chemicals Ltd., in partnership with FOCCAS and FINCA, the Canadian International Development Agency (CIDA) provided approximately \$500,000 over five years (July 2000 – December 2005). The result was a woman-focused program that enabled microentrepreneurs to purchase insecticide-treated nets through a sustainable microcredit intervention. The use of the nets, combined with new and accurate information about malaria, made it possible for over 24,000 women to reduce household morbidity, raise business productivity, and invest in the associated sectors.

### **Value Chain Programs and Gender Mainstreaming**

Much of MEDA's work is in the agricultural sector which is often dominated by men (at least in terms of ownership if not labor). Projects have therefore tended to mainstream gender in an attempt to provide equal access to program services and benefits. As the following case studies illustrate, mainstreaming gender can be challenging and desired impact is not always achieved by adhering to conventional approaches.

#### **Maize Farmers in Tanzania**

In the 1980s, Mbeya was one of the major maize producing regions in Tanzania, contributing close to 14% of the national total (Loewen-Rudgers et al, 1990). However, low yields per hectare limited individual farmers' incomes. Animals were rarely used for crop cultivation despite proven growth in rates of productivity; plowing one hectare by hand took two and a half to five weeks compared with two and a half to five days with animal-drawn techniques (Sizya, 2000). Labor shortages combined with the practice of polygamy meant that women in the region carried the burden of the agricultural work (McVay and Ranneklied, 2005).

Recognizing the potential to upgrade the productivity of the maize sector, MEDA developed the Mbeya Oxenization project, funded by CIDA from 1986 to 1993 (\$3.6 million). Ox-driven plows and cultivation techniques were delivered to the region through capacity development of local manufacturers, leading to improved supply, design, and quality of implements (Loewen-Rudgers et al, 1990). The venture identified progressive farmers who could become "contact farmers," apply the new technology, and demonstrate the effectiveness to their neighbors. It was assumed that the program was gender neutral, and that women would be mainstreamed through inter-farmer information flow (Sizya, 1990).

While there was substantial adoption of the new technology and techniques, an evaluation of the project revealed that most project clients were male. Women were interested and capable of using oxen, yet they lacked awareness and did not have the self-confidence to request extension services (Sizya, 1990). A revised approach was instigated, one that targeted women with specialized activities: credit linkages to provide control over animal assets, technical assistance and training in small business development specifically for women, and women-to-women group exchanges. This revised targeted methodology proved successful, with women accounting for one-third of all project clients.

As women had been cultivating by hand, increasing dissemination of these animal-drawn technologies was an effective strategy to leverage women's labor and build productive assets. They were not only able to improve yields, but also had more time for other income-generating activities. The project also helped contribute to the growth of the maize sector as a whole; yields in Tanzania increased by 19% over the life of the project, nearly double that globally and in Sub-Saharan Africa over the same period (FAOStats, 2006). Average incomes for participating farmers rose by \$54 per person per year; a substantial amount given that the GDP per capita at the time was less than \$200 (McVay and Ranneklied, 2005). Perhaps one of most noteworthy indicators of success was the launching of a for-profit company by

several staff members – a venture that continues to promote and train farmers on the technologies.

### ***Sesame Producers in Nicaragua***

Large portions of Nicaragua's population live in poverty with 80% surviving on less than two dollars a day (United Nations, 2004b). As with most developing countries, women are in a worse economic position than men, earning on average 44% less than their male counterparts (United Nations, 2004b). In general, gender equity is poor with women's human capacity underutilized; Nicaragua ranks 88 out of 177 on the Gender-Related Development Index (United Nations, 2004b).

Since 2002, with support from CIDA, MEDA has managed the PRODUMER program in Nicaragua. The initiative promotes the competitiveness of the country's sesame sector through the provision of technical assistance in production and marketing to individual farmers, cooperatives and producer groups. In particular, the program helps farmers meet the demands of export markets by building capacity in traceability. The project also channels credit through local MFIs to offer much needed capital for the upgrading of production techniques and technologies.

