



**UNITED NATIONS
ECONOMIC AND SOCIAL COUNCIL**



46404

Distr.: LIMITED

**E/ECA/TRADE/93/16
August 1993**

Original: ENGLISH

**United Nations
Economic Commission for Africa**

**Technical Meeting of Experts of the
Twelfth Session of the Conference
of African Ministers of Trade**

**Tunis, Tunisia
19-21 October, 1993**

Enhancing the Role of Women in Domestic Trade

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I. INTRODUCTION

" When women are too exhausted to work well, Africa's food production suffers, contributing to malnutrition and hunger. When women's time and energies are wasted on ceaseless drudgery, Africa's local economies suffer. When women must choose between crucial child-rearing tasks (such as breast-feeding or cooking hot meals) and urgent farming chores (such as weeding), Africa's children suffer." 1/

1. It is now generally acknowledged that were the women population of Africa to be fully and effectively integrated in the productive sectors of African economies, there would be significant improvement in outputs of various sectors, as would the general standards of living in Africa. Estimates show that the women population in developing Africa make up about fifty per cent of the total population (estimated at 557 million in 1989). Thus when half of the population is marginalized, especially with regard to trade activities, no meaningful development can be achieved unless this important segment is allowed and provided with the means to effectively participate in economic activity.

2. The 1992 United Nations Development Programme (UNDP) Human Development Report, states that "human development means widening the range of people's choices by enhancing their capabilities in health, education and access to resources."2/ In the process of development, it is therefore important to effectively utilize both natural and human resources that are available. This also means not neglecting the women which account for half of the African population. Furthermore, a significant proportion of the work done by women is not paid for and also not recorded, and accordingly it is not reflected in national statistics on production and employment. This important contribution of women is not therefore recognized. This situation, coupled therefore with the negative traditions, has hampered women's legitimate access to resources such as land, livestock, credit, training, education, employment etc. In the same token, the inclusion of women's issues in development planning has not taken off or been ignored in many African countries.

3. In recent years, the integration of women in the formal and informal business sectors has been brought to the fore of the development agenda. The United Nations General Assembly and its subsidiary bodies have passed several resolutions and strategies designed to elevate this issue to a level that it deserves. In the African region, the Arusha and the Nairobi Forward-Looking Strategies for the Advancement of Women have stressed that "governments should recognize the potential impact of short-term economic adjustment policies on women in the area of trade and commerce."3/ In a number of instances, Governments have been rigid to adopt

1/ African Farmer, Published by the Hunger Project, Number 7: September 1992 p.17.

2/ 1992 UNDP Annual Report Human Development At Work, United Nations Development Programme, p.7.

3/ United Nations, The Nairobi Forward-Looking Strategies for the Advancement of Women, UN 86-44198 April 1986, p.48.

policies aimed at promoting the full participation and integration of women in business, particularly in trade and commerce. The Conference of African Ministers of trade in 1991, reiterated the objectives in the " **Strategies for Revitalization, Recovery and Growth of Africa's Trade in the 1990s and Beyond**" regarding the need to improve significantly, the participation of women in trade by stressing the legal, social, economic, religious and cultural constraints that have been the major impediments to women's effective participation in this sector, including participation in small-scale and agro-industries. The above Conference also called for more case studies to be done by ECA in this area to enable member States to share information and make recommendations for the incorporation of women in everyday economic life.

4. In line with the directives of the Conference of African Ministers of Trade, the United Nations Economic Commission for Africa undertook a number of case studies designed to identify constraints and obstacles inhibiting the effective participation of women in trade and commerce in Africa. This paper summarizes the main findings and conclusions of case studies done mainly in Malawi and Mauritania on the role of women in both the formal and informal business sectors. The paper starts with a review of the situation of women in Africa's domestic trade, both formal and informal sectors. Chapter III of the paper discusses traditional trading financing mechanisms that have existed in Africa. It looks at the types and forms of traditional trade financing that have prevailed in Africa and analyzes the effectiveness of these forms of trade financing in promoting domestic trade. The final chapter contains conclusions and findings of the studies and recommendations on enhancing the role of women in Africa's domestic trade.

