

a path out of poverty

**Developing rural and women
entrepreneurship**



UNITED NATIONS INDUSTRIAL DEVELOPMENT ORGANIZATION

economy environment employment

a path out of poverty

**Developing rural and women
entrepreneurship**



UNITED NATIONS INDUSTRIAL DEVELOPMENT ORGANIZATION
Vienna, 2003

The designations employed and the presentation of material in this publication does not imply the expression of any opinion whatsoever on the part of the Secretariat of the United Nations Industrial Development Organization concerning the legal status of any country, territory, city or area, or of its authorities, or concerning the delimitation of its frontiers or boundaries. The opinions, figures and estimates set forth are the responsibility of the authors and should not necessarily be considered as reflecting the views or carrying endorsement of UNIDO. The designations, "developed" and "developing" economies are intended for statistical convenience and do not necessarily express a judgement about the stage reached by a particular country or area in the development process. Mention of firm names or commercial products does not imply endorsement by UNIDO.

This document has not been formally edited.

CONTENTS

Introduction	5
--------------	---

1. CHALLENGES



Poverty: No exit?	7
Millenium development goals	7
The neglect of rural development: a precarious imbalance	7
Gender inequality: impediment to growth and poverty reduction	8
Building a "bottom-up growth strategy"	9

2. RURAL AND WOMEN ENTREPRENEURSHIP DEVELOPMENT



Objective	12
Approach	12
Expected impact	12
Main services and methodologies	13
UNIDO programme principles	16

3. PROJECT EXPERIENCES



Mozambique: streamlining regulatory business environment in the provinces	18
Uganda: private sector assists private sector	19
Central America: linking private sector associations, NGOs and universities	21
Pacific Islands: promoting entrepreneurship to create income and employment opportunities	23
Rwanda: strengthening the role of women entrepreneurs in a post conflict situation	24
Uganda: preparing youth for entrepreneurship – curriculum development	26
Viet Nam: establishing a "traditional craft village" for export promotion	27
Morocco: promoting productivity improvements in rural women's businesses	28
Kenya: socio-economic empowerment of women entrepreneurs	30



*People living in rural peripheries,
especially women, shoulder the burden
of the worlds' poverty.*

INTRODUCTION

This brochure describes UNIDO's "Rural and Women Entrepreneurship (RWE) Development Programme", which is managed by the Small and Medium Enterprises Branch. As a core contribution of UNIDO to poverty reduction, the programme supports rural people and women in their aspirations for entrepreneurial initiatives.

People living in the rural peripheries, and especially women, shoulder the burden of the world's poverty, particularly in the Least Developed Countries and sub-Saharan Africa. They have been deprived for too long from participating in the opportunities and benefits of economic growth and globalization.

Reducing urban-rural disparities and gender inequalities is a crucial element for any poverty

reduction strategy. Mobilizing the potential productivity of rural people and particularly of women is indispensable to achieve the resilient economic growth that will pull people above the poverty line.

Therefore, the RWE Programme aims at promoting a conducive business environment and at building institutional and human capacities that will encourage and support the entrepreneurial initiatives of rural people and women.

Part 1 of this brochure describes the challenges to be addressed, followed by a description of UNIDO's approach, services and methodologies for rural and women entrepreneurship development in Part 2. Project experiences are presented in Part 3, illustrating the results UNIDO has achieved through its technical cooperation projects.



1. Challenges

- 1.2 billion people live on less than US\$ 1 per day
- 2.8 billion people live on less than US\$ 2 per day
- 75 per cent of the poor live in rural areas
- 60 per cent of the world's poor are women and girls
- The average income in the 20 richest countries is 37 times higher than in the 20 poorest countries
- Higher inequality tends to retard growth in poor countries and encourage growth in richer places

Poverty: no exit?

The widening gap between rich and poor worldwide is a major threat to global security and economic integration. About half of the planet's population are poor, living on less than two dollars a day. Poverty is a vicious circle, being both the major cause and the effect of a situation, in which no opportunities seem to exist for the poor to help themselves.

Rural development and gender equality are key elements of strategies to reduce poverty and create income and employment opportunities.

Millennium development goals

Eradicating poverty is a shared objective of the international community. The Millennium Declaration of the United Nations stipulates the target of halving the proportion of the world's people whose income is less than one dollar a day by the year 2015. Another millennium development goal is to promote gender equality and empower women as effective ways to combat poverty, hunger and disease and to stimulate development that is truly sustainable.

Efforts are underway to put in place macro-economic, structural and social policies and programmes to promote growth and reduce poverty. To that end, Governments in 45 countries* have prepared or are preparing Poverty Reduction Strategy Papers (PRSP) in a participatory process involving civil society and development partners. They try to understand and analyse some fundamental questions: Who are the poor? Where do they live? What are the main barriers for them to move out of poverty? – The answers can help setting priorities for policy choice.

The neglect of rural development: a precarious imbalance

A staggering 75 per cent of the world's poor live in rural areas. And yet, resources and policies continue to be biased in favour of urban development. An imbalance in development is the consequence, with detrimental effects on both rural and urban people.

With rural areas not able to provide enough opportunities for people to sustain their lives, the burden of supporting the poor and rural population falls increasingly upon cities. The growing number of rural poor seeking work in overcrowded cities stretch social and physical infrastructure and economic opportunities in the urban areas beyond their capacity.

* As of February 2003.

On the other hand, the migration of rural men to urban areas leaves unbalanced family structures behind, with women, children and elderly expecting remittances.

Most of the rural population depends, directly and indirectly, on small-scale food crop agriculture, fishery, pastoral animal husbandry or rural wage labour associated with plantations and ranches, and ancillary activities linked to the economies of the rural life and rural townships. Many rural families need to diversify their sources of income and employment in view

of increasingly smaller parcels of land, low agricultural productivity, volatile weather conditions and soil erosion.

The rural non-farm economy plays an important role for wealth creation and well-being across countries. For example, small rural households with fewer than 0.5 hectares earn over half of their total income from non-farm sources. The composition is generally one-third manufacturing, one-third commerce and services with mining and construction accounting for the rest.