During the initial phase, gender was mainstreamed into project activities, with promotion of the project to women clients, gender training for all project staff, and "gender reflections" at each training session. An assessment revealed that, although women farmers were participating in training sessions (25% of project clients), there had been limited impact on their productive activities. During the project's second phase, starting in 2005, a targeted approach has been adopted in efforts to integrate women. For example, the project has supported the development of women's groups for extension training (held for female clients only). Given that women are not normally sesame farmers in Nicaragua, even these targeted activities may not have the desired effect on women's production and incomes. Consequently, MEDA has begun exploring diversification activities with higher potential for tapping women's unused capacity, such as pork production and market gardening. It appears that

this project may support the growing number of cases that point to the need to identify industries with existing involvement of women in order to accelerate and deepen equitable growth – and that neither mainstreaming nor targeting of program activities will guarantee success if selected industries are not 'women-friendly.'

### **Microfinance Programs that Target Low-Income Women**

Microfinance facilitates the mobilization of women entrepreneurs and the growth of the small business sector. The financial empowerment microfinance brings to women – whether through lending, saving, remittances or other services – inevitably leads women to personal and social empowerment as well. Management of household finances, decision-making, business skills, self-confidence, respect from family, and involvement in community structures have proven to be positive outcomes of many microfinance projects.

### ***Disadvantaged Women in Afghanistan***

The volatile environment of Afghanistan creates extreme financial instability and lifestyle risks, especially for poor women and their families. Statistics indicate the daunting needs of Afghan households: per capita annual income is US\$148; life expectancy is 50 years; nearly 50% of children under the age of five are moderately or severely underweight; and, one sixth of children die before they reach the age of five (Canadian International Development Agency, 2006). Moreover, women in Afghanistan are dealing with changing and sometimes confusing gender roles, making financial independence and economic participation a challenging goal at best.

MEDA works with Women for Women International Afghanistan (WWI-Afghanistan) to offer assistance to women who are widows, single heads of household, returnees, internally displaced persons (IDPs) and physically challenged (the latter three categories may be women with husbands). Lacking a formal education, project clients have limited or no access to employment or income generating opportunities, and many are essentially homeless. They form the poorest segment of Afghan society

and are largely dependent on humanitarian aid. Providing these women with the opportunity to earn an income is vital for the continued development of communities and the country. MEDA works under contract to WWI-Afghanistan and is currently completing a \$387,900 project that began in April 2004.

The MEDA-managed project employs a solidarity group lending methodology, offering short-term loans for start-up businesses, working capital for existing enterprises, and small fixed assets to eligible female clients in the service, retail/trade, agri-business and production sectors. The initiative reached 1,600 women in 2004, 3,800 in 2005 and is on track to achieve projected outreach of 12,350 clients by the end of 2008 (MEDA Consulting Group, 2004). Although a formal impact assessment has not yet been performed, program staff has documented substantial growth in women's business incomes as well as contributions to the advancement of their families and communities:

- Women contribute to their family's daily cash flow, enhancing quality of life including improved nutrition and access to essential medicines;
- More children attend school because of their mother's earning capacity;
- Clients are able to develop financial management skills, graduate to larger loans, and build their assets;
- Business expansion generates employment opportunities for family and non-family members;
- Profits from women's microenterprises – ranging from livestock rearing to baking and handicrafts – allow women to invest in the start-up or enlargement of other family businesses;
- Business skills and experiences are shared with others in the community.

Loan officers frequently receive qualitative feedback from female clients that they are happy to be able to help their families, enjoy frequent businesses strategy discussions, receive greater respect from family and community members, and are more involved in household decision-making.

An overall goal of WWI-Afghanistan's microcredit program is to create a locally-owned and operated credit organization that sustainably offers financial services to low-income women in Afghanistan. MEDA has managed the WWI's microcredit project since its inception in 2002, offering in-field technical assistance and on-going program development, and is currently implementing a transfer plan to local management.