II. REVIEW OF THE SITUATION OF WOMEN IN THE FORMAL AND INFORMAL SECTORS

5. The effective participation of women in the formal and informal sectors of African economies has been inhibited by a number of factors including legal and institutional frameworks which have tended to discriminate against women; banking and financial structures that have not adequately supported activities undertaken by women; high cost of traditional forms of trade financing and commerce; and lack of effective government support to activities geared towards women.

A. Status of Women in the Informal Sector

6. An examination of the situation of women in the informal sector of African economies is extremely revealing and informative in that it shows that a majority of African women are not only involved in production and processing of primary products but also in their distribution. Accordingly, a large proportion of the African women depend for survival on this type of activity which has been characterized as "informal sector".

7. The term informal can be defined in several ways and some of the definitions have even a negative connotation such as underground economy, shadow economy, second economy, etc. These expressions confirm that the informal sector is recognized in many societies but one that

has no definition or taxonomy. 4/ For the purposes of this paper, the definition used is that employed by the International Labour Organization (ILO) which describes the informal sector as: "a set of economic activities characterized by relative ease of entry; reliance on indigenous resources; family ownership; small scale operations; labour intensity, reliance on skills acquired outside the formal educational system; and unregulated and competitive markets." 5/

8. The main characteristics of this sector, therefore, are that its activities are unregulated, and not licensed and/or registered. The operators often do not pay taxes directly and on a regular basis to government. Notwithstanding these characteristics, the informal sector provides necessary services to the population, especially in the distribution of food as well as in catering. It provides employment, compliments the formal sector in providing inputs to the manufacturing sector, and is the sector where indigenous operators in art and artisans flourish. It is this sector which nurtures and provides for those at subsistence level and also serves as an avenue for those Africans with initiative and innovative minds. Discarded materials often serve as inputs for products made for modifications of such materials.

9. The reasons for the existence of the informal sector and why most operators in this sector are women, have been attributed to various factors. As already stated, those factors are both cultural, institutional as well as socio-economic in nature. One major factor is the requirements for entry into the formal sector which the majority of women find difficult to attain. Poverty is by far the most compelling force which drives women to seek employment. 6/ Barred from seeking jobs in the mainstream economy by lack of education and training, women desiring economic

independence have often found the informal sector as their refuge. In some African countries, about 80 percent of the total labour force is self-employed in the informal sector.

10. The low educational level of most women makes it difficult for them to compete in wage employment. Entry into the formal sector is also limited by the level of expansion of the formal sector itself. Empirical evidence in most African countries shows that the expansion of the formal sector has been sluggish and therefore incapable of absorbing the rapidly expanding populations. Another major reason for entry into the informal sector is that for most wage earners, income is not enough to sustain the livelihood of their households. Consequently, the womenfolk have to supplement this by engaging in various trading activities. In Malawi, about thirty per cent of women are heads of households and accordingly have to support their families. It is therefore inescapable for them to engage in the informal sector activity, as the only

4/ C.K. Omari, "Rural Women, Informal Sector and Household Economy in Tanzania", Mider Working Papers, Institute for Development Economics in Research, March, 1988, pp. 6.

5/ Grown and Sebstad, "Introduction: Toward a Wider Perspective on Women's Employment", World Development, vol. 17, No. 7 July 1989, pp. 940.

6/ UNCTAD, Report on Least Developed Countries, 1990, United Nations Conference on Trade and Development.

alternative to earning income in order to raise their children. According to a writer, Mr. Manda, "economic activities in such enterprises are a major source of income for the lot of economically active population and an important element in a diversified survival strategy for an increasing number of households in urban areas". ^{7/} The informal sector complements the formal sector in that it is a source of labour and an assured market for its goods and services.

11. There is a growing awareness of the potential of the informal sector. It has increasingly become a source of survival for a number of people "who are not able to find jobs in the formal sector, or who are being squeezed [sic] out of agriculture by the growing pressure on limited arable land." ^{8/} When the returns from agriculture are no longer able to sustain lives in rural households, the men and women tend to go into urban centres in search of other jobs. However, the majority find it easier to join the informal sector than the formal sector which is rather more selective.

