SUSTAINABLE SUPPORT SYSTEM FOR RURAL WOMEN ENTREPRENEURS: Ethiopia

NAOTAKA SAWADA AND VEDINI HARISHCHANDRA
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# CONTENTS

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>ACKNOWLEDGMENTS</td>
<td>iv</td>
</tr>
<tr>
<td>EXECUTIVE SUMMARY</td>
<td>v</td>
</tr>
<tr>
<td>Chapter 1: INTRODUCTION</td>
<td>1</td>
</tr>
<tr>
<td>1.1 Methodology</td>
<td>2</td>
</tr>
<tr>
<td>Chapter 2: SUSTAINABLE SUPPORT SYSTEM</td>
<td>3</td>
</tr>
<tr>
<td>2.1 Rural Women's Economic Empowerment</td>
<td>3</td>
</tr>
<tr>
<td>2.2 Market Development</td>
<td>8</td>
</tr>
<tr>
<td>2.3 Access to Markets</td>
<td>9</td>
</tr>
<tr>
<td>2.4 Management Support Services</td>
<td>11</td>
</tr>
<tr>
<td>2.5 Access to Credit</td>
<td>12</td>
</tr>
<tr>
<td>Chapter 3: IMPLEMENTATION</td>
<td>16</td>
</tr>
<tr>
<td>3.1 Framework for Implementation</td>
<td>16</td>
</tr>
<tr>
<td>3.2 Pilot Project</td>
<td>17</td>
</tr>
<tr>
<td>Chapter 4: APPLICATION TO HABP AND AGP</td>
<td>19</td>
</tr>
<tr>
<td>4.1 Households Assets Building Program (HABP)</td>
<td>19</td>
</tr>
<tr>
<td>4.2 Agricultural Growth Project (AGP)</td>
<td>23</td>
</tr>
<tr>
<td>REFERENCES</td>
<td>28</td>
</tr>
<tr>
<td>Appendix A: WOMEN RELATED LAWS IN ETHIOPIA</td>
<td>29</td>
</tr>
<tr>
<td>Appendix B: DETAIL OF AMHARA VISITS (JULY 20–22, 2010)</td>
<td>34</td>
</tr>
<tr>
<td>Appendix C: SUMMARY OF COMMENTS AT THE WORKSHOP (JULY 28, 2010)</td>
<td>40</td>
</tr>
<tr>
<td>Appendix D: EXAMPLES OF WOMEN’S NONFARM ENTERPRISES</td>
<td>42</td>
</tr>
</tbody>
</table>
ACKNOWLEDGMENTS

For grants funding this study, the authors thank Gender Action Plan and Japan PHRD. The overall project was guided by Eija Pehu (ARD) and John Lamb (ARD). The report was written based on literature review, data from the Ethiopia Rural Investment Climate Survey (RICS), and field visits to Ethiopia.

This study was peer reviewed with written comments by Elena Bardasi (PRMGE), Lynn Brown (ARD/WFP), and Tewadaj Mogues (IFPRI). It was also reviewed with comments by ARD Core Management Committee (CMC) members. Heartfelt thanks go to the specialists who willingly contributed to this review. Many considered the task important enough to donate many hours of their time, which is a scarce resource. It has been a pleasure to incorporate their views and comments into the review.

Two Ethiopia field visits were organized: the first took place June 15–18 and the second July 19–28, 2010. We would like to express our thanks for the information and encouragement we received from the country team before and during our field visits to Ethiopia. Arrangements for the first field visit were coordinated by Rahel Lulu (AFTAR) accompanied by Fikru Tesfaye (AFTSD). For the second field visit, we thank Teklu Tesfaye (AFTAR) and Fikru Tesfaye (AFTSD) in coordination with Mr. Habtamo (BoARD) for enabling our field study to be successful. Fikru Tesfaye was a team member in the field visits to Amhara. More detailed information on the contributors to our reports from Amhara and their respective organizations can be found in Appendix B. A presentation and discussion of this sustainable support system for rural women entrepreneurs also took place at a workshop in Addis Ababa on July 28, 2010. The names of participants in the workshop along with their valuable comments and constructive advice are provided in Appendix C.

In addition, Juergen Voegele (Sector Director, ARD) and Mark Cackler (Sector Manager, ARD) provided guidance and encouragement throughout the project. Karen Brooks (Sector Manager, AFTAR) and Kenichi Ohashi (Country Director) provided support during the project.
Farm and nonfarm sector development in Ethiopia is central to generating employment and income in rural areas, and thereby reducing poverty. With 85 percent of the Ethiopian population living in rural areas, rural nonfarm activities for women could be an independent engine of growth for rural development. Most of the rural women-headed households lack independent access to production resources, particularly land (Gebreslassie 2005). Therefore, rural women necessarily seek alternative employment, mostly in nonfarm sectors. Many studies show that women have been successful as entrepreneurs (Reardon 1997; Barrett et al. 2001).

Women take up nonfarm activities for their survival, although these activities provide neither quality employment nor good income in most cases. Women's ownership and plowing of the land is highly restricted due to sociocultural norms in Ethiopia (Zwede & Associates 2002). According to the Ethiopia Rural Investment Climate Assessment (RICA) report on rural Amhara, women who live in households without a man in his prime years often do not engage in agriculture, because either they never owned or have lost their land, or they lack the ability to cultivate it. They are forced to give it to someone else to farm, generally for very little money. Thus, women are forced to engage in a limited number of low-profit nonfarm activities rather than being able to exploit advantageous market opportunities. However, rural women entrepreneurs can make their businesses more profitable and productive provided they have access to the required business and financial support.

Given the preceding evidence, this report outlines a strategic plan to support underprivileged women through a sustainable support system. The approaches used are new and innovative, directly assisting the poor by building the capacity of rural entrepreneurs and supporting institutions, and by linking to existing World Bank projects in Ethiopia. RICA findings were further analyzed to arrive at specific recommendations relating to women's nonfarm economic activities in the rural Amhara region. The plan is to be implemented through two existing projects in Ethiopia, the Agricultural Growth Project (AGP) and the Household Assets Building Program (HABP), for pilot testing and further refinement.

SUSTAINABLE SUPPORT SYSTEM

The sustainable support system for rural women entrepreneurs is based on five main components: (i) women's economic empowerment, (ii) market development, (iii) access to markets, (iv) business management support services, and (v) access to credit. Necessary conditions to support nonfarm economic activities, such as physical market development, feeder roads, and transport, will also benefit agriculture and create a virtuous circle of increasing farm and nonfarm income. Women are more likely to be involved in and benefit from nonfarm enterprise activities. Although the system proposed could be targeted at men and women, women could be the main beneficiaries of the proposed support system.
FIGURE X.1: Sustainable Support System for Rural Women Entrepreneurs

### Women's Empowerment

<table>
<thead>
<tr>
<th>KEY FINDINGS</th>
<th>RECOMMENDATIONS</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-1. Low level of awareness of women’s rights</td>
<td>1-1. Promote awareness of women’s rights among men and women.</td>
</tr>
<tr>
<td>1-2. Insufficient participation of women in nonfarm economic activities</td>
<td>1-2. Promote women’s participation in nonfarm economic activities.</td>
</tr>
<tr>
<td>1-3. Differences in business constraints between women and men</td>
<td>1-3. After determining the best potential business opportunities for women, identify constraints and then address them.</td>
</tr>
<tr>
<td>1-4. Low profitability of women’s nonfarm economic activities</td>
<td>1-4. Improve profitability by increasing the productivity of women’s nonfarm economic activities or developing differentiated products or services with higher profit margins.</td>
</tr>
</tbody>
</table>

### Market Development

<table>
<thead>
<tr>
<th>KEY FINDINGS</th>
<th>RECOMMENDATIONS</th>
</tr>
</thead>
<tbody>
<tr>
<td>2-1. Lack of infrastructure in the rural marketplace</td>
<td>2-1. Develop rural marketplaces with the required amenities.</td>
</tr>
<tr>
<td>2-2. Localized customers and limited demand</td>
<td>2-2. Identify new markets for specific products or services.</td>
</tr>
</tbody>
</table>

### Access to Markets

<table>
<thead>
<tr>
<th>KEY FINDINGS</th>
<th>RECOMMENDATIONS</th>
</tr>
</thead>
<tbody>
<tr>
<td>3-1. No or few access roads</td>
<td>3-1. Build feeder or access roads to connect to main roads.</td>
</tr>
<tr>
<td>3-2. High transportation costs</td>
<td>3-2. Develop an affordable public transportation system.</td>
</tr>
<tr>
<td>3-3. Limited availability of market information</td>
<td>3-3. Develop a mechanism to deliver market and price information for selected products and services.</td>
</tr>
</tbody>
</table>
**Business Management Support Services**

<table>
<thead>
<tr>
<th>KEY FINDINGS</th>
<th>RECOMMENDATIONS</th>
</tr>
</thead>
<tbody>
<tr>
<td>4-1. No business management support services in rural areas</td>
<td>4-1. Expand business management support services to rural areas.</td>
</tr>
<tr>
<td>4-2. Missing specific management support expertise</td>
<td>4-2. Identify business opportunities and determine essential management requirements.</td>
</tr>
<tr>
<td>4-3. Limited capacity of existing MSE development agencies</td>
<td>4-3. Build capacity of Amhara Micro and Small Trade and Industry Promotion Development Agency (AMSTIEPDA) or potential NGOs (coordinating with Federal Micro and Small Enterprise Development Agency [FeMSEDA]) to support rural nonfarm activities.</td>
</tr>
</tbody>
</table>

**Access to Credit**

<table>
<thead>
<tr>
<th>KEY FINDINGS</th>
<th>RECOMMENDATIONS</th>
</tr>
</thead>
<tbody>
<tr>
<td>5-1. Limited availability of institutions</td>
<td>5-1. Establish and strengthen Rural Savings and Credit Cooperatives (RUSACCOs), Amhara Credit and Saving Institute (ACSI), and other micro finance institutions (MFIs) and make provisions to cover women nonfarm entrepreneurs in rural areas.</td>
</tr>
<tr>
<td>5-2. Many rural entrepreneurs wanted loans but did not even apply</td>
<td>5-2. Establish funds devoted to loans or grants for informal groups of women entrepreneurs.</td>
</tr>
<tr>
<td>5-3. Limited coverage of credit guarantee schemes</td>
<td>5-3. Expand a credit guarantee scheme for rural areas.</td>
</tr>
</tbody>
</table>

**IMPLEMENTATION**

The plan’s components are designed to take into consideration current conditions, a vision of improved rural nonfarm activities, a long-term policy and strategic plan to realize the vision, awareness promotion and training to support the implementation, and monitoring and evaluation to provide periodic review and feedback.

**FIGURE X.2:** Framework for Implementation

![Diagram of Implementation Framework]

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**Pilot Project**

The proposed sustainable support system can be effectively implemented by integration with identified projects such as HABP and AGP. Details on these projects are given in Chapter 4.

Preparation will involve participatory consultation with local women’s groups of selected kebeles and other stakeholders. The project would pilot a community-driven development (CDD) approach designed to enable rural poor to begin or expand farm and nonfarm economic activities to improve their livelihoods and well-being through income-generating and poverty-reducing activities.
Stakeholders include:

(1) Groups of poor women in selected pilot kebeles.
(2) Members of woreda and kebele committees.
(3) Line ministry officials at the national, regional, and woreda levels.
(4) Nongovernmental organizations (NGOs), civil society organizations (CSOs), and development partners. CSOs would include women's organizations operating in the area. Development partners are the FeMSEDA and Cooperative Promotion Agency (CPA). FeMSEDA can provide business management support and CPA can provide support for organizing RUSACCOs in local communities to provide financial support to rural women.

Consultations include:

(i) Selecting pilot kebeles;
(ii) Determining the needs and demand of rural women's groups for nonfarm economic activities;
(iii) Determining the feasibility of options available for different types of nonfarm economic activities;
(iv) Identifying appropriate implementation arrangements including the role of NGOs/CSOs and RUSACCOs; and
(v) Establishing an appropriate scope of the pilot project.

The pilot project activities are clustered into three components:

(i) Institutional and technical capacity building for implementing CSOs/NGOs and RUSACCOs, including capacity building of FeMSEDA if required;
(ii) Business management support to women's nonfarm economic activities along with technical, skills, and financial support; and
(iii) Monitoring and evaluation of pilot activities, including impact evaluation.

APPLICATION TO HABP AND AGP

The proposed sustainable support system can be effectively implemented through selected ongoing projects in Ethiopia. The proposal should be discussed with the respective project team members to determine an effective implementation plan. Recommendations should be associated with output activities of HABP and components of AGP to ensure proper linkage of the proposed system to the existing project components.

HABP

This proposed support system for rural women entrepreneurs will reinforce income diversification and asset building to help accomplish the objectives of HABP. This system is generic and hence its applicability is universal. However, its current focus is vulnerable people, including men and women, of food-insecure households in the HABP region.

AGP

The system can be effectively integrated with the existing structure of AGP by means of their corresponding components, with provision for additional activities made through the community-driven approach. AGP has appropriate components to integrate with this sustainable system. Such integration will have a synergy effect because of common components, such as “scaling up the best practices of value addition, marketing activities” and “small scale market development and management.”

Refer to Chapter 4 for detailed recommendations.
Chapter 1: INTRODUCTION

Nonfarm sector development in rural Ethiopia is central to generating employment and income and thereby reducing poverty. The improved investment climate could facilitate investments in farm and nonfarm sectors by contributing directly and indirectly to the generation of additional employment for women and men. Ethiopia Industrial Development Strategy 2003 involved efforts to create an enabling environment for the private sector to be a driving force for economic development. The sectoral focus of the strategy is on the development of agro-based industries and on strengthening nonfarm sector.

Nonfarm enterprise more often complements than substitutes for agriculture. This finding matches farm and nonfarm growth linkages identified by Delgado et al. (1998) as contributing positive multiplier effects to the local economy in selected Sub-Saharan African countries complementing agricultural growth. The study showed that nonfarm sector-focused growth combined with agricultural growth has a significant impact on the local economy through the generation of employment and income.