Need to diversify economic opportunities for a better life

A poverty-reducing growth strategy should aim at the creation of a complex and diversified economic structure and should include the development of non-farm economic activities and the facilitation of the transition of informal activities to the formal growth sector.

A rural development programme should combine infrastructure development, education and health services, investment in agriculture, and the promotion of rural non-farm activities, in which women and rural population can engage.

Gender inequality: impediment to growth and poverty reduction

Women and girls constitute three-fifths of the world's poor. Their poverty level is worse than that of men as clear gender disparities in education, employment opportunities and decision-making power exist.

A large number of women are mainly engaged in subsistence agriculture as well as in micro and small-scale enterprises (MSE). In most of the developing countries, particularly in Africa, women constitute 70-80 per cent of the total agricultural labour force and they account for over 80 per cent of food production. It is not surprising therefore to find many women engaged in food processing, weaving, personal services, beverage preparation, and selling of snack foods. In the MSE sector worldwide, women make up one-quarter to one-third of the total business population and in manufacturing they constitute one-third of the global labour force.

In addition to their economic and income-generating activities, women assume multi-faceted roles in society, i.e. as breadwinner of a family, unpaid family workers, service providers in the communities and mother/care-taker of the family.



Woman on the way to a maize mill

Gender equality is a prerequisite for poverty reduction because of the contribution women make and the role they play in society and in the economic well-being of the family and communities. Be it in rural or urban areas, be it in micro or medium and large enterprises, women must be an integral part of development, not only as beneficiaries, but also as decision-makers and agents of change.

In spite of their important contributions to socio-economic development, women suffer from various constraints, which inhibit them from fully realizing their potential for development. Cultural values and social norms hinder the equal participation of women in society. One of the major constraints women face as entrepreneurs is the unequal access to productive resources and services, including finance and skill upgrading opportunities. Some legal provisions and legislative systems make it difficult for women to take initiatives for business development. Furthermore, their reproductive role in the family and the community puts women in a disadvantaged position to engage in entrepreneurial activities.

To respond to the needs of women to materialize their economic potential and thereby to improve their standard of living, it is necessary to design programmes by applying a mainstreaming strategy. This requires devising measures to integrate women as decision-makers, participants and beneficiaries in all relevant development activities, irrespective of the sector or type of activity. It is also necessary to address the totality of problems women face as entrepreneurs, due to the wide spectrum of elements affecting the equitable participation of women in development. A plan or strategy must be designed and implemented in close collaboration with various development partners in different specialized areas, notably: education, health, human rights as well as environment and energy.

Building a “bottom-up growth strategy”

It is necessary to take a multi-dimensional perspective on poverty reduction. This includes “bottom-up growth strategies” to encourage the broad-based rise of entrepreneurial initiatives.

The benefits of economic growth generated by a handful of modern industries do not necessarily trickle down to those business sectors where the largest proportion of the population is engaged, and not at an acceptable pace.

Most Least Developed Countries (LDCs) and sub-Saharan African countries are characterized by a polarized industrial system of a handful of large enterprises—owned by either the state, foreign investors or a few rich local entrepreneurs—and a large number of micro enterprises, mostly in the informal sector. Only a few of these businesses have the capacities to respond to the emerging opportunities from the export sector and the changing international economic regime.



People are the asset of the future

Poverty-reducing growth strategies need to diminish policy and regulatory obstacles that discourage local entrepreneurial initiatives and to

improve the access to skill development opportunities that strengthen entrepreneurial capabilities.

The “bottom-up growth strategy” focuses on the transformation and diversification of micro- and small-scale enterprises to growth-oriented activities and on increasing the productive capacity in order to enable them to participate in the mainstream economy of the nation.

This strategy is not a welfare programme, but a necessary condition for attaining sustainable economic growth by unleashing under-utilized productivity potentials. Thus, the aim of a “bottom up economic growth strategy” is to help poor people to grow out of the poverty trap. Such a strategy complements and supports the growth of a modern and export-oriented sector.

Elements of a “bottom-up growth strategy” to enable rural people and women to participate in the mainstream economy are:

- *The creation of an enabling business regulatory environment, in which rural and women entrepreneurs can fulfil their own initiatives for advancement;*
 - *The strengthening of entrepreneurial capabilities; and*
 - *The promotion of collective self-help efforts of small-scale entrepreneurs.*
-



2. Rural and women entrepreneurship development

Objective

The aim of UNIDO's Rural and Women Entrepreneurship (RWE) Programme is to contribute to poverty reduction through entrepreneurship development—with a focus on rural development and gender equality.

The essential elements in this Programme are to create a business environment that encourages the initiatives of rural and women entrepreneurs and to enhance the human and institutional capacities required to foster entrepreneurial dynamism and enhance productivity.

Approach

Business opportunities are not created by external intervention—they arise from markets and entrepreneurial capabilities. The issue is to enable rural and women entrepreneurs to take advantage of market opportunities.

Micro- and small-scale enterprises (MSE) are affordable and manageable by rural people. They create a large number of non-farm employment and income opportunities in relatively poorly developed areas and require small capital and little sophisticated managerial and technical skills. MSEs are also the seedbeds for a broad development of the private sector throughout the country, forming the foundation for the national economy and social development at the grassroots.

Individual entrepreneurs are a driving force for competitive MSEs as a growth base. However, the policy and institutional framework needs to be conducive to encouraging entrepreneurial

initiatives. Human capabilities and the right institutional framework are necessary conditions for entrepreneurship to flourish, particularly in rural areas.

The RWE Programme therefore focuses on:

- Strengthening the public administration to make the regulatory and administrative environment more conducive for rural and women entrepreneurs.
- Human resource development for increased competitive entrepreneurship, technology absorbing capacities and women's control over asset management.
- Development of the policy advocacy and the collective self-help capacities of rural and women entrepreneurs.

EXPECTED IMPACT

The RWE Programme aims at:

- *Improved business performance of MSEs owned by rural and women entrepreneurs;*
- *Increased transformation of MSEs from the informal to the formal sector;*
- *Increased number of start-ups.*

Leading to: Increased income and employment opportunities in rural areas and particularly for women.