12. The 1977 Malawi Population Census counted 84,341 self-employed people. Another estimate by the Rural Enterprises and Agribusiness Development Institutions (READI) project team estimated that there were about 182,000 small and medium-sized businesses in Malawi. ^{9/} Another estimate by the National Statistical Office (N.S.O) in Zambia in 1984 showed a total of 68,998 self-employed people in urban areas, of which 34,483 or about 50 per cent were female. It also showed that agriculture employed a significant number of women and that trade particularly retail trade in food and catering, was the next most important employer of women in this sector. This is also true for Uganda, Ethiopia and Mauritania where similar studies have been carried out. The similarity of the situation indicates that women, especially those that are uneducated, tend to be concentrated in the food and catering business because it fits with their traditional role as mothers and wives. Furthermore, in the absence of formal training and education they rely on one occupation they know best.

13. The most common activities undertaken in the informal sector relate to retail trade, especially selling of artificial jewellery, agricultural produce, and second-hand clothing. The women often produce and/or buy farm produce semi-bulk from rural areas and sell the produce in urban areas. This often involves transporting such produce over long distances.

14. The category of women that have better income are those that engage in trading of second-hand clothing, often imported. Another group of women are those which sell fabrics purchased in neighbouring countries. The study on Malawi revealed that Zambian women often crossed into Malawi to sell fabric, often imported from Zaire, and in turn bought Malawian

^{7/} C.M. Manda, The Promotion of Employment in the Urban Informal Sector, (Paper presented at the ILO-SATEP National Seminar on Promotion of Employment in Malawi, Capital Hotel, Lilongwe: August 1990). p.4

^{8/} Ibid.

^{9/} USAID Study of Rural Enterprises and Agribusiness Development Institutions (READI) Project, December 1986. New Directions for Promoting Small and Medium Scale Enterprises development in Malawi constraints and Prospects for Growth.

products to be sold in Zambia. The majority of informal traders in Malawi have specific places in market areas with well delineated structures. The women traders pay rent of about one Malawi Kwacha, per day for the space they occupy. The space is allocated mostly on a first come first served basis, except for those that trade on a permanent basis.

15. The majority of women often graduate into trading of second-hand clothing which is more profitable. Activities undertaken by Malawi women in trading of second-hand clothing are similar to those undertaken by Ugandan women, with the exception that more Ugandan women are involved in this activity and often travel to Europe and Asia to purchase clothing and other goods.

16. In Africa, trading of women in textiles and clothing is quite widespread. The "Manabenz" of Togo are renowned for trading in textiles. Similarly, a number of Ethiopian women indulge in trading of textiles and clothing. In many countries, African governments try to discourage this type of trade by confiscating goods brought in by women traders.

17. The majority of African women live in rural areas and many are involved in subsistence activities or informal trade. African women bear not only a heavy load in food production, but they also are responsible for meeting daily needs of their families, such as provision of food, water and collection of fuelwood. Ingrid Palmer points out that in order to increase Africa's production and output it is imperative that the productivity of the African woman should be increased. She states that Africa can no longer afford to squander the energies, time, talents and health of half of its population on inefficient, time-consuming menial labour. Many African women work in hard conditions and the statement made by a Zimbabwean woman farmer ably summarizes this situation when she states:

"When I wake up in the morning, I start working. When I go to bed at night, I stop working".10/

18. In a number of African countries, women form a large proportion of small holder farmers. The World Bank indicated that in Malawi nearly 70 percent of all full-time farmers were women according to the 1977 census. Most of these women in rural areas sell their produce on road side or on their premises and the activity lasts as long as they have produce to sell.

19. Women have often cooperated in order to improve efficiency and productivity of their operations. For example, in the village of Abaza in Central Niger, women who used to walk 14 kilometres to collect water, organized themselves into a group and saved enough money to enable them to buy five donkeys that could be used to fetch water and firewood. Similarly, in Senegal in the village of Diakhoumpa, a group of women called "peasant mamas" took advantage of seeds and fertilizers offered by a non-governmental organization to produce vegetables and from the sale of such vegetables to buy a bullock which they fattened and sold for profit and used the profit for another income generating activity.

10/ **African Farmer**, op cit. pp. 17.