With 85 percent of the Ethiopian population living in rural areas, nonfarm activities of women could be an independent engine of growth for rural development. But most nonfarm activities produce goods and services that are linked to agriculture via forward, backward, and consumer demand linkages (Hazell and Haggblade 1993). Often the condition of prevailing low wages obscures the advantages and merits of rural industrialization, and therefore agriculture often remains the single driver of nonfarm sector growth in rural areas (Reardon 1997). The recent Ethiopia Country Assistance Strategy (CAS) also recognizes the need to “support greater economic engagement of women” (World Bank 2008). This approach in turn can ensure the successful implementation of Ethiopia’s poverty reduction strategy, which is called the Plan for Accelerated and Sustainable Development to End Poverty (PASDEP).²

Most of the rural women-headed households lack independent access to production resources, particularly land (Gebreslassie 2005). Women-headed households may arise due to death of the husband, divorce, or polygamy in those parts of the country where taking multiple wives is the cultural norm (Ellis and Woldehanna 2005). The World Bank (2005) Ethiopia Poverty Assessment found that the percentage of rural women-headed households rose to 19 percent in 1999 from 15 percent in 1995, while the percentage of urban women-headed households was 33 percent in 1998, slightly less than the 34 percent estimated in 1995.³

Rural women urgently seek alternative employment mostly in nonfarm sectors. However, rural women entrepreneurs have limited education, resources, and support for their pursuit of nonfarm enterprise activities. Women are forced to engage in a limited selection of low-profit nonfarm activities rather than exploiting more advantageous market opportunities (World Bank 2009). Studies have shown that women can be successful as entrepreneurs (Reardon 1997; Barrett et al. 2001).

This sustainable system is new and innovative in directly supporting the rural poor and women by building the capacity of entrepreneurs and supporting institutions linked to the existing projects. This proposed system may derive maximum synergy effects by integrating with the Agricultural Growth Project (AGP) and the Household Assets Building Program (HABP) of the Productive Safety Nets Project III (PSNP) in a complementary relationship.

HABP and AGP project implementation teams, relevant stakeholders (including World Bank staff), government agencies, donors, and beneficiaries are the primary audience for this report. The secondary audience includes other World Bank staff, policy makers, and academicians working on similar issues in Sub-Saharan African and all other relevant countries.

² CAS Strategic Objective 3: Reducing Vulnerability.

³ One of the reasons could be the Eritrean-Ethiopian War of May 1998 to June 2000.
This sustainable support system may be adapted to Sub-Saharan African and other developing countries for promotion of rural nonfarm enterprises, and the system also supports women’s economic empowerment if so focused.

1.1 METHODOLOGY
Two types of literature review were conducted: a preliminary literature review and a supporting literature review. The former was undertaken in the preparation stage to uncover findings of the existing literature, including the RICA report, Convention, Civil Code, Constitution, and Family Code, obtained from the Gender Law Library website (World Bank 2010b). The purpose of the latter was to provide additional literature to support our findings and recommendations.

The main source of data and related information for quantitative analysis of this study was the Ethiopia Rural Investment Climate Survey (RICS). For additional quantitative analysis, existing RICS data sets were used to justify the findings. The RICS data were collected between December 2006 and January 2007 in collaboration with Ethiopia’s Central Statistical Agency (CSA). The household-based survey consisted of two complementary efforts, RICS-AgSS (Agricultural Sample Survey) and RICS-Amhara.

Field visits were undertaken to collect qualitative information through personal discussions with individuals and institutions in Addis Ababa, Amhara region, Bahir Dar Zuria Woreda, and Kimbaba Kebele. Information on the following subjects was collected at both the federal and local levels:

1. Law and practice of rural women’s nonfarm businesses. The Ministry of Women’s Affairs and the Ethiopia Women Lawyers Association in Addis Ababa, as well as Kimbaba Kebele and the Women’s Affairs office of Bahir Dar Zuria in Amhara were visited.
2. Rural markets. The reality of rural markets was observed in Kimbaba Kebele and surrounding areas.
3. Access to markets. The reality of access to markets was also observed in Kimbaba Kebele and surrounding areas.
4. Management support services. The Federal Micro and Small Enterprise Development Agency (FeMSEDA) and Amhara Micro and Small Trade and Industry Promotion Development Agency (AMSTIEPDA) were visited to identify actual management support services provided to micro and small enterprises in urban and suburban areas of Amhara region.
5. Access to credit. Rural Savings and Credit Cooperative (RUSACCO) in Kimbaba Kebele, Amhara Credit and Saving Institution (ACSI), and cooperative agencies of both the federal government and Amhara region were visited.

A workshop was organized among the interested stakeholders working on similar issues to present the findings and to elicit feedback on the proposed sustainable support system for rural women entrepreneurs in Ethiopia. The study findings and model were well reviewed and the constructive comments, feedback, and suggestions greatly helped to improve the model. Stakeholders included AGP and HABP team members, government representatives, and donors. Many stakeholders requested the formulation of a more detailed plan to implement this support system. This detailed proposed plan will be discussed and coordinated with relevant stakeholders of AGP and HABP.

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4 For a detailed description refer to Appendix A.
5 RICS-AgSS was carried out in conjunction with Ethiopia’s Annual AgSS, covering about 14,000 households and 3,500 enterprises. RICS-AgSS basically gathered information on investment constraints to open and operate nonfarm ventures. The RICS-Amhara database contains detailed information on four regions in Ethiopia, namely Tigray; Southern Nations, Nationalities and Peoples (SNNP); Oromia; and Amhara—covers around 90 percent of the population. RICS-Amhara covered about 2,900 households, 760 enterprises, and 180 communities. The data basically cover community access to finance, constraints for business start-up, sources of employment, agriculture support services, conditions of investment climate, prices, and related factors that affect the enabling environment, household (demography, employment, living conditions, different income sources, access to infrastructure and related economic variables), and enterprises (characteristics of enterprise owners, number of enterprises, constraints, and related operational factors).
6 Refer to Appendix B for detailed information on the Amhara visits from July 20 to July 22, 2010.
7 Refer to Appendix C for a summary of the comments received from the workshop, which was held in Addis Ababa on July 28, 2010.
Chapter 2: SUSTAINABLE SUPPORT SYSTEM

The sustainable support system, proposed as a measure to support nonfarm enterprise activities of rural women entrepreneurs, consists of five main components: women’s economic empowerment, market development, access to markets, management support services, and access to credit (Figure 2.1). For each of the five components, recommendations are provided based on relevant findings. The recommendations may include what actions have to be taken and how to implement them.

**FIGURE 2.1: Sustainable Support System for Rural Women Entrepreneurs**

2.1 RURAL WOMEN’S ECONOMIC EMPOWERMENT

Economic opportunities are extremely limited for rural women in Ethiopia. Women generally have fewer assets than men and limited opportunities to earn money. They have difficulty gaining access to the credit they need to set up small businesses that can generate income (Allen and Bekele 2008).

Rural women’s economic empowerment can be accomplished by combining the promotion of women’s nonfarm enterprise activities and awareness campaigns with coordinated
efforts by relevant agencies and institutions. Awareness campaigns alone may not be an effective way to change existing behaviors. The campaigns must be integrated with actual promotion of women's participation in nonfarm economic activities. As more women participate in such activities, people's perceptions may be changed more easily with additional knowledge from awareness campaigns. In order to promote women's participation, appropriate support must be provided to women entrepreneurs, such as improving their profitability and addressing specific constraints on the business environment for women.

2.1.1 Awareness of Women's Rights

There are laws stipulating the equality of men and women; however, the reality is often far from the ideal. Many African country declarations of gender equality have yet to be translated to action in terms of national policies, and those embedded in legislation have yet to make an impact on reality. Since traditional norms of acceptable behaviors are different from the ideal, women as well as men do not understand the issue of equality at the kebele level. Educating women on existing support laws and helping them claim their rights is an important step toward women's equality, as important as economic empowerment.

Thus, most of the projects have focused on achieving sustainable and deep-rooted changes in attitude and policy. The Food and Agriculture Organization (FAO) also recognizes that development cannot be achieved without the full and equal participation of women and men. As an example from the field, a chairperson of Kimbaba mentioned that he encouraged his wife to participate in the activities of a women's group, but she chose to stay at home. Many husbands are not encouraging their wives to participate in activities outside of their households. This behavior also has negative consequences for single women, who have to work to earn their livelihood and support their family.

Limited staff are involved in women's mobilization and gender empowerment activities at both the regional bureau and woreda levels. The Amhara regional Bureau of Women's Affairs has only two or three extension officers to manage the whole region. At the woreda level, Bahir Dar Zuria has only four professionals offering services on women-related issues like mobilization and gender empowerment for its 32 kebeles. The inadequate staffing is mainly due to a lack of budget. Hence coordination with other women's organizations is necessary to improve services and their delivery mechanism.

---

**KEY FINDINGS**

1-1. Low level of awareness of women's rights. Rule of law proclaims equal rights among men and women in terms of property sharing and social status; however, the reality differs. The Women's Affairs Bureau is mandated to pursue this goal and improve the well-being of rural women. It is very difficult to reach out to many women in rural areas due to understaffing, and thus the Women's Affairs Bureau is not active as it needs to be.

**RECOMMENDATIONS**

1-1. Promote awareness of women's rights among men and women. Such promotion could be coordinated with the Women's Affairs Bureau, women's associations, Amhara Micro and Small Trade and Industry Enterprise Promotion Development Agency (AMSTIEPDA), Cooperative Promotion Agency (CPA), and other relevant organizations. The Women's Affairs sections of all the respective bureaus must be included. The campaign can be accomplished using women entrepreneur promotion teams. Men also need to understand women's equality and economic empowerment and must change accordingly to provide substantial support to women.

---

2.1.2 Women’s Participation in Nonfarm Enterprises

Women-headed households own and operate more nonfarm enterprises than those run by men in Amhara region. In the rural part of Amhara, 20 percent of households are engaged in nonfarm activities (World Bank 2009), an appreciable percentage given the fact that nonfarm activity is often a part-time or secondary focus for rural households. It is a combination of farm and nonfarm enterprises that provide income to most of these rural households (Bardasi and Asfaw 2008). Relying on nonfarm activities is an alternative or, more often, a necessity during the off season. Nonfarm enterprises are the primary or secondary occupation for about 6.4 percent of the working population, while agriculture is the primary livelihood option for 91 percent (Loening et al. 2008). The RICS data show greater participation of women in enterprise activity compared to men, who are mostly engaged in agriculture (Table 2.1). Although agriculture is the main source of livelihood for the rural households, 47 percent of women engage in only nonfarm activities (Table 2.2).

---

8 Refer to Appendix A for more detail on women-related laws in the convention, constitution, civil code, and labor code.
The main reason for women to enter into nonfarm businesses is because they have limited access to agriculture land, as opposed to the rationale of low agriculture income for men. Limited access to agricultural land was the main reason 25.6 percent of women and 16.2 percent of men started their businesses, followed by low agricultural income and social independence as the second and third reasons. Given the limited choices, when the rural economy offers opportunities other than farming, it becomes only alternative for women to earn their livelihood and support their families (Figure 2.2). Whereas married women are expected to contribute to the family farming activities, nonfarm engagement is typically the sole choice for single women or women-headed households. Even if the household is not woman-headed, in case of trouble due to loss of a wage, the woman still is often forced to start a nonfarm business.

TABLE 2.1: Percentages of Households with Nonfarm Income in Amhara

<table>
<thead>
<tr>
<th>ACTIVITIES</th>
<th>PERCENTAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Households owning nonfarm enterprise</td>
<td>20</td>
</tr>
<tr>
<td>Men-headed households owning nonfarm enterprise</td>
<td>12</td>
</tr>
<tr>
<td>Women-headed households owning nonfarm enterprise</td>
<td>35</td>
</tr>
</tbody>
</table>

Source: ET RICS-AgSS 2006/7.

TABLE 2.2: Percentages of Employment in Different Activities

<table>
<thead>
<tr>
<th>CATEGORY</th>
<th>MEN</th>
<th>WOMEN</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Only nonfarm engagement</td>
<td>29</td>
<td>47</td>
<td>39</td>
</tr>
<tr>
<td>Both agriculture and nonfarm engagement</td>
<td>3</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>Only agriculture engagement</td>
<td>63</td>
<td>30</td>
<td>45</td>
</tr>
</tbody>
</table>


The main reason for women to enter into nonfarm businesses is because they have limited access to agriculture land, as opposed to the rationale of low agriculture income for men. Limited access to agricultural land was the main reason 25.6 percent of women and 16.2 percent of men started their businesses, followed by low agricultural income and social independence as the second and third reasons. Given the limited choices, when the rural economy offers opportunities other than farming, it becomes only alternative for women to earn their livelihood and support their families (Figure 2.2). Whereas married women are expected to contribute to the family farming activities, nonfarm engagement is typically the sole choice for single women or women-headed households. Even if the household is not woman-headed, in case of trouble due to loss of a wage, the woman still is often forced to start a nonfarm business.

FIGURE 2.2: Reasons for Starting Nonfarm Enterprises: Women vs. Men

Source: ET RICS-AgSS 2006/7.

Carswell (2002) noted the increased prevalence of livelihood diversification in southern Ethiopia. Women are highly involved in diversified activities producing cash incomes, which are particularly important for rural households. Women are primarily involved with trading in livestock, grain, drugs, cloth, soap, kerosene, honey, and cotton (World Bank 2009). Three-quarters of the traders are women, and they reinvest their income in individual or group activities including microfinance. Ninety percent of women diversifiers reported having full control over the cash they earn, which has significant implications for gender relations in the household. Similar findings were reported in a RICA study on Amhara region. Dessalegn (1992) states that diversification in rural areas in Ethiopia often goes unrecognized in poverty reduction studies precisely because it is largely a women-dominated activity.

The Women’s Affairs office in Bahir Dar Zuria is encouraging informal groups of women to organize for the purpose of skill development and marketing. The office is coordinating with a women’s association with a membership of 3,306. However, the progress has been slow because of the limited support and expertise available from the office of Women’s Affairs. The following types of skill
Development training are available in the Amhara region: fattening of cattle, spinning, weaving, sewing, crafting by hand (handicraft), pottery, collecting and selling firewood, and selling groceries.

