



Briefing Paper  
Trends in ICT Use in Women-run Micro and Small  
Enterprises in Developing and Transition countries

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# 1 Executive Summary

## 1.1 Study outline

This study is divided into seven sections. The first three sections are contextual. Section 1 provides a framework within which to understand the implications of MSE development on both poverty alleviation and on women's economic development. Section 2 outlines the context within which women entrepreneurs conduct their businesses. Section 3 identifies the primary concerns that the typical woman entrepreneur faces, these include the trade regulations that continue to work against her export potentials, the implications of ICT to take her out of the informal sector and into the formal and what this entails, her time issues, cost implications of investing in ICTs.

The following three sections are written from a more practical angle, building on experiences from the field. Section 4 contains a brief status report on how ICTs have affected women-run businesses or businesswomen to date. With the help of case studies, this section investigates ICT impacts on women's access to credit, to training, to networking and strategic alliances, to new markets and concludes with a summary of main challenges. Section 5 examines the critical roles that business development service providers should / can play in relation to the needs of women entrepreneurs. Section 6 suggests an approach to good practice to encourage ICT development for MSEs run by women with an emphasis again on business development service.

## 1.2 Bottom Line

ALL development interventions must work **with** women stakeholders to ensure that women's opportunities to utilize technologies are not inhibited by cultural dictates on seclusion, restrictions on mobility, or the unequal division of labor. While there may be "lessons" to be learned, and business models and case studies that suggest "replicability", in fact no two situations are ever the same. It is important therefore, to refrain from transforming models and studies into "formulated approaches" or "duplication" if we are to ensure that the innovative character of the MSE remain in the hands and control of the entrepreneurs themselves.

## 2 The importance of the issues

At the risk of broad generalizations, there are some clear gender differentials that need to be addressed:

- ◆ There are distinct differences between men and women in their access to resources, information and support that have direct impacts upon their business sustainability and success. Women usually face higher barriers to the kinds of training that can equip them with computer literacy or engagement in ICT-related employment than men. They also have less access to collateral and subsequently less access to finance and capital that enables them to invest in ICT. As well, compared to men, women have less time in which to balance out the tension between earning an income and caring for their household members<sup>1</sup>.
- ◆ At the same time much of women's work remains unpaid. In developing countries, women spent only one third of their time in paid Standard National Accounts (SNA) activities, compared with three quarters for men. If unpaid labour is counted, women do more work than men; women in 31 countries studied performed an average of 53% of the total burden of women in developing countries and 51% in industrial countries<sup>2</sup>.
- ◆ Compared to their male counterparts, funding assistance for women's social and economic development is behind the times – it stereo-typically dominates certain sectors such as literacy, health and fertility programs for women. Only a few agencies or foundations are beginning to enter the arena of enterprise training for women, and even fewer are investing in ICTs use by women.
- ◆ The male bias is reflected in the gender balance within trade team representations at national levels. One stark example of the bias against women can be seen in formal bi-lateral trade mission activities, which remain for the most part, male dominated. Some of this is cultural bias, and some of this is institutional.
- ◆ Compared to men, women are more often the shock absorbers of economic stress and uncertainty. Their economic values have been recognised as *producer* and *provider*, and more recently as *consumer*. More and more, however, as creators of wealth, women must also be valued as *distributor*, she is both a producer and distributor of wealth and this has critical implications if we really want to address poverty in a systemic way.
- ◆ Women are less likely to be members of business or employers' associations than men. This finding provides a great opportunity for representative associations, such as employers' organizations or chambers of commerce to increase women's membership<sup>3</sup>

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<sup>1</sup> see appendix II for a summary of broad gender differentials in the MSE sector

<sup>2</sup> [www.unifem-eseasia.org/resources/globaleconomy](http://www.unifem-eseasia.org/resources/globaleconomy)

<sup>3</sup> ILO: *The Knowledge Wedge: Developing the knowledge base on women entrepreneurs – what have we learnt*

On the positive side:

- ◆ Women *are* interested in ICTs in all its forms, they are innovative, and will work together if the technologies enable them to. They are constantly reinventing themselves and are imaginative about working within narrow confines.
- ◆ Women *are* de facto social entrepreneurs, their income objectives are often less about making profit for profits sake and more about servicing their immediate communities.
- ◆ Over the past two decades, women's economic activity rates have been increasing in the entrepreneurship sector, with women in advanced economies owning more than 25% of all businesses. The number of women-owned businesses in Africa, Asia, Eastern Europe and Latin America is growing rapidly and with that growth, their direct impacts on job creation and poverty reduction. <sup>4</sup> The Internet has a real impact on the growth rate of women-owned enterprises, in China women initiate about 25% of new business start-ups and in Japan, four out of five small business owners are women.<sup>5</sup>

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<sup>4</sup> *United Nations, the World's Women 2000*

<sup>5</sup> *Chapter 3: Gender, E-commerce and Development, E-Commerce and Development Report 2002 UNCTAD*

## 3 Some baseline context

### 3.1 The macro-economic context – perspectives and concerns for 21<sup>st</sup> century women

Any examination of the increasing participation of women in the MSE sector has to examine the changing economic contexts within which they operate. Only in understanding their immediate contexts, can we begin to appraise their motivations, the avenues of support that they tap, and the applicability of ICT to their business functions.