Main services and methodologies

Business and regulatory environment for women and rural entrepreneurs

Compliance with complex regulatory requirements and dealing with bureaucratic webs are relatively more expensive for rural entrepreneurs than for urban and larger enterprises. Cumbersome and centralized bureaucracies often lead to lengthy licensing processes and costly operations of rural businesses. They may thus discourage entrepreneurial activity.

The public administration in rural areas has relatively weak capacities to implement policies and to maintain conducive framework conditions for entrepreneurial initiatives. The action of local authorities is often based on a vague understanding of what to regulate and how to regulate. It can result in arbitrary exercise of regulations.

Rural and women entrepreneurs' understanding of regulations as well as their capacity to identify unjustified application of the regulations are weak. Institutions and agents to arbitrate disputes are scarce in rural areas.

For women entrepreneurs, the constraints are often exacerbated by laws and regulations that explicitly discriminate against them. Furthermore, the gender-sensitivity of many officials in rural areas tends to be more heavily influenced by the local tradition than in urban areas.

The RWE Programme supports strongly committed national and local leaders that want to address the above issues of the regulatory business environment. Depending on the analysis of the constraints emanating from the regulatory and administrative framework, there are typically two main issues to be addressed:

- The need to improve legal texts;
- The need to improve the implementation of existing regulations.

METHODOLOGIES AND TOOLS

*For the **diagnostic study of the regulatory and administrative constraints**, UNIDO projects carry out surveys among the business community and conduct studies to analyse the impact of regulations and their implementation on MSEs in areas such as business licensing, allocation of business land, taxation, inspections or trade regulations.*

*The findings result in a participatory process to develop **remedial action plans** by the national and local partners to address the identified issues. They may for example include proposals for streamlining procedures, establishing one-stop-shops to reduce the number of institutions to be contacted by entrepreneurs seeking business licenses, the development of databases that facilitate and speed up licensing processes, institutionalized dissemination of information on regulations, etc. To facilitate the implementation of the proposed measures, UNIDO provides technical advice, customized methodologies and training programmes for public administrators.*

*To complement these measures, the RWE Programme includes **entrepreneurial awareness programmes** for rural and women entrepreneurs on their rights and obligations by using information seminars, leaflets, radio programmes, etc.*

Business development services for rural and women entrepreneurs

Specialized business development institutions are often not available or their services are not affordable for rural entrepreneurs. For women entrepreneurs, specialized support institutions hardly exist to cater to their specific needs. Thus, entrepreneurial and technical training, advisory and information programmes often have to be carried out within a non-conventional set-up.

As a guiding principle, the RWE Programme seeks to work with existing organizations on the basis of an assessment of their absorptive capacities and initiatives. Through training of trainers, advisors and managerial staff as well as the development of practical and effective methodologies and tools, projects strengthen the technical and managerial capabilities of the partner institutions to deliver specialized services to women and rural entrepreneurs.

The programmes for entrepreneurship training, small industry advisory services, women entrepreneurship development and technical skills upgrading are developed by carefully tailoring UNIDO's methodologies to fit to the needs and the absorption capacity of the entrepreneurs and the support institutions. These services will help entrepreneurs to improve their production processes and management techniques and support their initiatives to start up new enterprises.

The capacity building also addresses institutional management improvements to help the partner institutions in the continuous development of appropriate service programmes, their delivery and financial strategies to sustain the services, e.g. by charging fees or reducing costs of service delivery. Operations manuals and institutional business plans are developed jointly with the partner institutions. Building networks

METHODOLOGIES AND TOOLS

*For **entrepreneurship training**, existing UNIDO methodologies and materials—such as trainer's guides, handouts for participants or software programmes—are adapted to the specific project conditions. Topics can include marketing surveys, production process management, business plans, costing and pricing strategies or organizing handicraft production for export markets. Methods range from business opportunity seminars to full entrepreneurship training courses. Entrepreneurship development curricula in secondary and vocational schools are also used.*

*Specific methodologies and **manuals for women entrepreneurship development (WED)** have been prepared such as a training programme for women entrepreneurs in food processing, training modules on teamwork, negotiating or the monitoring and evaluation of WED projects. Women entrepreneurship training programmes also emphasize confidence building for managing own assets.*

***Small industry advisory services** are developed through capacity building on such subjects as industrial extension methods, organizing collective self-help groups or community-based projects, village outsourcing or the development of entrepreneur-to-entrepreneur advisory services. Technical skills upgrading modules in specific subsectors are applied in cooperation with UNIDO's subsector and environmental specialists and address topics such as food and fish processing, textile and wood industries or waste management.*

of cooperating institutions is an important strategy for developing service institutions in rural settings.

Collective self-help capacities and advocacy roles

Supporting the initiatives of groups, private sector associations and communities to develop their self-help programmes is important in view of scarce service institutions in rural areas and weak advocacy capacity of rural and women entrepreneurs.

Self-help groups empower micro- and small entrepreneurs to identify their needs, plan and implement their own projects, share the benefits of their collective efforts and evaluate their programmes and projects.

Rural and women entrepreneurs can establish common projects such as:

- Collective marketing;
- Bulk purchasing;
- Common facilities, e.g. to share machinery and equipment, a warehouse or a vehicle or office facilities;
- Group-owned enterprises;
- Group lending;
- Training programmes.

METHODOLOGIES AND TOOLS

UNIDO has developed a series of capacity building programmes to promote advocacy roles and collective self-help initiatives, which have been implemented in a number of countries.