**TABLE 2.3:** Amhara: Nonfarm Enterprise Participation by Sector and Sex (%)

<table>
<thead>
<tr>
<th>ENTERPRISE SECTOR</th>
<th>MEN</th>
<th>WOMEN</th>
</tr>
</thead>
<tbody>
<tr>
<td>Preparation of food</td>
<td>3.8</td>
<td>0.9</td>
</tr>
<tr>
<td>Production of alcohol-related beverages</td>
<td>2.7</td>
<td>37.6</td>
</tr>
<tr>
<td>Textile-related products</td>
<td>30.2</td>
<td>24.4</td>
</tr>
<tr>
<td>Other manufacturing</td>
<td>9.3</td>
<td>7.3</td>
</tr>
<tr>
<td>Wholesale trade</td>
<td>12.5</td>
<td>2.4</td>
</tr>
<tr>
<td>Retail trade</td>
<td>32.7</td>
<td>13.7</td>
</tr>
<tr>
<td>Restaurant business</td>
<td>2.2</td>
<td>9.2</td>
</tr>
<tr>
<td>Other services/activities</td>
<td>6.6</td>
<td>4.6</td>
</tr>
</tbody>
</table>

**Source:** World Bank (2009b); RICS-Amhara 2006/7.
2.1.4 Profitability and Productivity of Women’s Nonfarm Enterprises

Women essentially rely on nonfarm activities for survival, even though they provide neither quality employment nor adequate income in most cases. Women’s ownership and cultivation of land is highly restricted due to sociocultural norms in Ethiopia (Zwede & Associates 2002). According to the RICA report on rural Amhara, many women living in households without a man in his prime years do not engage in agriculture, either because they do not have land or have lost it, or because they lack the ability to cultivate it. Consequently, they are forced to give it to someone else to farm, generally for very little money. Thus, women are forced to engage in a limited number of low-profit nonfarm activities rather than exploiting advantageous market opportunities.
Market development must include the establishment of physical marketplaces and the identification of new or expanded markets for local entrepreneurs. Development of rural markets includes enhancing the efficiency of the market infrastructure, such as transport facilities, storage, power, water, and work premises in marketplaces. Physical markets help entrepreneurs to network and can act as a platform for exchanging information, identifying additional needs, and expanding customer bases. Another facet of market development is to identify a new, existing, or expanded market for specific products of rural entrepreneurs consisting of groups of women connected to the same nonfarm activities.

### 2.2.1 Infrastructure for Rural Markets

Efficient functioning of rural markets requires that the appropriate infrastructure be put in place. Concerns for marketplaces include transport facility, storage facility, power, water, work premises, and possibly improved agricultural food processing facilities that can accommodate more value addition activities. Market centers should represent trading points for both farm and nonfarm products and put a special emphasis on gender.

### Key Findings

1. **Lack of infrastructure in rural marketplace.** Rural markets are highly disorganized, with inadequate basic infrastructure (buildings, trading platforms, water, toilets, electricity, etc.) to facilitate smooth market transactions. Transport services are expensive or not available in rural markets.

### Recommendations

1. **Develop rural marketplaces with the required amenities** such as work premises, electrical connections, and water supply, and with a certain percentage of plots reserved for women. The community-driven approach is the most effective and efficient way to promote and maintain marketplaces, and it has been applied in many World Bank projects successfully. Put a management plan in place for maintenance and future expansion, including monetary and labor resources. Make provisions to accommodate women traders and to supply transport facilities and goods produced using nonfarm products such as steel, textiles, and pottery as well as farm products. Facilities should include a bus stop or other pickup/delivery station.
2.2.2 Identifying Specific Markets

To overcome the limited expansion opportunities of customers, women and rural entrepreneurs need to identify new markets. Customers of women entrepreneurs are local, and demand is low (Figure 2.4). At present, they find it difficult to expand their businesses. However, a different market can be identified based on scale of economy if entrepreneurs with similar businesses form a group. One way to identify a new market is to differentiate products or services to make them more attractive to customers. Generally, differentiated products can be sold at a higher price. If the products are attractive enough, the customers will come to the entrepreneurs. With U.S. Agency for International Development (USAID) assistance, Jisaidie Cottage Industries in Kenya has been able to penetrate European and American handicraft markets through marketing techniques that utilize a label identifying their products as the work of Kenyan artisans living with HIV/AIDS (USAID 2004). Another approach is to provide an enabling environment to attract private sector investment and introduce both forward and backward linkages to make the businesses stable and sustainable (Dorward 2001).

![Figure 2.4: Entrepreneurs Selling to Local Customers](image)

Note: “Town” stands for a population of more than 2,000 up to 10,000, and “rural” stands for a village with a population of 2,000 or less.

**KEY FINDINGS**

| 2-2. Localized customers and limited demand. Customers of women’s enterprises are mainly concentrated within the village or community. Therefore, demand remains limited. |
| 2-2. Identify new markets for specific products or services. There are two ways to identify a new market. First, by forming a group of similar nonfarm enterprises, entrepreneurs can target a larger market due to scale of economy. Second, entrepreneurs can differentiate their products or services to meet the requirements of customers in a segmented market. If the differentiated products are attractive enough, they can be sold at a higher price, the customer will come to the entrepreneur, and transport problems will be solved. Customers for specific products should not be restricted to Ethiopia, but should be accessible anywhere in the world. |

**RECOMMENDATIONS**

2.3 ACCESS TO MARKETS

Access to markets encompasses physical infrastructure, access to products/services, and availability of market information to entrepreneurs. Women face impediments in access to the labor market, financial markets, and product and service markets. Serious constraints particular to the Amhara region are considered here. Physical infrastructure includes feeder or access roads and transports connecting to primary and secondary markets. Access to products/services includes availability of and access to input and output markets. Market information may vary depending on products/services. In other words, each entrepreneur or a group of entrepreneurs with the same product/service has to obtain different market information based on product/service differentiation and scale of economy (USAID 2005).

An effective policy and enabling institutional environment are lacking in Amhara. Accelerated growth can be achieved by expanding the capacity of private entrepreneurs—small, medium, and large—to meet the increasing cost and quality requirements of consumers. During the field visit to the Amhara region it was observed that the nonfarm enterprises, which are relatively small, suffer from limited access to the market, which means limited scope for business expansion.
2.3.1 Feeder or Access Roads

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<thead>
<tr>
<th>KEY FINDINGS</th>
<th>RECOMMENDATIONS</th>
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</thead>
<tbody>
<tr>
<td><strong>3-1. No or few access roads.</strong> There are no or few access roads to the main marketplace in the community except for footpaths. The roads that are available get muddy during the rainy season.</td>
<td><strong>3-1. Build feeder or access roads to connect to the main roads.</strong> Creation of connecting roads to markets provides an opportunity for businesses to expand. A community-driven approach should be used to construct roads. The community should include in its development plan the improvement of access to market. If the business is profitable enough, an entrepreneur can use a taxi or truck to carry merchandise. For example, one owner of vegetable shop in Kimbaba Kebele uses a taxi to take vegetables to neighboring markets.</td>
</tr>
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</table>

2.3.2 Affordable Transportation System

Women entrepreneurs tend to use less traveling distance and less time for their sales than men entrepreneurs (Figure 2.5). Due to poor quality and high cost of transportation in the rural areas, men and women travel mainly by foot, which prevents them from traveling long distances to find good markets. RICA analysis shows that women travel shorter distances than men, and some men have reached distant markets through informal means of transportation, such as catching rides with passing vehicles. Women are afraid to ride in passing trucks for safety and security reasons. Therefore, the under-developed transportation system affects women entrepreneurs more than it does men, and it also significantly restricts sales volume and customer base expansion.

Most women entrepreneurs travel by foot to reach markets (Figure 2.6). Hence, for women the market is localized in the community itself. The majority of entrepreneurs in Kimbaba Kebele spent 2 to 4 hours walking to nearby markets; obviously this is apparently a very time-consuming necessity, limiting sales income to the subsistence level.

**FIGURE 2.5: Distance and Time Required to Reach Customers**

![Figure 2.5: Distance and Time Required to Reach Customers](image)

Source: ET RICS-Amhara 2006/7

**FIGURE 2.6: Use of Foot Transport for Sales**

![Figure 2.6: Use of Foot Transport for Sales](image)

Source: ET RICS-Amhara 2006/7

Transport cost is high and there is a limited supply of private transport facilities. Women entrepreneurs indicated that access to market is the second highest constraint on their businesses (Figure 2.3). High transport cost limits access to larger, distant markets. The Kimbaba chairman stated that transport cost is very skewed. For example, the charge is 20 birr to go to the city of Bahir Dar, which is 22 km away, and it is the same to reach the town of Adith, which is 44 km from Kimbaba.
2.3.3 Delivery of Market Information
RICS data demonstrate that price information is less available to women entrepreneurs compared to men (Figure 2.7). Price information is available to 19.2 percent of women entrepreneurs, whereas it is available to 26.0 percent of men entrepreneurs. It is highly desirable that a mechanism be developed to improve the availability of important market information, including price information, to all entrepreneurs irrespective of gender. This would help entrepreneurs make informed decisions on purchase of inputs and sale of outputs and would also foster new enterprises. Currently, for various reasons, women entrepreneurs lack access to formal market information to the same extent as men. Sources of information for men include social circles, interaction with other men, markets, and cell phones. Access to information could be especially helpful to women in segmenting at least nearby markets.

**FIGURE 2.7: Availability of Price Information to Entrepreneurs (%)**

![Bar chart showing availability of price information to entrepreneurs](image)

Source: ET RICS-Amhara 2006/7.

2.4 MANAGEMENT SUPPORT SERVICES
Appropriate business management support is vital to rural entrepreneurs, who typically have little knowledge of business practices. If rural entrepreneurs receive management support, they can easily improve their profitability and productivity. An entrepreneur needs to be familiar with business management areas such as financial management, quality management, production management, and marketing management. Appropriate management knowledge can enable entrepreneurs to identify the appropriate skills and technology for a business to be profitable.

2.4.1 Service Availability in Rural Areas
Local and regional agencies provide rural entrepreneurs with little support, no information on appropriate technologies, and no training. The Amhara Micro and Small Trade and Industry Enterprise Promotion Development Agency (AMSTIEDA) is the agency in Amhara that is responsible for the promotion and development of micro and small enterprises. Unfortunately, its focus is limited to urban and semi-urban locales and has yet to reach rural areas. Extension workers, who are the critical contributors from the government side in supporting the community's different activities, are not adequately trained. For
example, in Bahir Dar Zuria Woreda, only 4 of the 32 kebeles were covered. Kimbaba is a suburban kebele. Therefore, an extension service worker from AMSTIEDA was found assisting a handloom cooperative in Kimbaba during the field visit. These workers provide support in the preparation of a financial plan, marketing, and choice of technology.

### KEY FINDINGS

<table>
<thead>
<tr>
<th>RECOMMENDATIONS</th>
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</thead>
<tbody>
<tr>
<td>4-1. No business management support services in rural areas. No management support services are available for rural entrepreneurs except in suburban, urban, and satellite town areas.</td>
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</table>

### KEY FINDINGS

<table>
<thead>
<tr>
<th>RECOMMENDATIONS</th>
</tr>
</thead>
<tbody>
<tr>
<td>4-1. Expand business management support services to rural areas. Extend existing management support service coverage to rural areas. AMSTIEPDA (coordinating with FeMSEDA) may expand to rural areas with a focus on women entrepreneurs. Make provisions to cover women-headed household enterprises.</td>
</tr>
</tbody>
</table>

### 2.4.2 Management Support Services

Some of the important management training principles are not passed down to extension service workers, such as the best production practices. For example, in Kimbaba during the field visit an extension worker in a weaving unit was in the process of introducing a new handloom machine. Closer examination revealed that this new machine does not improve the balance of line production processes. Instead it worsens the line balance, requiring longer waiting time for the new machine. The explanation for this was beyond the capability of the extension worker, revealing the worker’s lack of knowledge of production management as a result of insufficient training.

Another example of poor management practice in this cooperative involved personnel management. When we visited a cooperative site, out of a total of workers only six women workers were present; the other three were busy sowing seeds in their fields. When I asked one woman how the earnings were distributed among the members, her response was that they were distributed equally. I asked if it was fair to distribute earnings equally when members did not contribute equally. She understood my misgivings. The workers never kept records of how many days or hours each member worked.

### KEY FINDINGS

<table>
<thead>
<tr>
<th>RECOMMENDATIONS</th>
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<tbody>
<tr>
<td>4-2. Missing specific management support expertise. Extension service workers of AMSTIEPDA assist entrepreneurs only in formulating a business plan, marketing, and using technology. However, the extension workers lack expertise in production and personnel management.</td>
</tr>
</tbody>
</table>

### 4-2. Identify business opportunities and determine essential management requirements.

1) Identify products/services with promising business opportunities.

2) Prepare several packages of selected products/services with business opportunities. Packages must include essential management areas, such as financial, procurement, production process and technology, quality control, personnel, and marketing. The availability of raw materials, process technology, and potential customers are key to identifying products/services as candidates for potential businesses. Some management knowledge may be applicable to all products/services. Extension officers can be trained with the common management knowledge that is required. Specific management requirements for the promoted products/services must be included in the packages.

3) Establish and strengthen management training centers for improving the training and mobility of extension service officers coordinating with FeMSEDA.
2.4.3 Build the Capacity of Management Service Agencies

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<tr>
<th>KEY FINDINGS</th>
<th>RECOMMENDATIONS</th>
</tr>
</thead>
<tbody>
<tr>
<td>4-3. Limited capacity of existing MSE development agencies. Extension service workers of AMSTIEPDA assist entrepreneurs in formulating a business plan, marketing, and using technology to support MSE for a limited area. Sixty percent of the trained experts are women.</td>
<td>4-3. Build the capacity of AMSTIEPDA or potential NGOs (coordinating with FeMSEDA) to support nonfarm activities. Capacity building should include management capacity of government implementers, technical capacity of extension (business management) services, and cooperative promotion bureaus (currently a minimum of 10 members are required to form a cooperative).</td>
</tr>
<tr>
<td>(1) The proclamation of a cooperative should be revised to accommodate fewer than 10 members if needed, as cooperative promotion bureaus focus only on groups with 10 or more members.</td>
<td>(2) FeMSEDA and other relevant institutions could provide expertise for starting a new business and expanding an existing business.</td>
</tr>
</tbody>
</table>

2.5 ACCESS TO CREDIT

Limited availability of much-needed finance remains a principal constraint among the rural entrepreneurs. Lack of sufficient start-up capital limits the scope of the activity and expansion opportunities. Access to credit is one of the most important business assets in both rural and urban areas, especially for the poor who require collaterals. Rural entrepreneurs need an initial infusion as well as working capital to start and stay in business (Islam 1997). A group approach toward access to credit may be applied for rural women entrepreneurs.

Women tend to engage in nonfarm activities that require low start-up capital. This start-up capital usually has to be drawn from household savings or borrowed from friends and relatives. Figure 2.8 represents start-up capital requirements by gender and by location. It indicates that men have a capital requirement five times that of women, which basically reflects the differences in nature of business, access to financial services, and risk taking willingness between men and women (World Bank 2009).

