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**PROGRESS REPORT
ON THE ESTABLISHMENT OF THE FEDERATION OF AFRICAN WOMEN ENTREPRENEURS
AND THE AFRICAN BANK FOR WOMEN**

I. INTRODUCTION

1. In line with the recommendations of the Nairobi Forward-looking Strategies for the Advancement of Women and the Abuja Declaration on Participatory Development: The Role of Women in Africa in the 1990s, the ECA Conference of Ministers, meeting in Addis Ababa, Ethiopia, in April 1992, stressed the importance of creating an enabling environment for the enhancement of women's entrepreneurial activities as well as their access to resources in order to ensure that women continue to play a significant role in the overall economic development of their countries. The ministers adopted resolution 736 (XXVII) on "Women and their access to resources in the 1990s" whereby they invited member States to promote the setting up of national associations of women entrepreneurs. Similarly, the resolution called upon ECA to facilitate the immediate creation of a federation of African women entrepreneurs (FAWE).
2. In the same context, the resolution recognized the important role that a bank could play in furthering the advancement of women and requested ECA, in collaboration with the Organization of African Unity (OAU) and the African Development Bank (ADB), to study the possibility of creating an African bank for women.
3. In response to the above resolution, efforts have been deployed at national, subregional and regional levels to mobilize women entrepreneurs towards building stronger links among women entrepreneurs at all levels.
4. This report is in two parts. The first part highlights progress made to date in establishing national associations of women entrepreneurs and the federation of African women entrepreneurs. In the second part, the paper reports on the findings of studies undertaken by ECA and other organizations to improve women's access to credit and assesses the need for setting up an African bank for women.
5. In its conclusion, the paper recommends a few measures to be taken for the further enhancement of women's economic capabilities and their role in development.

II. ESTABLISHMENT OF THE FEDERATION OF AFRICAN WOMEN ENTREPRENEURS (FAWE)

A. Background

6. There is much evidence today that a new generation of modern African entrepreneurs, among whom are women, has emerged which is capable of transforming the informal sector into vibrant, small- and medium-scale enterprises. The work which has already been undertaken at the ECA African Training and Research Centre for Women (ECA/ATRCW) over the last four years under projects such as "Improving the role of African women in the informal sector production and management" funded by the United Nations Development Programme (UNDP); "Research on productive activities in the informal sector and agro-industries" funded by the Ford Foundation; "Increasing African women's access to management and credit techniques", "Survey of women entrepreneurs in Ghana, Zambia and Cameroon", and the study tour of business women from Eastern and Southern African countries to Ghana both funded by the Swedish International Development Authority

(SIDA) have provided an excellent bridge to more practical and serious undertaking in the formal sector of African economies in the future. These projects and activities have yielded very useful baseline data and information on the economic activities of African women upon which could be developed more action-oriented activities in women entrepreneurship.

7. The establishment of a federation of African women entrepreneurs is therefore seen as a logical follow-up to helping bring about the economic empowerment of the African woman. Following are brief descriptions of what has been achieved during the reporting period:

B. Progress made towards the establishment of the federation

8. Efforts at establishing the federation of African women entrepreneurs were made at the national, subregional and regional levels.

1. At the national level

9. Following the Expert Group meeting to consider modalities for establishing a regional association of women entrepreneurs held in Nairobi, Kenya in October 1991, whose recommendation to form a federation of African women entrepreneurs was fully endorsed by the ECA Conference of Ministers, member States were requested to establish national associations of business women and women entrepreneurs.

10. ECA Conference of Ministers resolution 736 (XXVII), mentioned above, has served as a major catalyst to women who have enthusiastically formed national associations of business women and women entrepreneurs. The major purpose of these associations is to bring women together around common economic interests. Through these associations, women are expected to generate employment and alternative sources of income in order to cope with social and economic pressures.

11. ECA is already in contact with 25 associations from the following countries: Angola, Benin, Burundi, Cape Verde, Ethiopia, Cameroon, Côte d'Ivoire, the Central African Republic, Ghana, Guinea, Kenya, Malawi, Mali, Mauritius, Mozambique, the Niger, Nigeria, Rwanda, Senegal, Swaziland, Togo, Uganda, the United Republic of Tanzania, Zambia and Zimbabwe. The annex provides a list of the national associations which are expected to constitute the founding members for the federation.