*A training programme on the methodologies for organizing, facilitating and **assisting self-help entrepreneurial groups** helps business advisers, MSI development workers and staff of associations to promote and implement this approach. The training programme consists of a Trainer's Guide and reference materials in three modules: (a) organizing self-help entrepreneurial groups, (b) developing group projects and (c) motivating and strengthening entrepreneurial groups. For associations, these materials are complemented by a specific training programme on managing an association.*

*In many village settings, reducing both time and energy use for staple-food processing is of high concern to the rural women. UNIDO has developed together with IFAD and UNDP the concept of a **Multipurpose Village Workshop (MVW)**, which connects a multiple set of equipment for milling, dehulling, oil pressing, etc., to one motor in order to optimize the use of available equipment and energy. It is managed by a self-help community group and local small business circles. The MVW thus helps women to increase and diversify their food production as well as to improve the quality of their products and their productivity.*

***Community-Production Centres (CPCs)** are a combination of an organized apprenticeship scheme and a small-scale industrial village workshop. The basic merit is to share production facilities such as premises, equipment, storage room, tools, power, communication, management, etc. A CPC could combine the production with a service function whereby the CPC would organize the procurement of raw material and the collective sale of the products. An important element for the sustaining success of CPCs is a strong traditional and local leadership, supported by the community members.*

By organizing themselves in groups and associations, rural and women entrepreneurs can effectively voice their specific concerns and advocate changes through formal policy making processes. This is important since their capacity to participate in local and national policy making is often limited, and their interests are often insufficiently represented by urban and male dominated lobbying groups.

Getting started as a group or an association, planning and implementing common projects and keeping the motivation going are the critical issues for building capacities of the entrepreneurial groups and their advisors.

In communities with a strong traditional leadership and organization, collective projects can be undertaken by community structures and organizations.

UNIDO PROGRAMME PRINCIPLES

Strategic focus: *The focus is on LDCs, sub-Saharan Africa and countries with special needs, such as post-crisis zones or countries with high inequality leading to pockets of poverty.*

People-centred: *The approach is people-centred and therefore starts with the characterization of the disadvantaged target population groups: women, rural population, youth, ethnic groups and refugees and displaced people. The factors impeding their inclusion into economic mainstream and growth activities are analysed with participatory approaches to identify the entry points of the technical assistance.*

Root-cause analysis: *A comprehensive analysis of the specific root causes of poverty, inequality and conflicts forms the basis for developing technical cooperation projects in support of "bottom-up growth strategies".*

Gender sensitive: *A specific analysis is required to understand the causes of gender inequalities and possible discriminatory effects. The programme uses both a targeting as well as a mainstreaming approach, depending on the analysis.*

Locally specific: *It needs to be understood that no blueprint design for rural and women entrepreneurship development projects is possible. Existing methodologies have to be carefully selected and adjusted according to local conditions and complexities.*

Asset-based: *Rather than pursuing a needs-based approach, the programme tries to build on existing assets, abilities and initiatives of the poor and aims to strengthen them.*

Analysis of absorptive capacities: *Projects are designed on the basis of the capacity of partner institutions to absorb the technical assistance. Factors to be assessed include: visions of the leadership on development objectives and their commitment to self-improvement, track record of management, technical capabilities of the staff, financial sources and fund raising capabilities for recurrent expenditures and capital investment, existing facilities, track record of client satisfaction.*

Sustainability: *The technical assistance aims at building up lasting capabilities of the institutions to operate sustainable service delivery on their own after the project assistance is over. Dimensions of sustainability are of financial, technical and managerial nature.*

Open architecture: *Strategic alliances for project formulation and implementation are being sought in order to integrate the projects with Government programmes as well as other operators of similar projects at the local level, and to create synergies for greater impact.*

Impact measurement: *Performance and impact are analysed periodically with the stakeholders and, to the extent possible, quantitative impact indicators are applied.*

Learning lessons: *The continuous monitoring of experiences of UNIDO and others and the feeding back of lessons learned into the project design and implementation in the field of rural and women entrepreneurship development is being undertaken to ensure high quality of the technical assistance projects and to contribute to global forum debates.*



3. Project experiences

MOZAMBIQUE: **Streamlining regulatory business environment in the provinces**

Issue

Administrative barriers to investment and to the legalization of enterprises have significant adverse effects on business growth by discouraging the initiatives of entrepreneurs. Micro- and small enterprises are disproportionately affected.

In Mozambique, obstacles include bureaucratic procedures, lack of accurate information, costly and time-consuming customs procedures. Delays and unnecessary financial requirements in obtaining business licences arise from inefficient inter-departmental coordination among the different government bodies. On average, it takes the six or more public institutions involved in the process four months to legalize economic activities.

Strategy

As a measure to overcome the administrative obstacles to investors and entrepreneurs, the Provincial Government of Zambézia, in cooperation with UNIDO, created the Balcão Único (one-stop shop) in Quélimate. Balcão Único (BU) facilitates correct and efficient applications of

rules and regulations in order to stimulate private sector-led growth. BU ensures coordination among different provincial departments on licensing new businesses.

BU aims to speed up review and approval procedures for licensing and to disseminate information on regulatory requirements and incentive programmes. BU enables the entrepreneur to treat all paperwork at one location instead of visiting several government offices and to make only officially required fee payments in a transparent manner. A continuous monitoring and accompanying process follows until the decision is made and the licence is handed over to the entrepreneur. Thus, while the actual processing of applications is not done by BU itself, it guarantees the proper and transparent application of existing legal frameworks.

This is achieved by accepting payments only by way of bank deposits and by offering relevant information on fees and clients' rights and obligations. BU ensures an efficient monitoring of the process by using routing slips to register the administrative time needed and by means of its database. The database provides statistical information necessary for the planning of development policies by the public authorities.

The Office of the Provincial Governor administers the BU and the provincial government budget covers all the operational costs.

Results

- Balcão Único (BU) has been successful in its activities so far and has been praised both by the business community and by the provincial government.



Staff of the Balcão Único explaining their work to visitors

- From its inauguration in June 2001 until August 2002, BU handled 143 applications from enterprises, out of which 79 received licences. An estimated 35 of them were operational by August 2002, representing a new source of tax revenue for the public sector. The processing time has been reduced to 25 days on average.
- Entrepreneurs find that BU has improved processing time, increased transparency, efficiency and professionalism of the licensing process, uniform and consistent interpretation and application of regulations, reliable information on procedures and consistent charges of fees as determined by law.
- The overall effect on employment will only be noticeable in the long run, as a derivative of the improvement of entrepreneurs' and investors' perception of the provinces' regulatory environment as well as other factors affecting the business climate. Nevertheless, an estimated 200 jobs have so far been created in the formal sector.