FIGURE 2.8: Start-up Capital

Source: World Bank (2009); ET RICS-Amhara 2006/7

Microfinance institutions are important in Amhara to cover the credit gap in terms of the absence of collaterals, especially among rural women. It was observed in the field that most women start businesses that require low amounts of initial capital, such as a small food or tea shop, a local enterprise engaged in brewing alcoholic drinks like arake/tela, or a small grocery. Although rural women are willing to borrow, lack of collateral is dampening their spirit, as they expressed during the field discussion.
Capacity building of financial institutions will increase the capacity of women borrowers to access finance for various purposes, including investment capital. In Amhara there are already institutions active in lending to support rural entrepreneurs’ activities, mostly surrounding agriculture. More detailed discussion revealed that these institutions are not very comfortable in lending to rural entrepreneurs, especially women, due to lack of confidence in the future of start-ups due to the deficient market, poor infrastructure, and vaguely identified customer base. However, these institutions are very progressive in their outlook and show willingness to extend their services to non-conventional lending in the future. Building the capacity of these institutions by providing an appropriate lending design and framework will help to extend the support to women entrepreneurs. In addition to training and awareness, support in the form of resources like infrastructure, human resources, and financial backing would hasten the progress. An appropriate regulatory and supervisory framework for grassroots financial institutions should be established to improve financial services to women entrepreneurs. These financial service providers could include Rural Savings and Credit Cooperatives (RUSACCOs), Amhara Credit and Saving Institution (ACSI), and other finance institutions.

2.5.1 Microfinance Institutions
Offering financial support service in rural and marginal areas remains a major challenge for local financial agencies and other development funding partners. Major breakthrough came with the introduction and rise of microfinance intuitions. In an enterprise’s infant stage, it is helpful for the donor agencies to provide financial support to further strengthen microfinance institutions in an effort to fill the credit gap for the rural poor. This will facilitate diversification of livelihoods in the nonfarm sector and significantly reduce the credit gender gap. In this respect the Amhara region is a step ahead in creating ACSI and RUSACCOs, which advance the microfinance mandate.

### Key Findings

- **Limited availability of institutions.** Microfinance institutions (RUSACCOs and ACSI) are generally available to service rural credit needs, but the coverage is not complete. ACSI can lend only with group collaterals. RUSACCOs are premature in terms of managing the financial cooperatives.

### Recommendations

- **Establish and strengthen RUSACCOs, ACSI, and other microfinance institutions (MFIs), and make provisions to cover women nonfarm entrepreneurs in rural areas.**
  RUSACCOs could be supported through promotion and seed money. Microfinance institutions or RUSACCOs have to be expanded to all rural areas as rural businesses generate more demand for credit. Build the capacity of RUSACCOs, ACSI, and other microfinance as well as non-microfinance institutions by empowering management and loan officers of the institutions. Make provisions for grassroots financial institutions to establish and support financial services to women entrepreneurs.

2.5.2 Small Loans for Informal Groups

Observations showed that entrepreneurs needed loans but did not even apply for them in any formal institutions. As indicated by the survey, it is a challenge for women entrepreneurs to secure access to credit from formal financial institutions in Amhara region. Microfinance services are currently not covering the needs of entrepreneurs, especially women entrepreneurs. According to the RIC survey data, 45.6 percent of women entrepreneurs did not apply for loans even though they needed them, compared to 33.6 percent of men (Figure 2.9).

| FIGURE 2.9: Reasons for Not Applying for Loans (%) |
|-----------------|-----------------|-----------------|-----------------|-----------------|
|                  | Female          | Male            |                |                |
|                  | No need loan    | Don’t want debt | Need but not applied | Others |
| Female           | 29.4            | 19.8            | 45.6           | 5.2             |
| Male             | 35.0            | 20.0            | 33.6           | 11.4            |

Source: ET RICS-Amhara 2006/7.
Lack of collateral and difficulty in repayment are the main two reasons women entrepreneurs did not apply for loans even though they needed them (Figure 2.10). Lack of collateral means that there is no land or assets to use as collateral. Difficulty in repayment may reflect the nature of the businesses women engage in, such as local alcohol beverage traders, because of economies of scale and the low profitability of the businesses. Improved access to credit greatly encourages women to initiate or expand farm and nonfarm enterprises in rural areas (United Nations 2010).

**FIGURE 2.10:** Reasons Needed Loans Not Applied For (%)

<table>
<thead>
<tr>
<th></th>
<th>Female</th>
<th></th>
<th>Male</th>
</tr>
</thead>
<tbody>
<tr>
<td>Don't know how</td>
<td>2.0</td>
<td>3.2</td>
<td>2.9</td>
</tr>
<tr>
<td>No bank</td>
<td>1.2</td>
<td>6.4</td>
<td>6.4</td>
</tr>
<tr>
<td>Hgh interest rate</td>
<td>23.8</td>
<td>16.8</td>
<td>16.8</td>
</tr>
<tr>
<td>No collateral</td>
<td>2.4</td>
<td>0.4</td>
<td>0.4</td>
</tr>
<tr>
<td>Bad credit</td>
<td>12.7</td>
<td>3.9</td>
<td>3.9</td>
</tr>
<tr>
<td>Difficult to repay</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: ET RICS-Amhara 2006/7.

### KEY FINDINGS

<table>
<thead>
<tr>
<th>RECOMMENDATIONS</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>5-2.</strong> Many rural entrepreneurs did not even apply for loans although they wanted them. Current lending covers agricultural (80 percent) and non-agricultural (20 percent) enterprises. Many women entrepreneurs wanted to borrow but did not even apply for loans.</td>
</tr>
<tr>
<td><strong>5-2.</strong> Establish funds devoted to small loans/grants for informal groups of women entrepreneurs. Small loans with matching funds can be provided to selected groups of women or rural entrepreneurs who need them most. Make sure the group has sufficient savings to match the grant/loan. In other words, savings are also promoted as a precondition for grants/loans. These loans will be provided through RUSACCOS or ACSI. Capacity building is required for RUSACCOS, ACSI, or other microfinance institutions.</td>
</tr>
</tbody>
</table>

### 2.5.3 Guarantee Scheme for Rural Entrepreneurs

AMSETIPDA provides a loan guarantee scheme for MSE borrowers. If the business plan is promising, the agency will provide continued support to small and micro enterprises to make sure the business remains profitable and able to repay the loans.

## RECOMMENDATIONS

### KEY FINDINGS

<table>
<thead>
<tr>
<th>RECOMMENDATIONS</th>
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<tbody>
<tr>
<td><strong>5-3.</strong> Limited coverage of a credit guarantee scheme. AMSETIPDA provides credit guarantee program to assist micro and small enterprises of urban and suburban areas to access loans from financial institutions.</td>
</tr>
<tr>
<td><strong>5-3.</strong> Expand a credit guarantee scheme to rural areas. FeMSEDA utilizes guarantee schemes for urban and suburban micro and small enterprises, thereby creating more demand. This scheme should be integrated with the small loans provided for a group of entrepreneurs.</td>
</tr>
</tbody>
</table>
Chapter 3: IMPLEMENTATION

3.1 FRAMEWORK FOR IMPLEMENTATION

3.1.1 Diagnosing the Current Conditions
The first step is to diagnose the current conditions of the rural investment climate, business constraints, both demand-side and supply-side constraints, and nonfarm business practices (Figure 3.1). A Rural Investment Climate Survey (RICS) can be conducted to assess the rural investment climate. Field visits to assess the current status of the five components of the sustainable support system for rural women entrepreneurs can be also conducted. For Ethiopia, the results are drawn from the RICA report (World Bank 2009) and field visits in 2010.

3.1.2 Defining the Vision
Rural women entrepreneurs are increasing and operating profitably in the nonfarm sector and alleviating rural poverty. Management support and financial support are properly provided to improve the profitability and productivity of their operations. Government also has made substantial efforts in improving the infrastructure related to rural business activities. With coordinated efforts, some groups of entrepreneurs are exporting their products. As a result, the rural poor are definitely decreasing in number because of the additional income generated through their nonfarm enterprise activities.

3.1.3 Formulating a Long-Term Strategic Plan
The long-term strategic plan is to establish a sustainable support system for rural women entrepreneurs. Based on our findings, little management support is being given to rural nonfarm entrepreneurs at this time. The five components of the proposed system need to be coordinated and functioning well.

3.1.4 Formulating an Action Plan
The action plan for a pilot project has to be formulated before establishment of the entire system nationwide. The plan can initially require two or three years to fine-tune the details for the Ethiopia situation. It should also include the full details of the implementation activities for the period proposed for funding.

Refer to the policy management advice of Sawada (1991), and for more detail on vision formulation refer to Sawada (2003). Vision and policy management at the enterprise level is adapted to the national level.

FIGURE 3.1: Framework for Implementation

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3.1.5 Setting up Monitoring and Evaluation
Sawada (1991) explains the importance of monitoring and evaluation (M&E) for successful attainment of the vision. To keep tabs on progress, it is important to design strong monitoring techniques. The tool will help to measure progress on the project in relation to the target achievements. Good monitoring indicators lead to interventions and correction if needed. Because of changes in the political environment or major shifts in politics, expected outcomes can change. Well-designed monitoring and periodical review helps to accommodate those changes toward the achievement of the ultimate goal of poverty reduction. To judge progress, monitoring indicators have to be developed in advance. Well-developed monitoring indicators capture the achievement of project goals. Well-defined results in turn allow both mid-term and end-of-term evaluation to more effectively measure achievements relative to the targets.

3.1.6 Providing Awareness Promotion and Training
Sawada (1991) states that awareness promotion and training have to be provided to smoothly implement the action plan to realize the vision. An awareness promotion and training plan should be included in the action plan. The need for awareness promotion and training can be identified both at the initial diagnosis and at the periodical review (M&E).

3.2 PILOT PROJECT
The proposed sustainable support system can be effectively implemented through integration with or application to relevant projects in Ethiopia. The relevant projects are the Agricultural Growth Project (AGP) and Households Assets Building Program (HABP). More details on integration with the respective projects are available in Chapter 4.

Preparation can involve participatory consultation with local women's groups of selected kebeles and other stakeholders. It includes definition of the objectives, components, and how women's groups can participate in nonfarm economic activities and through which mechanism. For HABP, it must target not only women's groups but other groups of the poor as well.

The project could pilot an innovative community-driven development approach designed to enable poor rural women to start or expand their nonfarm economic activities to improve their livelihoods and well-being through income-generating and poverty-reducing activities. Recognizing the key role women play as producers, household food providers, and family caretakers, this pilot project focuses on poor rural women.

Consultation would be conducted with the following stakeholders:
1. Groups of poor women in selected pilot kebeles;
2. Members of woreda and kebele committees;
3. Line ministry officials, such as those of the Ministry of Agriculture and Rural Development, Ministry of Trade and Industry, and Ministry of Women's Affairs at national, regional, and woreda levels;
4. Nongovernmental Organizations (NGOs) / Civil Society Organizations (CSOs), and development partners: CSOs can be women's organizations. Development partners could be the Federal MSE Development Agency (FeMSEDA) and Cooperative Promotion Agency (CPA); FeMSEDA can provide management support and CPA can provide support for organizing RUSACCOs in local communities to provide financial support to rural women.

Consultation would cover:
(i) Selection of pilot kebeles;
(ii) Determining the needs of and demand by rural women's groups with regard to nonfarm economic activities;
(iii) Determining the feasibility of different options for nonfarm economic activities;
(iv) Identifying appropriate implementation arrangements, including the role of NGOs/CSOs and RUSACCOs; and
(v) Establishing an appropriate scope for the pilot project.

As a result of the consultation, specific recommendations are formulated:
(i) The scope of the pilot project, especially in terms of the number of beneficiaries to be reached;
(ii) The preferred options for rural women's nonfarm economic activities;
(iii) Capacity building of NGOs/CSOs and RUSACCOs; and
(iv) The implementation arrangements, including links to line ministries and agencies, coordination with other World Bank projects, and involvement of FeMSEDA, CPA, women's organizations, and other relevant stakeholders. RUSACCOs may be needed to organize in selected kebeles, if not already organized, with the help of CPA to provide loans/grants to women members to start or expand nonfarm economic activities.
The development objectives are created to pilot and evaluate community-driven nonfarm economic activities that will strengthen the ability of poor women to improve their livelihoods and well-being. The key implementing agency is FeMSEDA in providing expertise in management support; however, local implementation may be carried out by local NGOs/CSOs and RUSACCOs. If this pilot project is successful, FeMSEDA can initiate expansion to the national level.

The pilot project activities are clustered into three components:

(i) Institutional and technical capacity building for implementing CSOs/NGOs and RUSACCOs, perhaps including FeMSEDA to provide management support services;

(ii) Business management support to women’s nonfarm economic activities, including technical, skills, and financial support; and

(iii) Monitoring and evaluation of pilot activities, including impact evaluation.

Based on the needs and demand for certain nonfarm economic activities among the groups of rural women, packages for certain businesses may be prepared, if appropriate. A package can include the required skills and technologies, the method used for procurement of raw materials and supplies, production processes, quality control of products/services, and marketing. In agriculture, cattle fattening is the focus of one of packages promoted by the Board of Agriculture and Rural Development (BoARD) in a particular region. Nonfarm versions of packages could also be considered.
The proposed sustainable support system can be effectively implemented with selected ongoing projects in Ethiopia. Recommendations are prepared for discussion with the respective project team members to finalize the implementation plan. The Agricultural Growth Project (AGP) and Households Assets Building Program (HABP) of the Productive Safety Nets Project III (PSNP) are important in this context. Recommendations can be associated with output activities of HABP and components of AGP to establish linkages of the proposed system to existing project components or output activities.

4.1 HOUSEHOLDS ASSETS BUILDING PROGRAM (HABP)

Following the recommendations for this proposed system for rural women entrepreneurs will reinforce income diversification and asset building to accomplish the HABP objectives. This system can be applied for any rural entrepreneurs, not just women. Focus can be on vulnerable people including men and women of food-insecure households.

HABP consists of six output activities:

Output 1: Improve access to viable on- and off-farm income-generating opportunities
Output 2: Enhance access to sustainable financial services
Output 3: Enhance sustainable input sourcing, production, and delivery systems
Output 4: Increase access to effective product and labor markets
Output 5: Strengthen institutional capacity to manage and implement HABP
Output 6: Build the confidence, knowledge, and skills of food-insecure households in CFI woredas

4.1.1 Rural Women’s Economic Empowerment

Empowering rural women is quite important for food-insecure households to generate income through sustainable livelihood options. This system will support rural entrepreneurs by identifying viable investment and income opportunities for vulnerable people in these households.