12. In Ethiopia, ECA has worked closely with the Association of Ethiopian Women Entrepreneurs to get it established and operational. A most recent activity was a sales exhibition organized by the Association, in collaboration with ECA, at the Addis Ababa Chamber of Commerce Trade Fair Centre from 2 to 11 January 1993. The exhibition provided an opportunity to stimulate interactions and competition among business women and women entrepreneurs and to promote quality products. It was also an occasion to sensitize the local and international community to women's concerns as well as an opportunity for opening up new intra-African markets.

13. As resources become readily available, ECA will provide, upon request, similar assistance and support to women in other countries.

2. At the subregional level

14. Women entrepreneurs of the West African subregion were already organized under the umbrella of the Organization of Women Traders and Entrepreneurs (OFECAO) which is based in Dakar, Senegal. The secretariat of this organization has been working closely with ECA to ensure the fulfilment of the mandate of setting up the federation of African women entrepreneurs. It assisted in mobilizing West African women entrepreneurs towards the establishment of the Federation, as a regional structure seeking to build a strong network among women entrepreneurs and to promote intra-African trade.

15. During missions undertaken by ATRCW to Ghana, Côte d'Ivoire and Senegal, women entrepreneurs from the three countries and the Secretary-General of the OFECAO confirmed the need for the immediate establishment of the federation.

16. In the Eastern and Southern African subregion, there is a growing number of women venturing into business in the formal and informal sectors. However, according to the secretariat of the Preferential Trade Area (PTA), cross-border trading remains small and informal and fails to benefit from incentives in the PTA to induce women to expand and be integrated into mainstream export-import activities. The PTA therefore organized a round table for women in business in Eastern and Southern African States in Lusaka, Zambia in July 1992. The purpose of the round table was to provide a forum for exchange of information, ideas and to consider and possibly adopt a draft charter on the federation of associations of women in business in the PTA subregion. The round table recommended strengthening of new and existing associations and the establishment of a US\$ 360 million revolving loan fund to be managed by the PTA Trade and Development Bank.¹ The round table requested the PTA secretariat to study the details and technicalities of the fund so as to facilitate accessibility of this fund to women from all business sectors. The charter of the federation is expected to be signed during the second round table scheduled to be held in February 1993.

17. ECA was represented at the first round table by the Lusaka MULPOC.

3. At the regional level

18. Regional activities related to the establishment of the federation consisted in the review and analysis of data collected from member States and national associations of business women and women entrepreneurs. The information so far gathered has been used for compiling a directory of African associations of women entrepreneurs and for drawing up a plan of action and strategy for the future operations of the federation.

19. The directory, which is a valuable tool for promoting exchanges and stronger links among women entrepreneurs, will be updated on a regular basis. It gives the profile of 25 associations of business women and women entrepreneurs and highlights the objectives and major concerns of the associations.

20. The data collected so far has also enabled ECA to map out tentative strategies for consideration and adoption by the national associations during the inaugural meeting of the federation scheduled to take place in March 1993. At the time of preparing this report, the inaugural meeting of the federation had not yet taken

¹ Preferential Trade Area (PTA) secretariat, Report of the first Round Table for Women in Business (WIB) in Eastern and Southern African States, Lusaka, Zambia, July 1992.

place. While the final outcome of the inaugural meeting is not yet known, it is still worthwhile to note the following as the guiding principles for the federation, namely:

- (a) To play an active role in the formulation of common strategies for the promotion of entrepreneurship among women;
- (b) To create an enabling environment for women's entrepreneurial activities to flourish;
- (c) To strengthen the capabilities and capacities of business women and women entrepreneurs in their economic role and enable them to actively participate as equal partners to resolve Africa's economic challenges;
- (d) To institute and further strengthen linkages among African women entrepreneurs at national and regional levels and open up opportunities for intra-African trade; and
- (e) To catalyze skills development efforts so as to promote full utilization of women's entrepreneurial potentials.

21. After the inaugural meeting of the federation, ECA will assist in the setting up of a small secretariat which will coordinate activities of the federation.

C. Conclusion and recommendations

22. From the foregoing, it is obvious that there is a genuine need for the federation of African women entrepreneurs as a structure that would help generate increased economic activities for the present and future generations of women. The structure can be sustained for many years to come and will be more than a short-term response for the economic empowerment of women.