20. The major constraints facing the informal sector include lack of finance and credit facilities and low income levels as base for savings. Most women use family savings or borrow from their families and/or friends to start a business in the informal sector. Accordingly, lack of finance for start-up of operations as well as working capital constrains expansion of activities in the informal sector. Operations of individual actors tend therefore to be modest. Most women in the informal sector find formal financial institutions, such as banks, as unapproachable because of their requirements for collateral and other conditions. However, in some countries efforts are being made to assist operators in the informal sector. In Malawi and Uganda, some institutions try to help women to obtain credit, but even these institutions are constrained by availability of resources to provide credit and training to operators in this sector.

21. Many African governments have come to appreciate the role and importance of the informal sector in African economies. It is in this respect that countries like Uganda, Mauritania and Malawi have established non-governmental organizations to support the sector and encourage donors to provide funding in support of activities undertaken in the sector. It is essential to study and assess the functioning of this sector with a view to enhancing its overall contribution to the growth of African economies. Neglect of this sector can prove to be extremely detrimental to an economy.

B. Status of Women in the Formal Sector

22. The term "formal sector" used here is that defined by the International Labour Organization and the sector is characterized by difficulty of entry; reliance on overseas resources; corporate ownership; large scale operation; capital intensity and use of imported technology; use of labour with formally acquired skills; and firms operating in this sector sometimes operate in protected markets.

23. The participation of African women in the formal sector of African economies is rather marginal in many countries. This situation is the same in Malawi. The study by the World Bank showed that in Malawi, women working in the formal sector are concentrated in a few occupations especially nursing, teaching, stenography and retail trade. They make up nearly 20 percent of clerical workers, 27 percent of sales workers, 23 percent of service workers, but less than 5 percent of administrative and managerial workers. ^{11/}

24. The World Bank study on Malawi revealed that nearly 18.4 percent of women are employed in community services, 17.7 percent in agriculture, and 10.6 percent in financial and business services. Women employed in the trade and catering sector were only 9.8 percent. The percentage of women in manufacturing grew from 2.4 percent of the total number of women employed to in 1976 to 13.6 percent in 1983. The overall employment rate of women grew from 7.7 percent of the total women population in 1971 to 14.6 percent in 1983. Notwithstanding this

^{11/} World Bank, Malawi Human Resources Development Study, Population and Human Resources Department, Policy Planning and Research, Report No. 7854-MAI, April 23, 1990, pp. 129.

increase, the percentage of women in employment was still low compared to the 50 percent plus of the country's women population in Malawi. Similarly a study done on Mauritania revealed that 23 percent of women were engaged in agriculture, 29 percent were employed in trade and catering sector, 22 percent in transport and production while only 7 percent were Directors or Managers. 12/

25. According to the survey undertaken by the United Nations Economic Commission for Africa, the majority of the women in businesses in Malawi are concentrated in food and trade sectors (62 percent). The survey showed that over fifty percent of the women businesses had no employees and for those that had employees eighty-two percent of the workers employed were male. The main commercial centres in Malawi, such as Blantyre and Lilongwe, showed that there were few businesses owned by Malawian women. The majority of shops in urban areas are owned by the Asian community. Malawian traders are concentrated primarily in small towns and rural areas where government policy has prohibited Asians to operate in an effort to provide opportunities for Malawians.

26. Malawi business women started in 1990, the National Association of Business Women (NABU) whose main objective is to assist its members by offering business advice, information and training. The Association raises its own funds and collects small membership fees.

27. The few Malawian women that are in commercial sector appeared to be doing well but expansion of their businesses was constrained by a number factors including: transportation problems; financial difficulties; lack of sales and marketing promotion; and lack of access to banks and other financial institutions. Transportation problems facing Malawian business women means many have to walk to reach their clients and financial difficulties inhibit expansion of such businesses. Most women are constrained from resourcing bank finance because of lack of adequate collateral to support loans extended to them. The UNECA study found that 37 percent of the women doing business in Malawi used their own funds to start their businesses, 35 percent got money from their husbands, and only 19 percent obtained loans.