<table>
<thead>
<tr>
<th>HABP LINKAGE</th>
<th>RECOMMENDATIONS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Output 1: Access to viable on- and off-farm income-generating opportunities improved</td>
<td>1-1. Increase awareness of women’s rights among men and women. Promotion campaigns can be coordinated with women’s organizations, Amhara MSTEPDA (coordinating with FeMSEDA), and cooperative agencies.</td>
</tr>
<tr>
<td></td>
<td>1-2. Increase women’s participation in nonfarm businesses. Focus can be on vulnerable people such as women who head households and youth. Refer to Chapter 3 on implementation.</td>
</tr>
<tr>
<td></td>
<td>1-3. Improve women’s specific business constraints. Constraints may differ between existing women’s nonfarm businesses and potential businesses. Business constraints can be addressed by identifying specific business opportunities as noted in implementation discussion of Chapter 3.</td>
</tr>
<tr>
<td></td>
<td>1-4. Improve the profitability and productivity of women’s nonfarm businesses. Refer to the discussion in Chapter 2 on providing management support services for more detail.</td>
</tr>
</tbody>
</table>
4.1.2 Market Development

Increasing demand can be met by developing rural market centers and identifying a new market for a specific product/service. Physical development of rural market centers will increase the volume of transactions within the market centers. Identifying a new market can be accomplished by forming a group of entrepreneurs with similar products/services, which can lead to a scale of economy, and by differentiating products/services to meet the needs of customers in distinct market segments.

<table>
<thead>
<tr>
<th>HABP LINKAGE</th>
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</thead>
<tbody>
<tr>
<td><strong>Output 1: Access to viable on- and off-farm income-generating opportunities improved</strong></td>
<td>2-1. Develop rural market centers with the necessary facilities and infrastructure to improve marketing transactions and to create higher-value markets for new investments or wage employment.</td>
</tr>
<tr>
<td>1-1. Identify viable investment and income-generating opportunities for food-insecure households.</td>
<td>(1) Facilities include buildings, transport facilities, storage facilities, power, water, work premises, and possibly agro-food processing. Improving these facilities will help to accommodate more value added activities. Develop a plan for rural market centers, including maintenance and expansion. Focus on women’s participation and representation in market committees.</td>
</tr>
<tr>
<td><strong>Output 4: Access to effective product and labor markets increased</strong></td>
<td>(2) Make provisions to accommodate women traders, transport facilities, and goods produced using nonfarm products, such as steel, textiles, and pottery, as well as farm products. Women traders may work in manufacturing, food processing, retail, or other services. Facilities include a bus stop or other pickup/delivery station to facilitate marketing transactions and to create higher-value markets for new investments or wage employment.</td>
</tr>
<tr>
<td>4-2. Improve marketing transactions and access to higher-value markets for new investments or wage employment.</td>
<td>2-2. Identify a new market for products/services through scale of economy and differentiation. A group of entrepreneurs involved in similar nonfarm products/services can enjoy scale of economy in identifying a new market or a larger market for the specific product/service. A niche or segmented market can be identified by differentiating products to fit the needs of customers. A market research study is performed for each selected product or service for promotion of nonfarm enterprise activities. This can improve marketing transactions and access to higher-value markets.</td>
</tr>
</tbody>
</table>

4.1.3 Improved Access to Markets

Access to markets can be improved by building physical infrastructure (access roads and transportation) and providing market information. Building physical infrastructure provides more opportunities for business transactions. Market information will let entrepreneurs make appropriate decisions toward the identification of customers beyond their current customer/market base.
### HABP LINKAGE

<table>
<thead>
<tr>
<th><strong>Output 3: Sustainable input sourcing, production and delivery systems enhanced</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>3-1. Build linkages between suppliers and users of inputs and technologies necessary for the implementation of the business plan.</td>
</tr>
<tr>
<td>3-2. Promote multiplication or distribution of inputs/products by volunteers from within client communities.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Output 4: Access to effective product and labor markets increased</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>4-2. Improve marketing transactions and access to higher-value markets for new investments or wage employment.</td>
</tr>
</tbody>
</table>

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<tr>
<th><strong>RECOMMENDATIONS</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>3-1. <strong>Build small-scale feeder roads, foot bridges, and roadside drainage facilities.</strong> Roads are crucial for connecting surrounding rural areas to market centers. Feeder roads could act as a hub for surrounding rural areas. In other words, it is possible to create a new rural market or a larger market by connecting neighboring rural areas.</td>
</tr>
<tr>
<td>3-2. <strong>Develop a public transportation system.</strong> Current transportation costs are high. The development of an affordable public transportation system may benefit many people in addition to entrepreneurs. This will improve access to effective product and labor markets. This system can be developed by the government or as a community project. Buy a minibus and hire a driver.</td>
</tr>
<tr>
<td>3-3. <strong>Develop a mechanism to deliver market information for selected products/services.</strong> The communication system is important in providing market and product information for businesses as well as to farmers. FeMSEDA (in Amhara, AMSTIEPDA) may supply market information on selected products or services, which can be packaged for promotion of nonfarm businesses.</td>
</tr>
</tbody>
</table>

### 4.1.4 Management Support Services

Management support services must be extended to rural areas and the capacity of providing agencies expanded to meet the minimum requirements for successful business operations. Currently management services are not available in rural areas. Production and quality management are essential for achieving higher productivity, and capacity building is necessary for the system to be sustainable.
4.1.5 Improvement of Access to Credit

Improving access to credit can be accomplished by increasing the availability of financial institutions, providing small loans or grants to groups of entrepreneurs, and extending the guarantee scheme of FeMSEDA to rural areas. HABP is well structured to improve access to credit as shown in HABP linkage below.

<table>
<thead>
<tr>
<th>HABP LINKAGE</th>
<th>RECOMMENDATIONS</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Output 1: Access to viable on- and off-farm income-generating opportunities improved</strong></td>
<td>4-1. Extend service availability to rural areas. Expand business support service coverage to rural entrepreneurs. HABP has already plans to work with FeMSEDA to extend its operations to rural areas, focusing on women entrepreneurs of food-insecure households, especially women-headed households.</td>
</tr>
<tr>
<td>1-2. Provide advice and support to food-insecure households in the development of business plans.</td>
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</tr>
<tr>
<td>1-3. Support the implementation of business plans through technical assistance on various technology options and monitoring of household investments.</td>
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</tr>
<tr>
<td><strong>Output 4: Access to effective product and labor markets increased</strong></td>
<td>4-2. Identify what management support services are essential to the success of nonfarm enterprises for selected products or services.</td>
</tr>
<tr>
<td>4-1. Improve storage, processing, and quality control to increase value added according to business plans.</td>
<td>(1) Business opportunities can be identified by searching for the best existing businesses in the same region or other regions. Evaluate what additional managerial services should be provided by AMSTIEPDA (FeMSEDA).</td>
</tr>
<tr>
<td><strong>Output 5: Institutional capacity to manage and implement the HABP strengthened</strong></td>
<td>(2) Identify essential management knowledge required for selected businesses of women entrepreneurs in food-insecure households. Prepare packages that include the skills and knowledge required to start a new business, such as business planning, record keeping, quality control, process control, and marketing. Some management knowledge is vital to all products/services. Extension officers can be trained and equipped with these common management skills and knowledge, with the specific knowledge required included in the packages.</td>
</tr>
<tr>
<td>5-1. Strengthen the management capacity of government implementers.</td>
<td>(3) A new technology may not be the best fit for a given level of production. The chosen technology should be appropriate for a specific business.</td>
</tr>
<tr>
<td>5-2. Increase the technical capacity of the extension service, cooperative promotion bureaus, SMEA, and other relevant institutions toward the provision of demand-driven extension and training in market-oriented business planning and technological innovation.</td>
<td>(4) Establish and strengthen management training centers to enhance the training and mobility of business advisory service experts of extension services coordinating with FeMSEDA.</td>
</tr>
<tr>
<td>4-3. <strong>Build the institutional capacity of management support service providers</strong>, such as FeMSEDA (in Amhara, AMSTIEPDA) to support nonfarm activities, especially those of women entrepreneurs. Capacity building should include the management capacity of government and the technical capacity of extension (business management) workers, cooperative promotion bureaus (cooperatives could be redefined to include fewer members than the current minimum of 10), FeMSEDA, and other relevant institutions providing expertise in starting a new business or expanding an existing business.</td>
<td></td>
</tr>
</tbody>
</table>
**HABP LINKAGE**

**Output 2: Access to sustainable financial services enhanced**

2-1. Build the institutional capacity of financial service providers (RUSACCOs and MFIs) for sustained delivery of multiple financial products.

2-2. Provide a loan fund, a community grant, or seed capital to financial service providers.

2-3. Support the implementation of an appropriate regulatory and supervisory framework for grassroots financial institutions.

**Output 5: Institutional capacity to manage and implement the HABP strengthened**

5-3. Strengthen the capacity of financial service providers to supply appropriate financial services to food-insecure households.

**Output 6: Confidence, knowledge, and skills of food-insecure households in CFI woredas built**

6-2. Increase skills, knowledge, and confidence in the area of financial management.

**RECOMMENDATIONS**

5-1. Increase availability of financial institutions. Establish and strengthen RUSACCOs and make provisions to cover women nonfarm entrepreneurs. RUSACCOs could be supported through training and seed money. Increase the capacity of RUSACCOs and ACSI, by providing seed funds, for example, and expand the ability of management of the institutions to lend to women entrepreneurs.

5.2. Provide small loans or grants for informal groups of women in nonfarm business activities, especially matching funds of initial investments for new business activities of entrepreneur groups. Make sure the group has sufficient savings to match the loan or grant. Source funds need to be provided for small loans by HABP, if they are not available, other sources of funds should be explored.

5-3. Extend the guarantee scheme of FeMSEDA to rural entrepreneurs. This should be packaged with management support services and promotion of women entrepreneurs with potential products or services.

**4.2 AGRICULTURAL GROWTH PROJECT (AGP)**

The sustainable support system can be effectively integrated with the existing structure of AGP through identifying corresponding components and making provision for additional activities. Provision can be made to incorporate additional activities through the community-driven approach. AGP has components appropriate for integration with this sustainable system. Integrating AGP with this system generates synergy because of the common components. AGP includes the components “scaling up the best practices of value addition marketing activities” and “small-scale market development and management,” which are in common with this support system.

Both farm and nonfarm enterprises play an important role in the growth and development of rural and marginal areas, which are interdependent. Strong linkages generate a multiplier effect that helps the local economy prosper (Delgado et al. 1998). Given AGP’s focus on agriculture and the proposed system’s focus on nonfarm entrepreneurs, a perfect synergy between the two is expected for overall rural development.

**4.2.1 Rural Women’s Economic Empowerment**

The system includes promoting rural women’s empowerment by supporting the establishment of new businesses and strengthening existing businesses. The woreda-level cooperative promotion agencies, women’s organizations, and AMSTIEPDA (or, at the initial stage, FeMSEDA) should coordinate and support women entrepreneurs at the kebele level to strengthen their business activities.
**SUSTAINABLE SUPPORT SYSTEM FOR RURAL WOMEN ENTREPRENEURS: ETHIOPIA**

**AGP LINKAGE**

<table>
<thead>
<tr>
<th><strong>Subcomponent 1.1: Institutional strengthening and development</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Establishment and strengthening of Agricultural and Rural Development Partners Linkages Advisory Councils (ARDPLACs)</td>
</tr>
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</table>

**Subcomponent 1.2: Scaling up of the best practices**

Identification of best practices and preparation of sub-project proposals; implementation support for scaling up best practices (small grants will be available for a broad range of production, post-harvest, and value addition activities).

<table>
<thead>
<tr>
<th><strong>RECOMMENDATIONS</strong></th>
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</thead>
<tbody>
<tr>
<td>1-1. <strong>Promote awareness of women’s rights among men and women.</strong> Promotion campaigns can be coordinated with women’s organizations and other relevant agencies.</td>
</tr>
<tr>
<td>1-2. <strong>Promote women’s participation in nonfarm enterprise activities.</strong> Focus on women entrepreneurs for scaling up best practices of post-harvest and value addition activities. Identify on- and off-farm income-generating opportunities. Coordinate with women’s organizations and FeMSEDA in terms of encouraging women to start new businesses and to support and expand existing businesses. Obtain additional funds to build capacity (coordinating with FeMSEDA) to support “scaling up best practices” activities. This could supplement key public advisory services originally focused on only farming activities.</td>
</tr>
<tr>
<td>1-3. <strong>Study potential business opportunities for rural women, and then address respective constraints to improve their business activities.</strong> Market research may be conducted to identify potential business opportunities, looking into the availability of raw materials, skills, and potential markets. Then related business constraints can be resolved.</td>
</tr>
<tr>
<td>1-4. <strong>Improve profitability by increasing productivity of rural nonfarm enterprises operated by poor women.</strong> Rural enterprises have a lot of room for increasing productivity of their business operations.</td>
</tr>
</tbody>
</table>

**4.2.2 Market Development**

Small scale market infrastructure development is included in AGP subcomponent; however, an approach of identifying a new market for nonfarm enterprises is not included in AGP. Therefore, potential new market must be identified for successful expansion of business activities in rural areas. Referring to Chapter 3 on implementation, after the selection of potential products/services, identification of markets must be included in the package.
### AGP LINKAGE

**Subcomponent 2.2: Small Scale Market Infrastructure Development and Management:**

Strengthening rural market infrastructure to enhance the performance of input and output markets and linkages to agro-processing (b) development and management of market centers about 40 primary market centers, 20 secondary market centers, and about 8 terminal market centers including (i) construction and improvement of community warehouses and market sheds, market site paving, and provision of water supply and sanitation services at market centers; and (ii) establishment and training of market center management committees;  

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<th>RECOMMENDATIONS</th>
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<tbody>
<tr>
<td>2-1. Develop rural marketplaces with required amenities. (1) Marketplaces; transport facilities; storage facilities; power; water; work premises; and possibly agro-food processing. These facilities will help to accommodate more value addition activities. Market centers could act as trading points for both farm and nonfarm products with a little more emphasis on gender. Expand a community plan for rural market centers supporting women entrepreneurs. (2) Make provisions under this component to focus on women traders by representation in marketplaces and committee. Since this component represents farmer interest, a provision could be made to accommodate women traders, who may be in manufacturing, food processing, retail, and other services. (3) Make provisions to accommodate transport facilities and services in or near marketplaces. Facilities include a bus stop or other delivery stations. 2-2. <strong>Identify new markets for specific products or services.</strong> As it is explained in Chapter 2, by forming a group of similar nonfarm enterprises, entrepreneurs can target a larger market due to scale of economy. And a product/service may be developed to differentiate it to meet the requirements of customers in a new segmented market. Generally small differentiation makes a large difference. A market research study is performed for each selected product or service of the business packages.</td>
</tr>
</tbody>
</table>

### 4.2.3 Improvement of Access to Markets

Physical market infrastructure development is included as an AGP subcomponent; however, access to market must include development of an affordable public transportation system and a market information delivery mechanism. Improving access to market increases the opportunities for rural entrepreneurs to have more business transactions.