### ***Remote Uyghur Women in NW China***

Minority Uyghur women living in remote villages on the plains between the Himalayas and the Takalaman Desert in northwestern China face some of the most economically disadvantageous conditions in the world: political instability, limited access to water, and isolation from markets, infrastructure, health facilities, resources and education centers. As of 2003, females comprised 45% of the total labor force, but gender disparities were huge as exemplified by a 2.6-to-1 ratio of illiterate and semi-literate women to men (World Bank, 2003).

As an integral part of the overall project (CIDA, \$11 million), MEDA led a five-year microfinance project (2002-2006) – Canada-China Women's Income Generating Project of Xinjing (CC97) – in conjunction with the Mennonite Central Committee (MCC), the Chinese and Canadian governments, and a Chinese agency, the Amity Foundation. The goal of the initiative was to increase family incomes by diversifying activities of households that relied mainly on subsistence agriculture. The key mechanism was microfinance, complemented by project interventions that augmented agricultural production and ecological sustainability, delivered basic health care services, provided access to education, and offered assistance in the development of new income generating activities.

Following a group lending methodology, the CC97 project enabled women to participate in the small business sector, and raised clients' socio-economic status, income and quality of life. The CCA Xinjiang Final Report (Freedman, 2006) identified the following outcomes for business growth and sustainability in Uyghur communities:

- 97% of surveyed women run their own microenterprises;

- 3,706 independent businesses were launched;
- 20 new types of businesses were created by women;
- Credit co-operatives, run by women program participants, serve 108 village centers comprising 4,193 women members
- New and recent independent expansion by county project offices serve 33 additional village centers, reaching 1240 women
- Technical training had a positive impact on business productivity, and women are teaching their husbands new technical skills;
- 1,235 previously illiterate women can now read and write Uyghur well enough to prepare a business plan;
- County project offices are providing ongoing training for 1,576 women.

The final assessment of the program has noted further impacts in terms of women's and children's welfare:

- 97% of the women interviewed were sending children to school;
- 95% of the women stated that the project had changed their attitudes toward education, and CC97 members passed a resolution that their children would attend school;
- 2,941 women received health checks and health/hygiene training;
- Following gender training in the villages, sensitivity to gender issues developed, and men made the commitment to contribute more to household work;
- 100% of women and husbands interviewed reported increased participation of women in family decision-making;
- Social interaction of women was enhanced through solidarity groups and attendance at community markets;
- Women buy better food and clothing for their families, and have invested in improving the condition and contents of their homes.

### **Microfinance Programs that Mainstream Gender**

MEDA implements programs that offer microfinance to both men and women wherein mainstreaming approaches are employed to stimulate the involvement of female clients. The outcome of such methods has generally been more positive than in value chain programs, which may be due to the fact that microfinance is offered across industries, and women can take loans for work in which they are already actively engaged.

### **Mozambique Microfinance Facility**

In Mozambique, 54% of households live under the poverty line, and over half of these are led by women (United Nations, 2004). Mozambican women are confronted with additional challenges, such as a literacy rate of 31% versus 62% for men (CIDA, 2006) and financial risks due to a high prevalence of HIV/AIDS (United Nations, 2001). In fact, Mozambique ranked 139th out of the 144 countries in the UN's Gender-Related Development Index in 2002 (United Nations, 2002).

MEDA began the Mozambique Microfinance Facility (MMF) with the aim of contributing to small business growth in rural areas through the strengthening of microfinance intermediaries in the country. The CIDA-funded program extended from 2000 to 2005, and was valued at \$3.5 million. This objectives have been accomplished with the provision of: technical support that enables institutions to adhere to best practices as articulated by CGAP (the Consultative Group to Assist the Poor – an advisory and standards-setting body of the microfinance industry); finance to institutions already conforming to best practices; and advice to the government in the preparation of policies and regulations that facilitate the expansion of microfinance across the country.

Although MMF does not specifically target female clients, it challenges institutional policies and other barriers that limit female economic activity. The project also provides one-on-one gender sensitization and policy assistance to various Mozambican MFIs. These efforts include guidance in gender policy creation, equitable hiring processes, and gender data collection.