UGANDA:

Private sector assists private sector

Issue

Entrepreneurs in rural areas suffer from a lack of training and advisory services that would allow them to upgrade their managerial and technical skills and solve immediate production problems, thus improving productivity and increasing profitability.

The government often does not have a sufficient budget to finance the costs of training and advisory institutions. The technicians of public institutions may not have the necessary private-sector orientation and business spirit to provide practical advice to entrepreneurs.

In Uganda, where more than 70 per cent of enterprises employ less than 20 people, micro- and small enterprises play an important role in the economic and social life of the majority of citizens. However, the growth and the competitiveness of this sector are hampered by a lack of managerial and technical skills,

weak infrastructure, difficulties in accessing loans, and complicated company registration processes.

Strategy

One of UNIDO's activities focuses on improving the access of small entrepreneurs in rural districts to advisory services and training. The project has introduced the concept of a Master Craftsmen Programme (MCP) in six districts of Uganda. It is a self-sustaining, demand-driven and private sector-led system of assistance to entrepreneurs, coordinated by the Uganda Small-Scale Industries Association (USSIA).

About 100 small-industry entrepreneurs have been selected and trained to provide fee-based services to other micro and small-scale industrial entrepreneurs in their districts. The six districts are Masaka, Mbarara, Kabarole, Mubende, Mbale and Lira.



MCP advisor in a metal workshop

Essential in this strategy are the dynamics of communal obligations as the driving force, which work in a way that business people in the same business community help each other. However, clients were not used to paying fees for training and advisory services, sometimes affected by heavily donor-subsidized services. The UNIDO project has not given any financial incentives or subsidies to the MCP, but helped in the conceptual development, preparation of methodologies and manuals, training of advisors and campaigning for the fee-based services.

The MCP services focus on metalworking, electrical and electronics engineering, food processing,

textile, leather and woodworking. The major functions are industrial advisory services, training in business and technical skills upgrading, encouraging the formation of entrepreneurial self-help groups, and secretarial services at the association's district offices.

Results

- A total of 100 entrepreneurs and skilled technicians have been trained as MCP advisors and are operating in six districts.
- Over 750 entrepreneurs in the six districts improved their managerial and technical skills.
- Training manuals and operational manuals for the MCP are being used.
- Neighbouring districts have requested the services of the MCP advisors.
- USSIA district officers have been trained in the management of the association and the coordination between the national and the district offices has improved.
- A network of NGOs cooperating with MCP has been expanding.

Hussein B. has a maize milling business in the Western Ugandan town of Fort Portal. He started it after his farm and transport business collapsed when his property was looted during the war in 1985. Hussein has 15 years of experience in milling and he supplies the flour to schools and government institutions. However, all along he had not seen his business grow as hoped and had been thinking that his workers may have been cheating him on his business. Electricity costs were taking all his earnings. One of the MCP advisors, Ozunga, invited him to attend a skills upgrading training in milling techniques and maintenance, but Hussein was hesitant and asked what new things he could learn. However, he decided to give it a try and paid 64,000 shillings. Hussein offered to use his mill as a venue for the practical training. At the end of the training programme, Hussein realised that his mill was losing 8 kg of flour for every 100 kg: the whole factory was full of flour on the walls, ceiling and floor. He usually milled 30 bags a day, which meant a loss of 192,000 shillings per day. Hussein made the necessary modifications in his maize mill, which he had learnt from the MCP training. Today, the lost flour at his mill has been reduced to only 1 kg for every 100 kg. In four months he managed to save enough money to buy a rice huller to add to his business.



A woman MCP advisor in a carpentry shop

Adolf H. is a young and dynamic businessman in his twenties. He owns a carpentry workshop in Mubende, 200 kilometres west of Kampala. His equipment mostly consists of hand tools and one bench. Adolf used to complain about not having enough customers, and consequently low sales. When he attended a MCP workshop on carpentry he realized that his problem was not the lack of customers but the quality of his work. He approached Mzee, one of the MCP advisors in the district. Mzee reviewed the work of Adolf and, during two weeks at Adolf's own workshop, gave him hands-on advice to improve the product design, material selection, surface preparation, joints etc. Before the training, Adolf used to sell his Johnny set at 120,000 to 150,000 shillings. The set they worked on during the training was sold for 450,000 shillings. Adolf paid for the training fee of 35,000 shillings at the USSIA office. All his other products are now fetching about 20-30 per cent more than before. He has managed to attract orders from a coffee factory that used to buy furniture from Kampala. His average sales have multiplied five-fold. He has now asked Mzee to give him more training.

CENTRAL AMERICA: Linking private sector associations, NGOs and universities

Issue

Promoting women's participation in the productive sector is a major challenge in Central American communities. In particular, women with a low level of training and education, and those being alone at the head of the family need to organize themselves for productivity gains to increase their income. There is a pressing need for them to be able to improve their market access and grow their businesses competitively.

For young persons, a major challenge is the development of an entrepreneurial culture for enterprise and job creation, while up-grading their technical skills at the same time.

The main issue was to find effective ways through the establishment and networking of business support programmes to bring women and young entrepreneurs into the mainstream of entrepreneurial ventures and private sector development.

Strategy

The project has been assisting private sector institutions, universities and NGOs in Guatemala, Honduras and Nicaragua to build their organizational capacities for improved delivery of specialized business support services for women from the poorer segments of society who manage small food-processing enterprises and their employees.

The institutional capacities of counterpart agencies and their local collaborating agencies are strengthened through training, developing and adapting methodologies and technical advice to address the demand for managerial and technical services required by women entrepreneurs. The women targeted are those that have some basic experience in agro-food businesses and production, and that need assistance in business development and growth. Women entrepreneurs are guided to develop commercial attitudes and a strong production orientation, as this is often a major constraint that has been observed in these projects.

For youth entrepreneurship development, the project has taken a catalytic approach to address the issue of unemployment of school leavers and graduates with a technical background in the food-processing sector. The project facilitated their access to technical knowledge, credit link-

ages and practical business experiences to help them shape their ideas for enterprise development. While focusing on skill training to develop the potential of young entrepreneurs in the agro-food sector, it was found to be essential that this should be complemented by preparing business plans to facilitate credit requests and approval.