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**Subcomponent 2.2: Small-scale market infrastructure development and management**

Strengthen rural market infrastructure to enhance the performance of input and output markets and linkages to agro-processing. This can finance construction and/or maintenance of small-scale feeder roads, footbridges, and roadside drainage facilities (supporting about 800 km of critically important small-scale feeder roads).  

<table>
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<tr>
<th>RECOMMENDATIONS</th>
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</thead>
<tbody>
<tr>
<td>3-1. <strong>Build feeder or access roads to connect to main roads.</strong> Construct small-scale feeder roads, footbridges, and roadside drainage facilities to improve access to markets. Roads are crucial for connecting surrounding rural areas to rural market centers. Feeder roads could form a hub for surrounding rural areas. In other words, it is possible to create a new rural market or a larger market by connecting neighboring rural areas. 3-2. <strong>Develop an affordable public transportation system.</strong> It must be affordable for rural people to utilize the transportation system because high transport cost inhibits access to market. This public transportation system can be developed by the government or community, if affordable, with the purchase of a minibus and hiring of a driver as a community project. 3-3. <strong>Develop a market information delivery mechanism.</strong> Market information includes customer information; market/price information on inputs, raw materials, and final products; required technologies, available training, and required skills. This information should be made available to farmers, entrepreneurs (both male and female), local administrators, and other relevant players. In particular, small-market research for selected products/services must be conducted to promote rural nonfarm enterprise activities.</td>
</tr>
</tbody>
</table>
4.2.4 Management Support Services

Providing management support services is quite important in order for rural entrepreneurs to be more profitable or productive in their business operations. AGP includes some elements of providing extension support, but it may not be sufficient. AGP focuses on agriculture-related activities, so nonfarm activities are not included.

<table>
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<tr>
<th>AGP LINKAGE</th>
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</thead>
<tbody>
<tr>
<td><strong>Subcomponent 1.1: Institutional strengthening and development</strong></td>
<td>4-1. <strong>Expand the availability of management support services to rural areas.</strong></td>
</tr>
<tr>
<td>Establishment and strengthening of Agricultural and Rural Development</td>
<td>Expand management support service coverage to rural entrepreneurs. AMSTIEPDA</td>
</tr>
<tr>
<td>Development Partners Linkages Advisory Councils (ARDPLACs);</td>
<td>(coordinating with FeMSEDA) may expand to rural areas, focusing on women</td>
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<tr>
<td>establishment and strengthening of farmer organizations</td>
<td>entrepreneurs of women-headed households.</td>
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<tr>
<td><strong>Subcomponent 1.2: Scaling up of the best practices</strong></td>
<td>4-2. <strong>Identify what management support services are essential to the success</strong></td>
</tr>
<tr>
<td>Identification of best practices and preparation of sub-project proposals;</td>
<td>of nonfarm enterprises** for selected products or services. Business</td>
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<tr>
<td>implementation support for scaling up best practices</td>
<td>opportunities can be identified by searching for the best existing businesses</td>
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<tr>
<td>(extension support; support for innovation and adaptive research)</td>
<td>in the same region or other regions. Evaluate what additional managerial</td>
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<td></td>
<td>services should be provided by AMSTIEPDA, especially for selected businesses</td>
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<td>of women entrepreneurs. Prepare packages that include the skills and knowledge</td>
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<td>required to start a new business, such as business planning, record keeping,</td>
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<tr>
<td></td>
<td>quality control, process control, and marketing. Some management knowledge is</td>
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<td>important to all products/services. Extension service officers can be trained</td>
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<td>and equipped with knowledge of management common to all products/services.</td>
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<td></td>
<td>Specific requirements can be included in the packages.</td>
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<td></td>
<td>4-3. <strong>Build the institutional capacity of support service providers,</strong> such as</td>
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<td></td>
<td>AMSTIEPDA coordinating with FeMSEDA to support nonfarm activities, especially</td>
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<td>those of women entrepreneurs. Capacity building should include management</td>
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<td>capacity of the government, technical capacity of extension (business</td>
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<td>management) workers, cooperative promotion bureaus (cooperatives may be</td>
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<td>redefined to include fewer than the current minimum of 10 members, and</td>
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<td>cooperative bureaus could expand their focus to include smaller groups),</td>
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<td></td>
<td>FeMSEDA, and other relevant institutions to provide expertise in starting a</td>
</tr>
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<td></td>
<td>new business or expanding an existing business.</td>
</tr>
</tbody>
</table>

4.2.5 Improvement of Access to Credit

Improving access to credit can be accomplished by increasing the availability of financial institutions, providing small loans, and extending the guarantee scheme of FeMSEDA. Access to credit and related issues are not extensively addressed in AGP. Therefore, coordination with other financing projects is recommended. Otherwise, a small-loan scheme and a guarantee scheme must be well integrated for the promotion of nonfarm enterprise activities by women as a group.11

11 Refer to implementation steps in Chapter 3 for more details on integration.
### AGP LINKAGE

**Subcomponent 1.2: Scaling up of the best practices**
Identification of best practices and preparation of sub-project proposals; implementation support for scaling up best practices (extension support; support of innovation and adaptive research) (small grants will be available for a broad range of production, post-harvest, and value addition activities)

**Subcomponent 1.3: Market and Agribusiness Development**
Agribusinesses are strengthened along value chains of selected commodities; (d) promotion of linkages to credit, including a credit guarantee scheme

<table>
<thead>
<tr>
<th>RECOMMENDATIONS</th>
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</table>
| **5-1. Increase availability of financial institutions.**
| (1) Establish and strengthen RUSACCOs and make provisions to cover women nonfarm entrepreneurs. RUSACCOs could be supported through training and seed money support.
| (2) Build or strengthen the capacity of RUSACCOs and ACSI, including providing seed funds and encouraging management of the institutions to lend to women entrepreneurs. |
| **5.2. Provide small loans for groups of women entrepreneurs in nonfarm enterprise activities,** especially matching funds of initial investments for new enterprise activities of entrepreneur groups. Accommodate small loans through local microfinance institutions or RUSACCOs. Source funds need to be secured for small loans for the group if not available in AGP. Make sure the group has sufficient savings to match the loan. |
| **5-3. Extend the guarantee scheme of FeMSEDA to rural areas.** This should be packaged with management support services and the promotion of women entrepreneurs with potential products or services. |


The following laws, Convention, Civil Code, Constitution, and Family Code are obtained from the Gender Law Library website (World Bank 2010b). The full text of each law can be obtained through the links.

**Link - Convention on the Elimination of All Forms of Discrimination Against Women** ([http://www.un.org/womenwatch/daw/cedaw/text/econvention.htm#article1](http://www.un.org/womenwatch/daw/cedaw/text/econvention.htm#article1))

**Article 2: States Parties condemn discrimination against women in all its forms, agree to pursue by all appropriate means and without delay a policy of eliminating discrimination against women and, to this end, undertake:**

(a) To embody the principle of the equality of men and women in their national constitutions or other appropriate legislation if not yet incorporated therein and to ensure, through law and other appropriate means, the practical realization of this principle;
(b) To adopt appropriate legislative and other measures, including sanctions where appropriate, prohibiting all discrimination against women;
(c) To establish legal protection of the rights of women on an equal basis with men and to ensure through competent national tribunals and other public institutions the effective protection of women against any act of discrimination;
(d) To refrain from engaging in any act or practice of discrimination against women;
(e) To take all appropriate measures to eliminate discrimination against women by any person, organization or enterprise;
(f) To take all appropriate measures, including legislation, to modify or abolish existing laws, regulations, customs and practices which constitute discrimination against women;
(g) To repeal all national penal provisions which constitute discrimination against women.

Comment: Ethiopia ratified CEDAW on December 10, 1981 with the following reservation: Socialist Ethiopia does not consider itself bound by paragraph 1 of article 29 of the Convention

**Link - Ethiopia Civil Code** ([http://www.lexadin.nl/wlg/legis/nofr/oeur/lxweeth.htm](http://www.lexadin.nl/wlg/legis/nofr/oeur/lxweeth.htm))

**Article 178: Married women and minors.**

1. Married women may have a residence of their own.
2. The same shall apply to minors and interdicted persons.

**Article 627: Contract of marriage.**

1. The spouses may, before their marriage, regulate by a contract of marriage the pecuniary effects of their union.
2. They may also specify in such contract their reciprocal rights and obligations in matters concerning their personal relations.
3. Nothing in this Article shall affect the mandatory provisions of the law.

**Article 633: Contracts between spouses.**

1. Contracts made between spouses during marriage shall be of no effect under the law, unless they have been approved by the family arbitrators or by the court.
2. Nothing in this Article shall affect the specific provisions of this Code relating to contracts.

**Article 634: Legal regime.**

Where there is no contract or the provisions of the contract of marriage or of the contract made between the spouses are not valid, the following provisions shall apply.

**Article 635: Head of the family.**

1. The husband is the head of the family.
2. Unless otherwise expressly provided by this Code, the wife owes him obedience in all lawful things which he orders.

Comment: See also Ethiopia Civil Code Article 634.

**Article 636: Respect, support and assistance.**

1. The spouses owe each other respect, support and assistance.
(2) The contract of marriage may not derogate such rule.
Comment: See also Ethiopia Civil Code Article 634.

Article 637: Management of family. 1. General case
(1) The spouses shall co-operate, under the guidance of the husband, in the interest of the family, to ensure the moral and material direction of the family, to bring up the children and to prepare for their establishment.
(2) The undertakings made by the spouses in this regard in the contract of marriage shall be given effect to.
Comment: See also Ethiopia Civil Code Article 634.

Article 638. 2. Impediment of one spouse.
(1) Where one of the spouses is under a disability, absent or condemned for abandoning his family, the other shall alone carry out the duties mentioned in Article 637.
(2) The same shall apply where one of the spouses voluntarily abandons life in common or is not in a state of manifesting his will by reason of his being away or for any other cause.
(3) Any provision to the contrary in the contract of marriage shall be of no effect.
Comment: See also Ethiopia Civil Code Articles 634 and 637.

Article 641: Establishment of residence.
(1) The common residence shall be chosen by the husband.
(2) Where the residence is established by the husband in a manner which is manifestly abusive or contrary to the agreements in the contract of marriage, the wife may appeal to the family arbitrators against the decision of the husband.
Comment: See also Ethiopia Civil Code Article 634.

Article 644: Husband to give protection.
(1) The husband owes protection to his wife.
(2) He may watch over her relations and guide her in her conduct, provided this is in the interest of the household, without being arbitrary and without vexatious or other abuses.
Comment: See also Ethiopia Civil Code Article 634.

Article 645: Occupation of spouses.
(1) Each of the spouses may carry on the occupation or the activity of his choice.
(2) The other spouse may, in the interest of the household, object to the carrying on of a given occupation or activity.
Comment: See also Ethiopia Civil Code Article 634.

Article 646: Household duties.
Where the husband is not in a position to provide his wife with servants, she is bound to attend to the household duties herself.
Comment: See also Ethiopia Civil Code Article 634.

Article 647: Personal property of spouses. 1. Property not acquired by onerous title.
The property which the spouses possess on the day of their marriage or which they acquire after their marriage by succession or donation shall remain their personal property.

Article 648. 2: Property acquired by onerous title.
(1) Property acquired by an onerous title by one of the spouses during marriage shall also be personal property of such spouse where such acquisition has been made by exchange for property owned personally or with monies owned personally or deriving from the alienation of property owned personally.
(2) The provisions of sub-article (1) shall not apply unless the family arbitrators at the request of one of the spouses have decided that the property thus acquired shall be owned personally by such spouse.

(1) Each spouse shall administer his personal property and receive the income thereof.
(2) He may freely dispose of his property.

Article 650. 2. Contract of marriage.
(1) It may be agreed in the contract of marriage that one of the spouses shall administer the property or certain property of the other spouse and that he may dispose of such property.
(2) Unless otherwise agreed, an annual statement of accounts of the management may in such case be required by the spouse who has not the administration of his property.

Article 651. 3. Agency.
One of the spouses may freely entrust to his spouse the administration of his property or some of his personal property.

Article 652: Common Property.
(1) The salaries and the income of the spouses shall be common property.
(2) All property acquired by the spouses during marriage by an onerous title and which has not been declared by the family arbitrators to be personal property shall be common.
(3) Property donated or bequeathed conjointly to the two spouses shall be common, unless otherwise stipulated in the act of donation or will.

Article 653: Presumption.
(1) All property shall be deemed to be common unless one of the spouses proves that he is the sole owner thereof.
(2) The fact that certain property is personal may not be set up by the spouses against a third person unless the latter knew or should have known such fact.

Article 654: Salaries and income. 1. Normal management.
(1) Each spouse shall receive his earnings and salaries.
(2) Each spouse may have a bank account wherein to deposit his earnings and salaries and the income from his personal property.
(3) He shall, at the request of the other spouse, render an account to the latter of the salaries and income received by him.

Article 655. 2. Rights of spouse.
(1) A spouse may freely give to the other spouse a mandate to receive the salaries and income which are due to him.
(2) The family arbitrators may authorize such spouse to receive the salaries and income of the other spouse and to give receipt therefore.
(3) They may also authorize a spouse to attach the salary or income of the other spouse in whole or in part in the hands of the person by whom it is due.

Article 656: Administration of common property.
(1) Common property other than the earnings, salaries and income of the wife, shall be administered by the husband.
(2) Nothing in this Article shall affect the provisions of Article 638.
(3) The family arbitrators may, at the request of the wife, entrust to her, in the interest of the family, the administration of the common property or certain common property.
Comment: See also Ethiopia Civil Code Article 638.

Article 657: Duty to give notice.
The spouse who performs an act of management in respect of common property shall without delay inform the other spouse thereof.

Comment: See also Ethiopia Civil Code Article 656.

Article 658: Restriction of powers.
The agreement of both spouses shall be required for:
(a) Alienating a common immovable;
(b) Alienating a common movable the value of which exceeds five hundred Ethiopian dollars, or securities registered in the name of both spouses:
(c) Contracting a loan exceeding one thousand Ethiopian dollars:
(d) Making; a donation exceeding one hundred Ethiopian dollars or standing surety for a debt of a third party in an amount exceeding one hundred Ethiopian dollars.

Article 659: Debts of spouses
(1) Debts due by one spouse may be recovered on the personal property of such spouse and on common property.
(2) Debts incurred in the interest of the household shall be deemed to be joint and several debts of both spouses and may be recovered on the personal property of each spouse and on common property.
Comment: See also Ethiopia Civil Code Article 660.