Of the many MFIs that MMF assists, only two specifically focus on women: Fondo Desenvolvimento da Mulher (FDM Women Fund Development), and Caixa das Mulheres in Nampula, (CMN Box-savings of Women in Nampula). Regardless of whether MFIs target or mainstream gender, they attract a large percentage of female clientele. Gender training and mentorship may be responsible for the overall high participation of female clients.

#### MMF Records as of November 2005

No	Micro-finance Institution	Active Clients	% Female (June 01)	% Female (Nov 05)	Out-standing Portfolio USD
1	Male Yeru	1,533	40%	39%	604,061
2	FDM-GGLS	1,737	89%	96%	190,852
3	FCC	3,890	42%*	60%	675,994
4	SOCREMO	6,279	52%	50%	4,484,143
5	CCOM	17,922	44%*	59%	1,055,865

*As of September 2002 (Janzen, 2006)*

In general, the MMF institutions have enabled women entrepreneurs to:

- Start up new businesses;
- Strengthen existing enterprises and hire staff – often becoming small as opposed to microbusinesses;
- Expand business assets including equipment and transportation;
- Support families in their efforts to open businesses;
- Develop more sophisticated business skills and processes, leading to improved efficiency and higher profits;
- Diversify incomes: e.g., livestock, vending booths, mini grocery store, transportation.

**Client Spotlight:** Jaquelina is a single mother with seven dependants. When she joined the microfinance program, Jaquelina only had a stand with one employee, two oxen, and a dilapidated open-roofed shelter. With a microfinance loan from Male Yeru, Jaquelina was able to open a second market stand for her daughter to sell meat. Profits from their businesses were invested in construction and in the purchase of cattle. In 2005, Jaquelina opened a mini grocery store. At present, Jaquelina has 10

employees, two well-operated booths, a mini grocery store, a small car to transport goods, a meat cutting machine, and 14 head of cattle. In the future, she plans to purchase a bigger vehicle for the transport of the cattle to the slaughterhouse and to seek other business expansion opportunities.

#### MMADP in Tanzania

The Mbeya Market Association Development Project (MMADP) is a two-year project (2004 – 2006) with the principal aim of strengthening 28 market associations in urban and peri-urban Mbeya so they can be transformed from informal savings and credit groups to legally registered Savings and Credit Cooperatives (SACCOs). Funded by IFAD this is a relatively small project (\$150,000) that still illustrates the success of non-targeted microfinance programs for reaching disadvantaged female clients.

Soweto, a typical SACCO in the MMADP initiative, offers clients business development loans, emergency loans, training and secured savings. Although Soweto does not target women directly, female clients outnumber male clients by 64 to 34. Soweto has provided a secure, supportive environment for women (who typically do not have assets to use as collateral) to become entrepreneurs. All 98 Soweto clients are petty traders in grains, fruit and vegetables, fish, garments, and general groceries and household goods. Loans from this SACCO have given women the opportunity to operate in the market, contribute to trade, and develop as small business owners in their own right.

#### CONCLUSIONS

MEDA's programs in value chain development and microfinance provide evidence that hard to reach communities of women can be brought more fully into the small business sector through effective program interventions. With a relatively low investment of resources, women are empowered to build the small business sector and contribute to their nation's economic growth.

Working with disadvantaged populations that have been relegated to the bottom of the socio-economic heap has challenges. Program design must overcome a host of constraints including illiteracy and

innumeracy, lack of technical and business skills, and the psycho-social consequences of generations of disenfranchisement. Yet, case after case has proven that these seemingly intractable obstacles diminish with appropriate project interventions.

Whether or not the program 'targets' or 'mainstreams' women should be based on the context and an understanding of women's situation. As illustrated, MEDA has had varying degrees of success with these two approaches, and preliminary findings suggest that value chain projects derive greater benefit from targeted activities than do microfinance programs.

The impact of business women's efforts extends well beyond their own businesses, to finance family enterprises, educate children, improve household nutrition, organize community groups, and build more equitable social structures. These 'indirect' benefits of the economic empowerment of women will serve any nation committed to the growth of trade and commerce. In fact, some would argue, the authors included, that they are necessary conditions of sustainable wealth creation.

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