28. The Malawi survey also showed interesting statistics as to the type of clientele serviced by Malawian business women in the commercial sector. The great majority of the women (nearly 77 percent) sell their products to friends and neighbours, twenty percent to institutions and companies, and fifteen percent to shops. Only one percent of the women businesses exported their products. Many of these women also cited unavailability of inputs and associated high cost of such inputs as constraints to the expansion of their businesses.

29. The Malawi survey revealed that despite the share of women in the country's population, formal wage employment of women and their participation in the commercial sector is not proportional to the size of such a population. Effective participation of women in active economic life is constrained by low educational level of women, lack of credit and finance, and other institutional factors. Studies on Mauritania, Uganda and Ethiopia show that women in these countries face similar problems in the formal sector. For example in Mauritania for

women to venture in business they must have the consent of their husbands, thus the most successful businesswomen are usually single women. Employment of women in these countries still lags behind employment of men although efforts are being made to improve the situation through raising the level of education of women and their employment.

30. Significant efforts have been expended in recent years on trying to ensure the economic empowerment of women in Africa through consolidating women's entrepreneurial activities and exploring new avenues for effective participation of women in economic life. Accordingly, the United Nations Economic Commission for Africa was instrumental in the establishment in 1993 of the Federation of African Women Entrepreneurs (FAWE) whose main objectives and functions are: to promote conducive legal provisions as well as appropriate economic and financial policies for women entrepreneurs; to prepare a "bank" of projects for each sub-region; to set-up appropriate funds for the furtherance of the objects, hotels, plants and industrial countries in order to build a more enhanced and stronger financial base; facilitate trade exchanges by opening trade and common service centres for women entrepreneurs; and organize local, regional and continental training and information programmes and fora.

III. TRADITIONAL TRADE FINANCING MECHANISMS

31. The effective participation of women in African economies has been constrained by lack of adequate financial support and/or availability of finance. Traditional trade financing mechanisms have accordingly played an important role in filling the financing gap. The United Nations Economic Commission for Africa undertook a study on traditional trade financing mechanisms to evaluate the role and funding of such mechanisms in promoting Africa's domestic trade. The study laid emphasis on women. The general observations which emerged from the study is that women are marginalized in most structures of trade financing currently existing in Africa. 13/

32. The study found that traditional and customary laws in most African countries do not aim at enhancing women's efforts in the field of trade, notwithstanding the fact that women handle approximately 80 percent of trade in local food items, local textiles, jewellery and local garments. 14/

33. Traditional financial mechanisms for the purpose of this analysis are synonymous with the informal financial sector (IFS). They include unregulated financial arrangements outside the legal framework but operate with their own rules and established procedures. By its very nature, the informal financial sector is heterogeneous because it is made up of different types of individuals and intermediaries. Most noticeable institutions in the informal financial sector

13/ United Nations Economic Commission for Africa, Traditional Trade Financing Mechanisms, their Structures, Role, Functions and Possible Linkages with the Modern Financial Sector, Document E/ECA/TRADE/92/17, December 1992.

14/ United Nations Economic Commission for Africa, Mechanisms on Integrating Women in Trade and Commerce, Document E/ECA/TRADE/89/20, October 4, 1989, pp. 2.

include money-lenders, Rotating Savings and Credit Associations (ROSCAs), landlords, neighbours, friends, and family members.

34. The informal finance system is sometimes viewed as a sum total of powerful money-lenders who exploit the poor through usurious interest rates and unfair seizure of collateral. In fact, informal finance is both extensive and diverse. ^{15/} Its use and application is not uniform in all instances and circumstances.

35. The institutional framework existing in the informal financial system is both diverse and distinct. The financial arrangements to support the informal sector in Africa has been characterized by various names but the majority are some form of Rotating Savings and Credit Associations (ROSCAs). The most popular ROSCAs in some developing African countries include:

<u>Name of Country</u>	<u>ROSCAs indigenous name</u>
Egypt Gamaiyah	
Ethiopia	Equb
Ghana Susu	
Malawi	Chiperegani or Chilimba
Nigeria	Isusu
Niger/Cameroon	Tontine/Njangis
Senegal	Tontines or Natt
Somalia	Hagbad
Uganda	Chilemba

36. A brief summary of some of these institutional arrangements in the informal financial system are described below and reveal some inspiring in-sight in the functioning of some of these.