Article 660: Debts in the interest of household.
The following debts shall be deemed to be debts incurred in the interest of the household:
(a) Debts contracted in order to ensure the livelihood of the spouses or their children;
(b) Debts contracted in order to fulfill an obligation of maintenance to which the spouses or one of them is bound;
(c) Other debts which are acknowledged to be such by the family arbitrators at the request of a spouse or creditor.
Comment: See also Ethiopia Civil Code Article 659.

Article 661: Contribution to household expenses.
The spouses shall contribute to the household expenses in proportion to their respective means.

Article 662: Withdrawal beforehand from common property.
(1) If one of the spouses proves that any of his personal property has been alienated and that the price thereof has fallen in the common property, he shall withdraw beforehand there from money or things of a value corresponding to such price.
(2) The wife shall make her withdrawal before the husband.
Article 837: Sex, age, nationality of heir.
The sex, age and nationality of the heir shall not affect in any way the ascertainment of his rights to the succession.

Article 842: First relationship.
(1) The children of the deceased shall be the first to be called to his succession.
(2) Each of them shall receive an equal portion of the succession.
(3) Where the children or one of the children of the deceased are dead and are survived by descendants, they shall be represented in the successions by such descendants.

Link - Constitution of Ethiopia (http://www.africa.upenn.edu/Hornet/Ethiopian_Constitution.html)

Article 25: Right to Equality
All persons are equal before the law and are entitled without any discrimination to the equal protection of the law. In this respect, the law shall guarantee to all persons equal and effective protection without discrimination on grounds of race, nation, nationality, or other social origin, color, sex, language, religion, political or other opinion, property, birth or other status.

Article 34: Marital, Personal and Family Rights
1. Men and women, without any distinction as to race, nation, nationality or religion, who have attained marriageable age as defined by law, have the right to marry and found a family. They have equal rights while entering into, during marriage and at the time of divorce. Laws shall be enacted to ensure the protection of rights and interests of children at the time of divorce.
2. Marriage shall be entered into only with the free and full consent of the intending spouses.
3. The family is the natural and fundamental unit of society and is entitled to protection by society and the State.
4. In accordance with provisions to be specified by law, a law giving recognition to marriage concluded under systems of religious or customary laws may be enacted.
5. This Constitution shall not preclude the adjudication of disputes relating to personal and family laws in accordance with religious or customary laws, with the consent of the parties to the dispute. Particulars shall be determined by law.

Article 35: Rights of Women
1. Women shall, in the enjoyment of rights and protections provided for by this Constitution, have equal right with men.
2. Women have equal rights with men in marriage as prescribed by this Constitution.
3. The historical legacy of inequality and discrimination suffered by women in Ethiopia taken into account, women, in order to remedy this legacy, are entitled to affirmative measures. The purpose of such measures shall be to provide special attention to women so as to enable them to compete and participate on the basis of equality with men in political, social and economic life as well as in public and private institutions.
4. The State shall enforce the right of women to eliminate the influences of harmful customs. Laws, customs and practices that oppress or cause bodily or mental harm to women are prohibited.
5. (a) Women have the right to maternity leave with full pay. The duration of maternity leave shall be determined by law taking into account the nature of the work, the health of the mother and the well-being of the child and family.
   (b) Maternity leave may, in accordance with the provisions of law, include prenatal leave with full pay.
6. Women have the right to full consultation in the formulation of national development policies, the designing and execution of projects, and particularly in the case of projects affecting the interests of women.
7. Women have the right to acquire, administer, control, use and transfer property. In particular, they have equal rights with men with respect to use, transfer, administration and control of land. They shall also enjoy equal treatment in the inheritance of property.
8. Women shall have a right to equality in employment, promotion, pay, and the transfer of pension entitlements.
9. To prevent harm arising from pregnancy and childbirth and in order to safeguard their health, women have the right of access to family planning education, information and capacity.

Article 42: Rights of Labor
1. (a) Factory and service workers, farmers, farm laborers, other rural workers and government employees whose work compatibility allows for it and who are below a certain level of responsibility, have the right to form associations to improve their conditions of employment and economic well-being. This right includes the right to form trade unions and other associations to bargain collectively with employers or other organizations that affect their interests.
   (b) Categories of persons referred to in paragraph (a) of this sub-Article has the right to express grievances, including the right to strike.
(c) Government employees who enjoy the rights provided under paragraphs (a) and (b) of this sub-Article shall be determined by law.

(d) Women workers have the right to equal pay for equal work.

2. Workers have the right to reasonable limitation of working hours, to rest, to leisure, to periodic leaves with pay, to remuneration for public holidays as well as healthy and safe work environment.

3. Without prejudice to the rights recognized under sub-Article 1 of this Article, laws enacted for the implementation of such rights shall establish procedures for the formation of trade unions and for the regulation of the collective bargaining process.

Link - Ethiopia Labor Code (http://www.ilo.org/dyn/natlex/docs/WEBTEXT/31977/64870/E93ETH01.HTM#p6)

Section 14: Unlawful activity.

(1) It shall be unlawful for an employer to:
   (a) Impede the worker in any manner in the exercise of his rights or take any measure against him because he exercises his rights;
   (b) Discriminate against female workers, in matters of remuneration, on the ground of their sex;
   (c) Terminate a contract of employment contrary to the provisions of this Proclamation;
   (d) Coerce any worker by force or in any other manner to join or not to join or to cease to be a member of a trade union or to vote for or against any given candidate in elections for trade union offices;
   (e) Require any worker to execute any work which is hazardous to his life;
   (f) Discriminate between workers on the basis of nationality, sex, religion, political outlook or any other condition.

(2) It shall be unlawful for a worker to:
   (a) Intentionally commit in the place of work any act which endangers life and property;
   (b) Take away property from the work place without the express authorization of the employer;
   (c) Report for work in a state of intoxication;
   (d) Refuse to be medically examined whenever the law or the employer for good cause so requires;
   (e) Refuse to observe safety and accident prevention rules and to take the necessary safety precautions.

Section 87: General. (1) Women shall not be discriminated against as regards employment and payment, on the basis of their sex.

(2) It is prohibited to employ women on types of work that may be listed by the Minister as particularly arduous or harmful to their health.

(3) No pregnant women shall be assigned to night work between 10 p.m. and 6 a.m. or be employed on overtime work.

(4) No pregnant woman shall be given an assignment outside her permanent place of work, provided, however, she shall be transferred to another place of work if her job is dangerous to her health or pregnancy as ascertained by a medical doctor.

(5) An employer shall not terminate the contract of employment of a woman during her pregnancy and until four months of her confinement.

(6) Notwithstanding the provisions of subsection (5) of this section, the contract of employment of a pregnant woman may be terminated for reasons specified under sections 25 and 29(3) of this Proclamation.

Section 88: Maternity leave. (1) An employer shall grant time off to a pregnant women worker without deducting her wages, for medical examination connected with her pregnancy, provided, however, that she is obliged to present a medical certificate of her examination.

(2) A pregnant woman worker shall, upon the recommendation of a medical doctor, be entitled to a leave with pay.

(3) A woman worker shall be granted a period of 30 consecutive days of leave with pay preceding the presumed date of her confinement and a period of 60 consecutive days of leave after her confinement.

(4) Where a pregnant woman worker does not deliver within the 30 days of her prenatal leave she is entitled to an additional leave until her confinement in accordance with subsection 2 of this section. If delivery takes place before the 30 days period has elapsed, the post-natal leave under subsection 3 of this section shall commence.
Appendix B: **DETAIL OF AMHARA FIELD VISITS** *(JULY 20–22, 2010)*

### Day 1: July 20, 2010

**Bureau of Agriculture and Rural Development (BoARD)**

8:45 a.m. Meeting with AGP nodal officer and field mission organizer at Amhara, Mr. Habtamu, at Bureau of Agriculture and Rural Development at Bahir Dar for briefing. Later team had a meeting with extension process owner Mr. Aynalen Gezahgn and his team about extension services and various project activities by BoARD.

From the briefing it was learned that extension activities cover crop, livestock, fisheries, facilitation of input transportation and distribution services, and credit arrangements through cooperatives to farmers from regions to kebeles.

- **At village level**: Advisory, technical assistance, services, training, etc.
- **At woreda level**: Training to development agents (DAs), farmers, etc.
- **At western part of the region**: Farm information packaging system
- **At eastern part of the region**: Farm and nonfarm information packaging through safety net program of household asset building projects.

Major crops in the region: wheat, maize, sorghum, teff, finger millet

Women-headed households in Amhara total only 15 percent. Most cultivate their lands through rent agreements; leasing, sharecropping, asset sharing, labor management are the main features.

Currently Household Asset Building Program (HABP) is implemented through the BoARD, which has certain nonfarm components, but which are currently not given much attention in its implementation. This is mainly because the available DAs involved in the implementation of the program have limitations in operationalizing the nonfarm component.

What needs to be done?

1. Consider the possibility of upgrading the skills of existing DAs through training and capacity building to extend their services to nonfarm in addition to farm services.
2. DAs are overburdened with current functions and their tasks are not proportionate to the programs they are allotted. Hence there is a need to increase the staff.

**Amhara Micro and Small Trade and Industry Enterprise Promotion Development Agency (AMSTIEPDA)**

10:30 a.m. The agency was established as an autonomous government body by proclamation in 2006 with the objective of realizing and further strengthening micro and small production and service-rendering enterprises in the Amhara region to alleviate urban unemployment and create additional income for the rural population.

"Micro Enterprise" means a business enterprise, other than high technological and consultancy service institutions, whose paid-up capital does not exceed Br 20,000.

"Small Enterprise" means a business enterprise whose paid-up capital is above Br 20,000 and not exceeding Br 500,000 other than high technological and consultancy service institutions.

Deputy Manager: Asfan Abebe

Scope is limited to urban and suburban areas currently:

1. 158 woredas (offices in all woredas, coordinate with other enterprise)
2. One-stop shop service in all woredas (nearest to suburban, provides registration, licenses, training, etc.)
3. Micro and small extension agents—work with BDS (business development service) such as counseling, advisory, situational analysis, etc.
4. Bahir Dar has 19 kebeles: 2–3 kebeles get service from one-stop shop
   a. Each kebele has 2–3 extension workers
   b. 770 extension workers are operating all over Amhara
Agency focuses on five major activities:

1. Based on demand agency provides technical and vocational education training (TVET). They have 106 Community Development skill training centers, which impart various types of training like BBC (basic business skills), Start Your Business (SYB), Improve Your Business (IYB), Competency-Based Facilities for Enterprises (CBFE), and enterprise training to extension workers and training of trainers (TOT)
2. Facilitates working premises: (a) Production; (b) Sales
3. Loan/credit facilities
4. Marketing—link the product with marketing
5. Technology—technology development for increased productivity and transfer

Provide training to extension workers twice—at the beginning and at the end of the year.

Recommendations:

(a) Agency has been operating for the last five years and has the potential to extend its services to rural areas.
(b) Greater coordination with BoARD and other relevant bureaus for greater efficiency and extension.

**Bureau of Women's Affairs**

Deputy Head of the Bureau: Ms. Wollea Mebrat

Detailing on the activities of the bureau, she mentioned that there is a high emphasis on marketability, easy sales, and ready availability of buyers. However there is a taboo on women cultivating agricultural land.

ACSI provides credit for women.

Bureau operates through Amhara Women's association—addresses women's issues, constraints, etc. in rural areas.

Helps women to start small businesses, such as livestock, chickens, rearing, fattening, etc. It provides help/support in kind to get back cash.

Each woreda had eight local nodes.

Each woreda has a Women's Affairs office. Bureau acts as only a facilitating organization. Mobilizes women to create awareness about their rights, in the strong belief in unless women are organized, their voice is never heard. She alluded to difficulty in organizing women, as they are very shy to come out and participate. Bureau is in the process of formulating next year the operational plan for 2020.

Two or three extension agents are currently appointed to address:

1. Women's mobilization
2. Gender empowerment

What needs to be done?

1. Increase presence of the Bureau at the kebele level
2. Attend to unfilled positions
3. Provide staff profiling

**Amhara Cooperative Promotion Agency**

3:30 p.m.

Rural Financial Intermediation Program Coordinator: Demeke Makuria

The Agency was established in Amhara region in 2006, and it currently provides registration and other support services to 5,254 primary cooperative societies of 18 different types which are engaged in production, service, or both and actively participate in the market economy. The cooperatives are formed by individuals on a voluntary basis to collectively solve their economic problems, and to achieve better results by pooling and coordinating their knowledge, wealth, and labor. They promote self-reliance among members and aim to improve the living standards of members by reducing production and service costs, by providing input or service at a minimum cost, or by finding a better price to their products or services. This is believed to reduce the individual impact of risks and uncertainties, among other things. The Agency has also the objective of expanding the mechanism by which technical knowledge could be made widely available to cooperatives and be put into practice. Promoting saving and credit services is one of the primary focus areas. Through education and training, they make an effort to develop the social and economic culture of the members. The Agency's promotional activities encompass different tiers of government but the front line activities are at the local government (woreda) level.

Types of cooperatives:

Saving and credit cooperatives (of the total 900 in rural areas in Amhara more than 90 are women's-only cooperatives in 120 woredas and 324 are urban cooperatives)

1. Dairy cooperative
2. Multipurpose cooperative
3. Artisan cooperative
4. Milk and milk product cooperative
5. Housing cooperative
6. Fisheries cooperative
7. Irrigation cooperative

Currently they have formed:

1. 41 union cooperatives
2. 16 unions of credit and thrift
To get loans in multipurpose cooperatives, member should have at least one of these:

1. Collateral
2. Shares
3. Savings
4. Other income generator if available

Function of the cooperative:
1. Writing bylaws
2. Promotion
3. Financial auditing

The institution is cooperating with the NGO Leaving No Women Behind in promoting microfinance institutions among women (a Spanish based/promoted NGO).

ACSI (Amhara Credit and Saving Institution)

5:30 p.m. ACSI was established in 1995 as a microfinance institution in six woredas. This institution focuses on rural women to improve their livelihood. Currently 64 percent of their portfolio is specific to women with a total of 700,000 borrowers. National Bank of Ethiopia ensures physical verification and financial prudence and also offers a liquidity management tool. In 1997 the government of Ethiopia issued a proclamation on control and regulation of microfinance activity.