23. Member States should therefore continue to give full support to these initiatives. The African Development Bank and other regional and international financial institutions are also requested to facilitate the operationalization of this new structure towards further economic advancement and sustainable development of the region.

III. STUDY ON THE ESTABLISHMENT OF AN AFRICAN BANK FOR WOMEN

24. The issue of accessing women to credit and of creating regional structures for the purpose has been a major concern over the last couple of years. Below is a generalized overview justifying the necessity for such concerns and placing things into proper perspective.

A. Overview of women's access to credit

25. The experiences and studies undertaken by ADB, ECA, ILO, UNDP, UNIFEM, UNICEF and other organizations have revealed that the deteriorating economic conditions of African countries has worsened the financial situation of the general population, particularly women. The level of income of the majority of women is constantly decreasing and this has had adverse effects on their standard of living. Yet, this income is crucial for women as the number of African households headed by women is constantly increasing. It is estimated that 22 per cent of African households are headed by women.

26. In view of the situation, women have tended to look towards self-employment both in the formal and informal sectors in order to generate additional income for the survival of their families. ECA studies have shown that in Burkina Faso women comprised 48 per cent of a 75 per cent active informal sector population.²

27. On the other hand, an ADB report has revealed that in Botswana, 75 per cent of the informal sector enterprises are owned by women; in Egypt, 48 per cent of the female population is in the agricultural sector while in Tunisia, 57 per cent of urban manpower is women among which 47 per cent is engaged in enterprises.³

28. However, women engaged in business continue to face the same difficulties of lack of sufficient capital for business growth, deterioration of terms of exchange, prices fluctuations, inadequate skills, lack of adequate information and the like.

29. The majority of women still rely on traditional savings schemes such as "tontine" for their micro business activities, which are less demanding in terms of collaterals and regulations but do not generate growth. However, these traditional credit schemes can be very expensive. Women have to pay 10-50 per cent interest rates for such informal credits.

30. It has been demonstrated that women are credit-worthy. Besides, when women have control over their resources, they tend to save and invest a higher percentage than men. According to the above-mentioned ADB report, women in the Congo for example can save up to 15 per cent of their income.

31. There is therefore need to develop credit schemes specific to women which would, among other things, stimulate savings, encourage women's demands for credit and provide credit along with related support services.

B. Regional structures accessing women to credit

32. Most financial institutions provide non-differential treatment for the credit needs of both women and men. However, their requirements and conditions are such that they automatically eliminate small borrowers, most of whom are women. In order to remedy the situation, there has been an increasing number of programmes designed to improve women's access to credit at national and regional levels. To date, the only international

² ECA, Global synthesis (Lessons learned and experiences gained during implementation of project RAF/87/042 "Improving African women's role in the informal sector"), Addis Ababa, Ethiopia, August 1992.

³ African Development Bank, Rapport sur les mécanismes visant à faciliter l'accès des femmes au crédit, October 1992.

financial institution specific to women's credit needs, which operates throughout the region is the Women's World Banking (WWB).

33. The WWB, an independent international financial institution created in 1979, is based in New York and operates through its affiliates spread all over the world. The WWB is particularly concerned with women at the grass-roots level who do not have full access to services of established financial institutions. Its main objectives are to create a loan guarantee mechanism to support the financing for women's income-generating activities and to provide technical assistance for the beneficiaries of the loan programme in order to ensure viability to women's ventures.

34. In Africa, the WWB currently has affiliates in Botswana, Burundi, Cameroon, the Gambia, Ghana, Kenya, Rwanda, Sierra Leone, South Africa, Uganda, Zambia and Zimbabwe. Its regional coordinator's office for Africa, which was in Nairobi, has recently been moved to the headquarters in New York.

35. Apart from the WWB, ADB has a Women in Development Division which advises the Bank on how to access women to the bank's financial facilities. The Division has carried out a number of studies in collaboration with UNDP. It has identified the following options for decision of the policy organs: funds to be channelled through commercial banks; national or subregional financial corporations; development centres; non-governmental organizations; or funds to be channelled through women specific structures such as WWB or Self-Employed Women's Association (SEWA).