(i) The Equb Institution of Ethiopia

37. An important category of the informal financial mechanisms in Ethiopia is the Equb. This is a voluntary union of persons who decide to joint together for the purpose of saving money. Equb brings together individuals with a diverse background, culture, occupations and ethnicity. The common denomination is that the individuals are willing and able to make the required contribution of money regularly to a common pool. The proceeds are given to each member in turn. The amounts and frequency of the contributions vary depending on the type of Equb, sources and income levels of the individual members. ^{16/}

^{15/} World Bank, 1989, World Development Report, Washington, D.C. World Bank, p. 112.

^{16/} See, Abebe Adera, "Reflections on Informal Finance in Ethiopia and a Proposal for Institutional Innovation." 1992 (Unpublished) p. 15.

38. Funds mobilized through the Equbs are used to expand businesses, buy or start a new business, buy or construct houses, and to buy cars and clothes etc.. The distinct feature about its structure and operations is that the money borrowed by a member does not attract interest. Furthermore, periodically the Equip is used as a guarantor to enable members to borrow money on short-term from other sources than the Equip. Such resources are borrowed pending the member's turn to his/her share during the rotation of the Equb.

(ii) The Susu Institution of Ghana

39. The prevalent form of informal financial activity in Ghana is called the Susu. This a form of mobile banking arrangement. The Susu is said to have began in Ghana long before formal banks were introduced. The Susu is the most popular form of money saving device that is used by many people that cannot easily have access to other types of credit. ^{17/}

40. The SUSU participants adopt a savings plan to save a fixed amount of money for an agreed period of time (usually a month). According to this plan, a collector visits clients at their work places, market stalls, shops, homes etc.. at an agreed time of day and collects the funds. The collector in most cases deposits the money collected in nearby banks for safety. At the agreed time the client gets back the money saved minus the collectors fee. The agreed sum, usually represents a days saving. It is interesting that people are willing to trust this form of financial arrangement where they have to pay a collectors fee instead of depositing the money into the bank themselves and earning interest. The reason this system of financial arrangement is preferred from the formal banking system is its ease of access and its informal nature.

(iii) The Tontines, Njangis of Cameroon/Niger/Senegal

41. The ROSCAs are called Tontines or Njangis. The informal financial sector accounts for about 75 per cent of rural financial assets and obligations. Apart from its size, the informal sector also appears to be steadily growing, indicating a rising demand for financial services. ^{18/}

42. The Tontines are flexible and creative in that people pay an agreed sum into a fund which is then paid out to members on a rotating basis. Each member, except the last on the list, gets more funds than he or she may have contributed. The rate of default in this system is rare because a newcomer is placed at the bottom of the cycle, but gradually moves up the scale of eligibility after he/she has demonstrated his or her reliability. The frequency of the meetings varies. Some meet weekly, bi-weekly or monthly and have a membership consistent with a cycle ranging from a few months to two or three years. Tontines with a frequency meeting based on

^{17/} M. Hyuha, 1990 "Informal Financial Institutions and Markets in Sub-Saharan Africa: Evidence and Policy Implications" the paper was prepared as a background document for the AAPAM 12th Roundtable Conference jointly organized by AAPAM and ECA/SAPAM. p.19-23 passim.

^{18/} GTZ Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ) GmbH Cameroon Rural finance Sector Study, 1986, p.53.

semi-annual meetings or yearly meetings are common only among the rural areas because farmers receive incomes seasonally from the sale of cash crops.

43. Another important characteristic of Tontines is their goal oriented nature of the savings behaviour, and the strict regularity of the payment arrangements. Even though the savings held in tontines are not readily available for unintended use, the system has various devices that the participants can use in cases of emergencies. One way is auctioning the position within the Tontine, so that the one with an urgent need can be helped ahead of others. However, some Tontines keep funds aside in order to deal with emergency cases.

(iv) The Chiperegangani or Chilimba Institutions of Malawi

44. The size of the informal sector as determined by the credit extended is said to be greater than half the size of the formal and semi-formal sector as described by Chipeta and Mkandawire in their detailed analysis of the Malawian informal sector and macro-economic adjustments.^{19/} Although, there are various institutions in the informal sector, there are two which are prevalent, these are the Chiperegangani and Chilimba. Two of the prevalent type are further highlighted.