A basis for success of the project are the strong linkages established between the private sector associations, local training institutions and universities in the three countries. They all cooperate to offer the integrated service package for the young potential entrepreneurs.

The programmes are developing synergies with other UNIDO programmes currently being executed in the three countries, as well as with entrepreneurship related programmes implemented by other development cooperation agencies. There are also a number of positive synergies and benefits developed between the two programmes in Central America, i.e. in organizing internships, marketing surveys and business ventures.

Results

- More than 460 women entrepreneurs trained, with approximately 80 employees.
- Some 22 groups of women entrepreneurs assisted to set up production facilities.
- A total of 138 facilitators trained, out of which 31 are actively working with women entrepreneurs and groups.
- Agreements of six NGOs obtained to act as credit facilitators.
- Some 75 rural and urban young entrepreneurs trained, with approximately 40 per cent setting up an enterprise.



Food processing as a business opportunity

PACIFIC ISLANDS: **Promoting entrepreneurship to create income and employment opportunities**

Issue

In some countries, entrepreneurial spirit and initiatives are very weakly developed due to a lack of relevant skills and knowledge, little exposure to the outside as well as for historic and cultural reasons.

In several Pacific island countries, this is particularly true in the context of economies, which are characterized by agricultural subsistence activities or a preponderant public sector. Furthermore, traditional values emphasize communal approaches rather than individualistic entrepreneurship. Policy and institutional settings are not conducive to entrepreneurial initiatives. The result of all these factors is a weakly developed private sector and acute shortages of income and employment opportunities.

Strategy

UNIDO advised and managed projects in the Federated States of Micronesia and in Solomon Islands, having as a common element the aim to promote a stronger private entrepreneurial base. The focus was on developing entrepreneurship through a more favourable policy and administrative framework, strengthening support service capacities and fostering collective self-help initiatives of groups of entrepreneurs and communities.

With the establishment of Micronesian Entrepreneur Development Centres (MEDC) in four states (Pohnpei, Chuuk, Kosrae and Yap), the project built a network of institutions offering training programmes, business and technical advisory services and business information to the



Federated States of Micronesia: this tailorshop in Kosrae State opened with MEDC assistance

island entrepreneurs. It also contributed to improve legislation to be more conducive for enterprises to start, grow and diversify. UNIDO prepared entrepreneurship development methodologies and training manuals, which were later also successfully adapted in other countries, and trained about 80 trainers, business advisors and other staff of the cooperating institutions. More than 1,600 potential and existing entrepreneurs benefited from MEDC assistance.

In the Solomon Islands, the project contributed to address the acute shortage of job opportunities in rural areas where people derive their income mostly from a mix of subsistence and commercial activities and subsequent migration from the provinces to the capital. It promoted the development of small-scale and cottage industries in rural communities in Malaita, Makira, Isabel and the Western Provinces as well as in Guadalcanal and Honiara.

For training activities, the project staff adapted and developed UNIDO training materials for entrepreneurship development and technical skills training. Ninety staff of various institutions



Solomon Islands: A community-based business venture

were trained to carry out the services for the entrepreneurs. More than 1,200 entrepreneurs received training or other assistance.

Issues such as traditional land tenure practice and administrative barriers, weak access to credit and information were also addressed. A web site and online-business information service are operating. In view of prevailing communal approaches and

land tenure, the project also advised communities in the establishment of cooperative business projects for resource-based processing. For better coordination and implementation of measures to promote small-scale entrepreneurship, consultative committees were established in the provinces, consisting of the local authorities and private sector representatives.

Results

- In five provinces of Solomon Islands, more than 1,000 new employment opportunities were created during three years through the start-up of almost 200 new businesses and the expansion of about 185 existing businesses.
- In the Federated States of Micronesia, more than 650 enterprises started or expanded with the MEDC assistance, creating almost 1,500 new jobs and an estimated investment of US\$ 13.5 million.

RWANDA:

Strengthening the role of women entrepreneurs in a post conflict situation

Issue

Women's burden is particularly compounded in post-conflict situations. Frequently, they are the sole breadwinner of the family as their male family members have been either lost or separated in the war, fled or jailed. Their immediate needs for sustaining the family mount tremendously when the supply of goods and services ceases and traditional community help schemes collapse due to the restricted mobility and security.

In war torn areas of Rwanda, it becomes a critical issue to provide women and widows with means to reassure their proactive role in community development and to support their families' well-being. Due to the devastating situation after 1994, their need for improved and sustainable business operation has become even more critical as a long-term solution to sustainable livelihood. It was necessary to restore women's self-help initiatives and increase their business potential, especially in small food processing.

Strategy

A careful analysis was conducted on the socio-economic environment of the villages where women run a business. Cultural, religious and ethnic composition of the community were analysed together with the physical and social infrastructure, market access and gender division of labour. Existence of any groups of displaced people as well as returning soldiers in the community was reviewed in order to avoid an imbalanced distribution of benefits and power structure.

The project targeted women already engaged in some form of processing activities, such as dairy, fruit and vegetable products in view of the importance of this sector for improved food security in the communities. Trainers were selected from the group of specialists working in the business. Bank officers and field extension officers were invited to run a series of mock consultation sessions with the women to discuss their business plans.

By getting to know each other and sharing their business experiences and problems in ethnically mixed groups, women became aware of the need to reconcile efforts to strengthen their self-help initiatives and networks in the communities.

Results

- Some 40 women entrepreneurs were trained in dairy products and fruit and vegetable



Rwandan entrepreneurs work together in dairy production

processing in Byumba and Kigali Rural Prefectures. Ten of them obtained credit from local development banks for expanding their business and two of them successfully marketed their products into the urban market in Kigali.

- Trained women entrepreneurs started playing the role of a local adviser to fellow entrepreneurs at their own settings—a network was thus established among women entrepreneurs to share information, resources and equipment to produce food products.
- Some 26 trainers were trained in the organization of skill training for women entrepreneurs and 23 of them went through refresher training courses. More than half of them belong to local NGOs and institutions.