Currently ACSI has:
1. 30 microfinance organizations
2. 4 percent minimum interest rate charged for saving
3. Any interest rate can be charged for credit
4. Work in every woreda and every kebele
5. Coverage of 87 percent of kebeles
6. 11 micro bank branch offices
7. 187 woreda offices

Five products:
1. Credit—Urban, rural, micro bank credit (60 percent credit portfolio covered by savings mobilization), 900,000 million, 646,000 saving clients
2. Saving—Poverty eradication tool
3. Micro-insurance—against the group member
4. Money transfer
5. Fund management
   - Receive funds from different institutions
   - Pension fund management
   - 85 percent of loans are given for agricultural activities; 15 percent for non-agricultural activities

Differences between ACSI and RUSACCOs
(a) No proper management coordination and structured governance
(b) No segregation between financial and non-financial activities
(c) Cooperative—if defaulted, government covers the cost
(d) Monitoring and financial management—should be independent, not managed by same bureau
(e) 98 percent repayment rate
(f) 15 percent covered in urban areas, mostly under non-farm activities

What needs to be done?
1. Improve coordination between microfinance institutions and cooperatives, the operating principle being the same
2. Continue to lend to women in rural areas for different non-farm activities

Day 2: July 21, 2010

Kimbaba Kebele
Population: Villages with 3,000 households.
Woreda: Bahir Dar Zuria
Group: Women’s thrift and savings group

Type of cooperative:
1. Rural saving and credit cooperative (RUSACCO) and
2. Multipurpose cooperative (MP)

Name of the member and their business:
Edgedaydhu (S&TC)—members increased from 50 to 77 from January 2005, when it started; 25 are women.
Kimbaba farmers (MP) started cooperative as farmers service cooperative

Interviews
1. Bose: Has been a member for 1.5 years, selling tea and bread; 2000 birr to buy biz material. Container house cost 6,000 birr
2. Azmara: She joined RUSACCO 3 months ago. Distills alcohol drink and sells locally; 600 birr was her starting capital
3. Emye: Arake business
4. (Unknown): tea and bread selling, joined three months ago.
5. (Unknown): food—tea, bread, soft drinks including beer; in 2005 used two sources: ACSI and RUSACCO. Borrowed 2,500 birr from ACSI, 6,600 birr from RUSACCO to buy a refrigerator in January 2010
(6) Aseme: A founding member; local drink, arake, tela distillery; borrowed 700 birr from ACSI, 400 birr from RUSACCO. She is selling in her house, shop, and arake in local three markets, at a distance requiring 1 hr and 2 hrs to travel, mostly by walking

(7) Ycheneku: Tela and arake business; sells in local and other markets. She borrowed 3,000 birr from ACSI; no borrowing from RUSACCO

(8) Fantenesh: Distills and sells arake; sells in local markets. She organized with her friends by help of a new NGO, involved with firewood and dung collection activities. Her firewood business started in November 2009.

(9) Manaseb: Sells arake in local market

(10) (Unknown): Produces arake locally

(11) Wanakh: Produces only tela and sells it in her house

Community benefits: Used to borrow from traders and private people for 10 percent interest; now interest is a reasonable 1 percent (1,000: .10 birr per month)

It is a mixed group treasurer reported many issues; saving/borrowing is not part of existing culture; orientation given by woreda expert to promote group culture. For every 1 birr borrowed 3 birr should be saved.

This saving arrangement is helping fuel the future growth of the family, especially children. There has been a reduction in wasteful expenses and a culture of saving has developed, which has helped family and community to grow. If they save then they do not need a loan guarantee; their own money helps to borrow more and multiplies. However, there is a need for improvement, with needs like office material, furniture, office buildings, etc. Seeks help from the center and has limited support from the woreda administration.

Name of the cooperative: Anna union comprises four woredas and there are 32 unionized cooperatives.

A women's association exists with 135 members. Also it has a saving and thrift contributing 30 birr, and now they have 3,500 birr and an extended a loan of 100 birr each. It was organized 5 years ago; development slowed as issues cropped up; again reorganized 2 years ago and working well now.

Recommendation: Identify organization to provide seed money; also needed is external support to strengthen the group and foster the community and thereby help the overall growth of the Kebele.

Discussion with Kebele Chairman

Chairman of Kebele: Mitku Ayelew
Term: 5 years

Manager: Nigist Yehune
DA-livestock: Abebe Tesfa
DA-Microfinance: Senta Yehu Bishau
Vice chairman: Adugna Amera

Fosters women's entrepreneurship in rural areas. Organizes women and locates land for women for building handlooms, farming, rental, and local textile production. Two male members are trainers in this association along with nine members

Constraints and issues to promote business in general and women's in particular

Cattle fattening, ship rising, poultry model farm, exotic spices, apiculture; farmers should take advantage of saving cooperative to save and borrow. Like Ayelew all cabinet members of the kebele are supportive. He has two children saving 5 each for their future.

Development challenge:

(1) Price of cereal has gone down and fertilizer price is very high, creating problems among villagers.

(2) Address land use--related issue, demark community grazing land. Individual farmers like to encroach on community grazing land.

(3) Problem with pests for pepper and horse bean crops. Pests is also a problem with barley and field peas. Most severe pest problem is with pepper.

(4) High transport cost, poor road conditions. Farmers are unhappy. Quality affects their capacity to transport their produce to markets. Bahir Dar is the main market, with another local market 22 km away. Another market is Adith (place) between Bahir Dar and Adith, requiring payment of Adith tariff at a rate which is unfair. On average they pay 20 birr per 100 kg to Bahir Dar. Only private transports are available. Adith is 44 km away and only 14 birr is required.

Planning issues:

Bottom-up approach is used in planning. Draft is prepared by the kebele and 10 manders (villages). One hundred households will be discussed in a participatory approach and for consultation.

(1) Agriculture and RD

(a) Only one women's association (land is allocated by kebele) and they are asking for finance for building; water supply is a concern

(b) Land administration

(2) Micro and small industry association

(3) Health

(4) Taxation
(5) Political activities
Six youth (ages 18–29) associations are organized in this kebele.
(1) One organized among small businesses, like tea, bread, tailoring, small shops etc.
(2) Transport, loading and unloading (12)
(3) Youth engaged in quarrying stone for construction (12)
(4) Handloom work (9 + 2)
(5) Tailoring (19)
(6) Orphan youth (6)—kebele administration has allotted land to start producing wood planks; because of limited electricity, could not start production

Constraints:
(1) Unavailability of credit without collateral
(2) Lack of electricity—no modern flour mill
(3) Inadequate support from woreda for women’s association
(4) Women still dependent on household head; most are not able to become members, as most members are prostitutes and independent
(5) Kebele cabinet has one woman representative
(6) Finance to implement women focused project
(7) No more money available for start-up capital
(8) Attitude of male members of the society
(9) Need for awareness and training

What needs to be done?
More sustainable and more productive activities should be undertaken by the members so that community contributions could be used to build infrastructure and others.

Day 3: July 22, 2010
Bureau of Agriculture and Rural Development, Bahir Dar Zuria
Number of Kebeles: 32
Zone: West Gojam
Population: 216,775
RUSACCO: 12
Discussion with representative of Deputy Head of the office, BoARD
Mr. Tigabu Kebede, Bahir Dar office located at /for Woreda, Process expert of Input supply & marketing
Mr. Ayalew Asseff: Cooperative expert, representative of process owner
Mr. Shithyae: agronomist, extension process

Up to now Bureau focus was on helping members engage in processing and marketing of processed products.
Milk association: out of 50 members, 3 are female. Includes Andasa Kebele and Sabathmi Kebele. Tried to increase the female representation, but it is very difficult.

Challenges:
(1) Get processing machine
(2) Economic problems
(3) Local breeding conditions poor, no cows/buffaloes
(4) Chicken distribution with high mortality rate

Very poor women, who do dung and firewood collection, encouraged to form association and provided with revolving fund. Intention is to help them to diversify, started in 2010 and provided with revolving fund as loan, not as grant. It included 22 kebeles and 285 registered members; received 1,000 birr as revolving fund. BoARD is the lead organization involved in organizing women, parking money, and monitoring fund’s proper use.

Ms. Wubalen Birhanu: Gender expert under extension process; BoARD doing the diagnostic study and general assessment of extension problems, especially gender.

Some of the extension issues:
(1) Economic dependence of women has not changed much.
(2) Women’s awareness of their rights—divorce, property rights, etc.—through community consultation meetings on income generation, HIV, health, rights, diversification, etc.
(3) Women work 18 out of 24 hours, with many responsibilities.
(4) Reproductive and social obligations
(5) Although they have constitutional rights to on land, they have problems understanding property disputes.

Financial institutions are not lending to women without collateral; hence most of women depend on ACSI for loans, and must take loans based on group collateral.

Women’s Affairs Office
Planning expert: Srsad Tefera
This office is promoting groups (e.g., weaver groups) and does not support associations, but only informal groups—in skill development, marketing. Prepares projects and submits proposals to funding organization.
Total membership: 3,306 members in women’s association
Types of skill development training:
(1) Cattle fattening
(2) Spinning
(3) Weaving
(4) Sewing
(5) Handicraft using straw
(6) Pottery
(7) Local drinks: tela arake
(8) Firewood collection and selling

Trade and Industry Bureau, Micro and Small Scale Enterprise Promotion Office

Professional staff: 8
Yenesw: Bahir Dar Zuria officer,
Three processes: two core processes and one support process
This administration is covering 4 kebeles (Kimbaba, Egodi, Feresoga, Egoma) out of 32.

Reason for covering only 4 kebele is that they have a mandate to operate in urban spaces; accordingly they identified 4 kebeles as growth potentials based on the infrastructure and other facilities. Unemployed youths are identified with the help of kebele administration; they are organized individually or in groups, provided skills and training in administration and management.

(1) Kebele is asked to provide land for the certain identified business.
(2) Link with financial institutions for credit if needed.
(3) Business counseling on business issues.
(4) Facilitate marketing and technology introduction. Professional experts are identified and requested to provide technical training.
(5) This organization facilitates the needed services (e.g., tailoring and weaving)

Types of cooperative promoted:
Weaving, tailoring, loading and unloading (grain and stone)

What needs to be done?
(1) Use more of the professional training institutions that are around.
(2) Staff strengthening of the regional office. They need 18 workers but have only 8 at this moment
(3) Larger budget, personal transport (public transport is waste of time and energy)
(4) Office supplies like computer, photocopy machine, and furniture.
(5) More response from local administration (e.g., kebele administration).
Appendix C: SUMMARY OF COMMENTS AT THE WORKSHOP (JULY 28, 2010)

10:00–12:30 at the World Bank Conference Room, Addis Ababa, Ethiopia

Presenter: Naotaka Sawada (World Bank)

Participants: Seblewongel Deneke (CIDA-ECCO); Haimanot Mirtneh (Irish Aid); Ayuba Sawi (Irish Aid); Miyuki Koga (WFP); Melaku Jirata (MOARD/AGP); Matt Hobson (World Bank/HABP); Yaregal Meskir (FMSEDA); Chigusa Seki (Japanese Embassy); Jemal Mahnud (Federal Cooperative Agency); Tadashi Kikuchi (JICA); Dagnew Menon (MOARD-AED); Belay Hagos (Federal Cooperative Agency); Snaiontel Hines (USAID); Loren Hostetter (USAID); Fikru Tesfaye (World Bank); Teklu Tesfaye (World Bank/AGP); and Vedini Harishchandra (World Bank)

MINISTRY OF AGRICULTURE & RURAL DEVELOPMENT (MOARD)

Agriculture and women are challenges in Ethiopia. Traditional types of activities not very efficient. Bring nonfarm enterprises into picture. How to do in-depth analysis to expand this area? Can we focus on nonfarm enterprises per se? AGP—can it be integrated? How to make it more specific and to help make it happen? We would like to contribute to the program. Institutionalization of this recommendation is very relevant and important. More problems in semi-arid areas! Any other type of business could be encouraged for the possibility of exploring non-potential agriculture (pastoral) areas. Identify farm and nonfarm activities. Listed recommendations are mostly in policy area; identify specific actions for implementation and coordination.

IRISH AID

Could you make this recommended support system more specific? Food security program has a component. How to create demand is another issue. No extension-level services exist. How could you make MSE active at the woreda level? Sustainability and survival of cooperatives and RUSACCOs are important once they are formed; explore this a bit.

WORLD FOOD PROGRAM (WPF)

For the support system, there is an extension system at the kebele level. Capacitate the development agent (DA) rather than creating a new system. WEP with women's affairs are coordinating to build the capacities. Farm and nonfarm ideas need to be explored more. Go for the right support and system.

CANADIAN INTERNATIONAL DEVELOPMENT AGENCY (CIDA)

Which kind of women's issues are we considering, women as household head, literacy, or religion? Activities: ones women have been doing for years or looking at diversified activities? Let women continue alcohol production or diversify from this? Are Farm-related activities the focus? For institutional linkages, can we burden existing DAs? How to create links among the ministries? Make the recommendation to be more specific if you are linking to existing projects!
How to approach them?
Need for the educated as opposed to those in business.

**USAID**

Business development services—different target groups.
What would be a delivery mechanism?
For income-generating activities, can demand be also increased?
What are we looking at: value analysis, expansion, or social building?
How to create value chain and build support system?
Use off-farm processing to create economic activities?
What are the strategies for going ahead?
How do you subsidize the services? Are you looking for subsidization?

**FMSEDA (FEDERAL MICRO AND SMALL ENTERPRISE DEVELOPMENT AGENCY)**

What inequalities are you looking for between men and women?
Constitution treats men and women as equal.
Women are disadvantaged because of various factors (cultural, social, and economic).
FMSEDA tries to provide training, skill development, credit, etc., rather than creating guarantee schemes (stand as guarantee and pay 50 percent in case of default). At this moment MSEDA focuses on urban areas; it is trying to go to rural areas and coordinate with development agencies.

**FEDERAL COOPERATIVE AGENCY**

Both in farm and nonfarm activities, women and men cooperatives share the following:
- Lack of business development skill
- Limited capital source
- Very low internal credit level
- Limited capacity development; capacity built through exposure visits
- Low credit access
- No action plans to coordinate the processes

**HOUSEHOLDS ASSETS BUILDING PROGRAM (HABP)**

CGAP (Consultative Group Against Poverty) documents in terms of target households.
Different types of intervention for different types of women's groups.
How to drill down and make more specific recommendations?
HABP looks at vulnerable groups. AGP has similar vulnerable groups to be drawn.
Coordination: Technical Committee in MOARD has responsibility to deliver the mandate.
Appendix D: EXAMPLES OF WOMEN’S NONFARM ENTERPRISES
(All Photographs by N. Sawada)

ALCOHOL PRODUCTION

Distilling

Preparation

Fermentation

Ingredients
VEGETABLE SHOP

Shop front

Inside of the shop

Storage area

HANDLOOM COOPERATIVE
HANDICRAFT

RETAIL STORE ON THE MAIN STREET

RUSACCO MEMBERS (many women are entrepreneurs)

KIMBABA KEBELE (office)