45. These are societies formed by mutual agreement among workmates, friends, relatives or neighbours that have trust in one another. Each member in the group contributes an equal sum of money at the end of every agreed period. The contributions are given to members in turn at no interest. Members borrow to the extent of the amount saved. The income generated is used for various purposes including financing projects or building houses. Most Chiperegangani are short-lived, easy to establish, manage and abolish.

46. The lessons that can be drawn from the preceding discussion is that women entrepreneurs, especially in the informal sector, face many constraints in trying to have access to credit from formal financial institutions. The prevalence of excessive rules and regulations in the formal financial system forces many to resort to the informal financial system. Given the rigidity and inflexibility of the formal financial sector, most small scale business operators in both the urban and rural areas turn to the informal financial institutions to fulfil their financing requirements.

IV. CONCLUSIONS AND RECOMMENDATIONS

47. What has emerged from these series of studies on women in the formal and informal sectors and their access to financial resources is that women are in a disadvantaged position and need all the support from their governments, NGO's and the women themselves.

48. Africa is largely neglecting its basic resource of human capital. Women must also have access to decision-making positions to ensure the full participation of women in all spheres of development. Findings indicate that the formation of self-help groups among different women

^{19/} C. Chipeta and M.L.C. Mkandawire, The informal financial sector and macroeconomic adjustment in Malawi, African Economic Research Consortium, Research Paper 4, May 1991, p. 22-32.

will be a powerful tool in bringing about solutions to their common problems. Nevertheless they must be backed by their respective governments and all other donor agencies.

49. The preceding analysis reveals that there is ample evidence to suggest that there is a potential of developing the informal financial system as participation in the ROSCAs has demonstrated:

- i) their credit-worthiness on the basis of making regular payments;
- ii) that participants are willing and able to handle and honour financial obligations involving strict payment schedules;
- iii) that their abundance and strength is indicative for the need of formal financial services.

50. It must be strongly stated that credit is an important input in the effort to alleviate the problems of development. However, it is one component among several that must be carefully synchronized to have any effect on production. For it to become effective it must be accompanied by a progressive land reform system, price, interest rate, marketing, taxation and savings policies. What is more, the economic environment should be such as to allow financial intermediaries to function effectively. This is important because financial intermediaries will flounder if the sector they serve is heavily taxed and other repressive policies are used against them.

51. It is once again worth repeating the recommendations of the Strategies for Revitalization, Recovery and Growth of Africa's Trade in the 1990s and beyond ^{20/} which summarizes the above recommendations and gives a number of possible measures that need only be adopted and implemented by African governments in order to:

- a) provide adequate support to women in trade to ameliorate the legal, social, economic, religious and cultural constraints that have been major impediments to the effective participation of women in this sector as well as in small-scale and agro-industries. Furthermore, mechanisms for the co-ordination of the fragmented entrepreneurial skills, both for the rural and urban women, will be vigorously pursued. Support in the provision of market sheds, access to raw materials, training and up-grading of skills in small-scale and agro-industries, deserve immediate attention;
- b) Improve the weak and fragile financial base through appropriate policy measures, including providing adequate collateral in order to enhance women's access to credit and capital. In this respect, a new framework will need to be devised to enable banks to shift their emphasis from automatic collateral requirements to criteria of profitability of the investment;

^{20/} ECA, Strategies for Revitalization, Recovery and Growth of Africa's Trade in the 1990s and Beyond, E/ECA/TRADE/89/Rev.5.

- c) Improve the environment for small-scale women traders, business enterprises, small-holder and medium-scale farmers and producers of marketable goods, including handicrafts;
- d) Identify economically viable projects to be developed into self-sufficient profitable entities through good management and access to science and technology;
- e) encouraging women to establish financial co-operative enterprises which will allow them to "pool" their resources for investment, improve their collateral and also spread the business risks among its members; furthermore, improve women's access to credit by creating within existing financial institutions, "special windows" that can provide financial services to women.

52. Improving the position of women must be seriously taken into account in the development planning process because of their highly disadvantaged socio-economic position.