UGANDA:

Preparing youth for entrepreneurship—curriculum development

Issue

Whereas most students look for jobs after leaving secondary schools, some go further on to a vocational school in order to acquire specific technical skills. Once these young people are in the labour market, they learn about business on-the-job and there are few opportunities to systematically learn about business. In an environment where almost half of the population is under 15 years old and most of them have to find jobs in the private sector, knowing the basics of business at an early age is an advantage. It stimulates the students of secondary schools to associate academic subjects in concrete terms and is useful for students in vocational schools in order to associate their technical skills with overall business concepts.

A large number of entrepreneurs build up savings while they work as employees in order to start their own business. Therefore, it is important that the young people develop a

notion of the private sector and entrepreneurship before entering the job market. The Education White Paper (1992) of the Government of Uganda aims at putting in place an education system to produce manpower, which will help create employment opportunities, support modernization of agriculture, start industries and contribute to rapid economic growth and transformation.

Strategy

The UNIDO Project has introduced entrepreneurship curricula to secondary schools and to a vocational training centre.

For secondary schools, the curriculum was developed for the classes of 13-18 year old students, and the Ministry of Education approved it to become an official course. UNIDO assisted the National Curriculum Development Commission (NCDC) in developing the textbooks and trained the instructors. The curriculum has been introduced in 10 schools with 5,000 students for a pilot operation since July 2002. So far, schoolmasters, instructors, students and parents are happy with the pilot phase.

The Nakawa Vocational Training Institute (NVTI) located in Kampala thought it was useful to combine the vocational training with entrepreneurship training. NVTI hoped that some students would become interested in starting their own business after some years of employment by using the vocational skills obtained. UNIDO developed the entrepreneurship training curriculum for NVTI targeting the students of 19-22 years old and trained the instructors.



Secondary school students in Kampala taking an entrepreneurship development course

Results

- The Ministry of Education has approved the entrepreneurship curriculum materials for secondary schools as an official curriculum. Over 5,000 students at secondary schools started to take the entrepreneurship curriculum during the first pilot year.
- NVTI has approved the entrepreneurship curriculum and has established a specialized department for the entrepreneurship-training programme. Some 270 students are also taking the entrepreneurship course at NVTI. It is expected that the average annual enrolment in future will be on a similar level.

VIET NAM: Establishing a “traditional craft village” for export promotion

Issue

Promoting artisan craft development for export markets can create job and income opportunities in rural areas. However, the preservation of traditional culture is often neglected in this undertaking. This in turn affects the livelihoods of the artisans and their families and ignores export potential based on a strong cultural reference.

Craftspeople are often unaware of the possibilities to export, mostly due to a lack of contacts. In addition, artisans are frequently not organized well enough to realize their potential capacity of production and the quality of products is often not sufficiently high to meet foreign market needs.

The Government of Viet Nam has recognized the need to reconcile the preservation of traditional artisan crafts and cultural heritage with effective marketing efforts to enter into export markets.

Strategy

UNIDO has conducted various types of technical cooperation projects in the field of artisan crafts development. The project in Viet Nam prepared

policies and guidelines for artisan craft sector development and provided a wide range of assistance to preserve and promote Vietnamese artisan crafts.

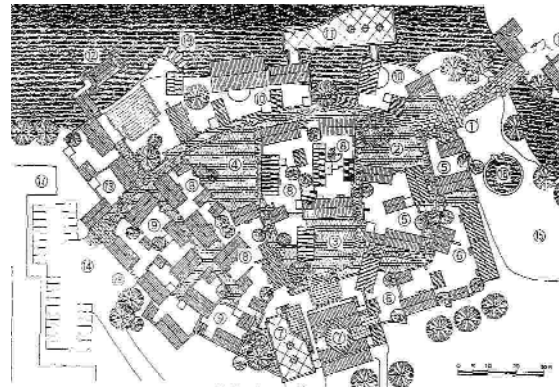
One of the crucial issues in the promotion of the artisan craft sector is improving the technologies and marketability of products through craft quality and design upgrading, research and training as well as the collection and dissemination of information. The project therefore included advisory services for the establishment of an integrated centre (the so-called “traditional craft village”). The village will act as a tourist attraction while containing training and research and development facilities as well as an exhibition hall.

A training component was included in the project during which on-the-job training was provided to artisans in order to improve the quality of selected crafts.

Furthermore, the project carried out a state-of-the-art survey on minority tribes' artisan crafts in the context of rural and mountainous village development. The survey put forward a strong need to elaborate the future development visions for mountainous tribes' traditional craft promotion. Experiences were disseminated through seminars and workshops.



The image of the "Traditional Craft Village"



Results

- Policy recommendations for promotion of traditional crafts were adopted by the Government of Viet Nam and reflected in the Prime Minister's decision on the promotion of rural industrial development in November 2000.
- The project provided the conceptual foundation for the "traditional craft village" centre. The land with 7.2 ha has been secured for the establishment of the proposed village including a training centre and exhibition hall.
- The specific requirements for quality improvement for export promotion have been clearly recognized by policy makers and artisans. The Government has placed a high development priority on training of national designers and craft development coordinators. Training programmes have been conducted to improve the quality of products to meet foreign market needs.
- A master plan on artisan craft development for rural development is being carried out to formulate the long-term detailed development strategies.

MOROCCO: Promoting productivity improvements in rural women's businesses

Issue

Women entrepreneurs in Morocco are often faced with a lack of operational and managerial skills resulting in low productivity and competitiveness. Cultural constraints are an additional obstacle that inhibit the efficient conduct of business for women. The resulting loss of productivity not only has adverse effects on their income but also on economic growth.

Some of the most promising sectors for the Moroccan economy and those in which women are the most numerous can be found in the north of Morocco, in one of the most disadvantaged regions of the country. However, inefficient production mechanisms and a lack of managerial skills have resulted in a loss of productivity and income for women entrepreneurs. This is particularly true for traditional weaving, olive oil production as well as industrial

processing of figs, prunes, medicinal and aromatic plants. In the past, traditional weavers exclusively used artificial fibres, thus attaining only low prices for their products. Almost 20 per cent of olive oil was lost due to inefficient production methods and the high acidity in the oil was hazardous to the health of the consumers. No processing of figs and prunes took place. The fruits thus had to be sold on local markets at low margins or perished quickly.