C. Feasibility study of an African Bank for Women

36. The ECA Conference of Ministers resolution referred to above had also requested ECA to study the possibility of creating an African bank for women. To this end, ECA has had a series of consultations with individual experts as well as various institutions presently engaged in promoting women's access to credit in order to assess the current situation. ECA thus undertook a study with a view to assessing the feasibility for the creation of an African bank for women and to suggest the modalities for establishing such a bank.

37. The study has attempted to review earlier pertinent studies and consultations have been held with the target groups as well as with existing regional financial institutions. The utilization of studies previously undertaken by ECA, ADB, UNDP and the documented experiences of WWB have contributed to the cost-effectiveness of the study. The outcome of the feasibility study which has already been fielded in selected countries and subregions will provide further directions and proposals for the modus operandi of the bank.

38. The feasibility study on the establishment of an African bank for women should be completed by March 1993. It is expected to examine African women's economic activities and their financial opportunities and suggest how to generate greater resources for women's involvement in medium- to large-scale ventures. The study will take into account the ADB suggestions when advising on the type of bank required, its target group, constitution of its capital stock and the appropriate share of different contributors. It will also suggest the relationship of the bank with the existing financial structures and with the federation of African women entrepreneurs.

39. Based on the conclusions of the feasibility study, recommendations for the setting up of the bank or an alternative structure will be presented to the Conference of Ministers. ECA will thereafter make every effort to ensure the implementation of the Conference's decision on the matter.

D. Conclusion and recommendations

40. It appears that while women's increased economic role requires more financial resources, so far women have had limited access to facilities offered by the existing financial structures. An African bank for women or a similar structure would therefore contribute to answer women's pressing needs for additional resources with a view to ensure viability to their economic business ventures.

41. The ECA Conference of Ministers will be required to decide on the type of structure which will best respond to women's needs. Subsequent to the decision, member States should give due support to the recommended structure as the federation and the bank can easily dovetail into subregional and regional economic integration efforts. In addition, the two structures will contribute to the achievement of sustainable development and will have a great impact on the overall efforts to advance the total integration of women in economic development and related spheres.

42. The regional and international financial institutions should facilitate the operationalization of this new structure towards further economic empowerment of African women and overall economic transformation and development of the region.

Annex

ASSOCIATIONS OF BUSINESS WOMEN AND WOMEN ENTREPRENEURS

1. Association of Women Entrepreneurs of Angola (ASSOMEL)
2. L'Association des femmes d'affaires et commerçantes du Bénin
3. L'Association pour la promotion économique de la femme du Burundi (APEF)
4. L'Association des femmes entrepreneurs du Cap Vert
5. Ethiopian Women Entrepreneurs Association (EWEA)
6. Le Groupement des femmes d'affaires du Cameroun (GFAC)
7. L'Association des femmes d'affaires centrafricaine
8. L'Association des femmes chefs d'entreprise de Côte d'Ivoire (AFCECI)
9. L'Association des femmes d'affaires du Gabon
10. L'Association des femmes entrepreneurs de Guinée
11. Kenya Women Entrepreneurs' Association (KAWE)
12. Ghana Women Entrepreneurs' Association (GAWE)
13. L'Association des femmes commerçantes et entrepreneurs du Niger (AFCEN)
14. National Association of Business Women of Malawi (NABW)
15. L'Association des femmes entrepreneurs du Mali
16. L'Association des femmes chefs d'entreprises de Maurice
17. Mozambique Women Entrepreneurs and Executives (ACTIVA)
18. L'Association des femmes entrepreneurs du Rwanda (AFER)
19. L'Association nationale des femmes entrepreneurs et commerçantes du Sénégal
20. Swaziland Business Association

21. Tanzania Business Women's Association (TBWA)
22. L'Association des femmes d'affaires du Togo
23. Uganda Women Entrepreneurs Association Ltd. (UWEAL)
24. Women Entrepreneurs in Industry and Business in Zambia (WEIBZ)
25. Association of Business Women in Zimbabwe

At subregional level

1. L'Organisation des femmes entrepreneurs et commerçantes de l'Afrique de l'Ouest (OFECAO)
2. Federation of Associations of Women in Business in the Preferential Trade Area (PTA) subregion

At regional level

The Federation of African Women Entrepreneurs (FAWE) to be formed in March 1993.