High quality for competitive products

Strategy

UNIDO's project aimed to enhance the competitiveness of enterprises managed by women. As a first step, the project attempted to make women aware of how they can improve their production and thus their income. They are then trained in both business management and production techniques. The trainers are either members of women's groups or of existing public and private support institutions, which have been assisted by UNIDO in improving their capacity to provide services to women entrepreneurs.

Two types of training are currently offered by the project: (a) training of trainers with the simultaneous creation of a network of people skilled in areas such as economic activity identification, information provision, business management and marketing, who will be able to follow up on the women they train and (b) direct training of women. Trainers are in regular contact with women's groups to identify the exact needs of these women and to adapt the courses accordingly. A third type of training in formation of associations and in the administration of cooperatives is being introduced.

A fundamental element of the training is the improvement of production techniques. At a pilot training unit, the project provides training on new methods using locally available equipment.

In the traditional weaving component of the project, women learn how to diversify their products, how to work on subcontract and to use natural fibres in order to increase the export potential of their products.

The olive oil component has been assisting women's cooperatives and groups to improve production methods and the quality of the oil. Course participants have learned how to use a mobile unit that increases production efficiency, techniques that reduce the acid content of the oil as well as waste management. The women have also received training in classification of the produced oil, in quality control and marketing. Several trainers have already replicated the training in different rural areas.

The project component, concentrating on the processing of figs, prunes, medicinal and aromatic plants, focuses on drying of the products, packaging and marketing. The equipment was developed by UNIDO in collaboration with the University of Vienna and is also being used in other projects.

Results

- The project has so far provided comprehensive training, including coaching in production, business management and marketing,

to 339 women (traditional weaving: 60 women, olive oil production: 156 women, processing of figs and prunes: 123 women).

- The training in the weaving component of the project resulted in the participation of some of the participants in trade fairs. As a result, one cooperative has doubled its income.
- About a dozen new weaving businesses have so far been started as a result of the training.
- As a part of the coaching programme of the olive oil component of the project, a pilot association has received assistance in quality control, in business and financial management, in the preparation of a label, in registering their trademark, in promoting the products and in the procurement of packaging material.
- The project is creating a critical mass of trainers (both technical and managerial) who are staff of local support institutions as well as a network among these institutions, local NGOs and credit institutions.

KENYA:

Socio-economic empowerment of women entrepreneurs

Issue

Women entrepreneurs see the establishment of a productive business as a means to improve their status in society as well as their family's standard of living and to serve their community by creating employment opportunities. However, due to a lack of technical skills, confidence, strong individual involvement and the willingness to take risks, women are often unable to establish and sustain successful businesses.

In Kenya, women are the main food producers and small farmers of the country, yet their potentials remain largely untapped due to unequal access to resources and the lack of support services for women's economic activities. Women operating in food processing in Murang'a and Kilifi districts, where large proportions of the population live in absolute poverty, face several major constraints. These include their inability to judge the profitability of their operations due to a lack of basic accounting skills, insufficient technical and business management skills as well as socio-cultural constraints.

Strategy

The project aimed at the socio-economic empowerment of women in the food processing sector in Murang'a and Kilifi districts by assisting them in their active search for business opportunities. New technical skills, basic computer literacy, business start-up assistance, improved financial and business management as well as the establishment of wider marketing networks are among the services offered. In contrast to projects focusing solely on technical skills upgrading, this project assists women in strengthening their role in society and their contribution to the community. This is achieved through self-confidence building, information provision on HIV/AIDS and, if required, through functional literacy programmes. Training in conducting self-assessment enhances women entrepreneurs' competitive thinking.

By facilitating women's access to tools and skills to improve, monitor and evaluate their progress as entrepreneurs, the project enables them to set goals for themselves and to achieve their

business objectives, both individually and by working in groups.

Women entrepreneurs are encouraged to organize themselves in a business association. Thus, they can get into touch with like-minded women, exchange ideas and take part in policy preparation processes that determine the future of micro and small-scale enterprises.

Results

- A total of 170 women have been integrated into the project so far. Feedback received from participants indicates high satisfaction rates.
- In general, interest in business has increased in the course of the training and women developed awareness of the essential role of personal initiatives and self-confidence to succeed in business.
- Most of the participants would like to start their own business or improve already existing ones. Women felt that their self-confidence as businesswomen has been enhanced. So far, approximately 70 women have started their business with the help of the programme and have, on average, generated employment possibilities for two to three persons.
- Several of the women entrepreneurs employ youngsters to market and distribute their



Empower Women!

- products by bicycle, thereby adding to employment creation.
- Women entrepreneurs participating in the project have understood the importance of pricing and quality standards of raw materials, thus enhancing their bargaining power when dealing with middlemen or larger enterprises.
- Women entrepreneurs in one region felt so confident after their training that they successfully negotiated a market-sharing arrangement with the commercial village bakery.
- Women envisage using the skills acquired to improve the diet of their families and to contribute to food hygiene in the country. They consider serving the community by helping train other women in food processing and preservation.



For information on the UNIDO Programme "Rural and Women Entrepreneurship Development", please contact:

Director

Small and Medium Enterprises Branch

A-1400 Vienna, Austria

Tel: (+43-1) - 26026-4820/4821

Fax (+43-1) - 26026-6842

Email: unido@unido.org

Web site: www.unido.org

Photography: UNIDO; Z. Kiruthu, E. Nanyonjo, H. Uesugi, T. Zirngibl

Printed on environmentally friendly paper.



UNITED NATIONS INDUSTRIAL DEVELOPMENT ORGANIZATION

Small and Medium Enterprises Branch

Programme Development and Technical Cooperation Division

Vienna International Centre, P.O. Box 300, A-1400 Vienna, Austria

Telephone: (+43-1) 26026-4820 or 4821, Fax: (+43-1) 26026-6842

E-mail: unido@unido.org, Internet: <http://www.unido.org>

Printed in Austria
V.03-81817–April 2003–1,000