#### Economic rights and globalization

An article by Diane Elson and Nilufer Cagatay in the June 2000 special edition of *World Development* outlines “a rights based approach to economic policy which aims directly at strengthening the realization of human rights, including social, economic and cultural rights, as well as civil and political rights.”<sup>6</sup> This approach indicates a profound political shift that became evident during the *Fourth World Conference on Women*, where the rights focus extends beyond a narrow range of women-specific economic issues to the broader arenas of economic policy making. This new engagement in economic rights goes hand in hand with the realities of globalization that women are dealing with on a day-to-day basis.

The World Bank’s *World Development Report 2000/2001: Attacking Poverty* delineates the singular failure of traditional prescriptions of balanced budgets, sound currency and free trade to significantly reduce poverty around the world. The report, however, does not offer any alternative solutions, other than the need to ensure more income security to people in poverty<sup>7</sup> in times of crisis.

At the same time, the current discourse on economic rights marks a high point in awareness and conscientious activity that focus on the needs of marginalized sections of communities and on the value of women as producers and providers. While globalization drives a level of integration for individuals, corporations, and nation-states which reaches farther, faster, deeper, and is cheaper than ever before<sup>8</sup>, the trend has also brought with it the negative effects of wider economic disparities, greater feminization of poverty and increased gender inequalities.<sup>9</sup> It is within this economic framework that women are earning their livelihoods.

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<sup>6</sup> July 2000 *World Development Special Issue on Growth, Trade, Finance and Gender Inequality*, edited by Nilufer Cagatay, Diane Elson and Caren Grown.

<sup>7</sup> *Poverty profile: amidst the flourishing of some economies, some 2.8 billion, almost half of the 6 billion people on earth, live on less than US\$2 a day; 1.2 billion live on less than US\$1 dollar a day. South Asia and Sub-Saharan Africa are the two most impoverished regions and women continue to be the majority within the poverty population.*

<sup>8</sup> *Keynote Speech, Chamber of Commerce Annual Convention, Mohamed Muhsin, Vice President and Chief Information Officer, The World Bank Group, October 2001*

<sup>9</sup> *See the Beijing+5 Outcomes Document for an analysis of the negative effects of the continuing debt crises and global economic integration on women.*

## Trade and investment regime

Structural Adjustment Programs (SAPs) and the more recent Poverty Reduction Strategies (PRSPs) of the World Bank and the International Monetary Fund (IMF) base their premise on preparing economies for increased trade and investment. As liberalization has progressed the divide between rich and poor both within and among nations has deepened. The Asian financial crisis of the late '90s virtually wiped out the livelihoods of people in Thailand, Korea and Indonesia and women suffered the greatest set backs during this crisis as they lost jobs and security<sup>10</sup>. It is no coincidence that some of the more advanced MSE initiatives are in these economies. The prescriptions to relieve the Asian crisis were built on the traditional SAP model that continues to shift the responsibilities of social development away from government on to the private sector, the private household and by implication on to women.

One woman's gain may be another woman's loss. In some sectors in African economies for instance, women's informal sector businesses and women employed in small-scale industries have been badly hit by trade liberalization. Women involved in sisal bag manufacturing in Kenya are now their losing market share to imported mass-produced imitations from Southeast Asia<sup>11</sup>.

The globalization process has, in most economies, pushed policy strategies in favour of

- ◆ removing barriers to trade and financial flows,
- ◆ privatizing state-owned enterprises, and in many cases,
- ◆ lowering public spending, particularly on social services.

These policies have transformed patterns of production, contributed to accelerated technological advances in information and communication and impacted the lives of women, as producers, providers, consumers and increasingly as distributors.

In a number of developing and transitional economies, the cumulative effects of these changes on the lives of women have been negative - through making more demands upon them, while simultaneously diminishing the support systems upon which they depend<sup>12</sup>. While the gender impact of these changes has not yet been systematically evaluated, it is clear that:

- ◆ while on the one hand some women have been able to take advantage of greater economic opportunities and independence – either through establishing their own businesses or securing employment,

*Often times the typical woman entrepreneur is a social entrepreneur – in other words, her business motivations are driven by a double bottom line, social mission and financial objectives. These include underwriting the costs of her service to her community, creating employment within her community, engaging local resources and knowledge in her production value*

<sup>10</sup> Maria Riley. 2001 "Women's Economic Agenda in the 21<sup>st</sup> Century." Occasional Paper Series on Gender, Trade and Development.

<sup>11</sup> <http://www.unifem.undp.org/trade/text/tsa8.htm>, UNDP study on Trade in Services and Women's Employment

<sup>12</sup> See *Engendering Adjustment for the 1990s: Report of a Commonwealth Expert Group on Women and Structural Adjustment*



- ◆ many more have been marginalized and are struggling to make ends meet, owing to deepening inequalities among and within countries which push women to the margins beyond the possible benefits of open markets.

Liberalized trade and investment are relatively new to women's economic agenda<sup>13</sup> and while women are adapting to the new economic environments in which they find themselves, they have neither a complete understanding nor access to the resources to ensure long-term sustainable livelihoods.

### 3.2 Definition of micro and small enterprise

For the purpose of this study, we use the definitions provided by the SME department of the World Bank Group<sup>14</sup>:

- ◆ Micro enterprise: up to 10 employees, total assets of up to \$100,000 and total annual sales of up to \$100,000;
- ◆ Small enterprise: up to 50 employees, total assets of up to \$3 million and total sales of up to \$3 million

These definitions are broadly consistent with those used by most international financial institutions. Despite its size, the MSE sector is a fragile sector; at the same time it is a tenacious sector that seems to adapt to and survive the shocks and stresses of economic swings. There are many other definitions of MSEs that are arguably more appropriate when analyzing the issues facing enterprises in developing economies – such as those framed in a Ugandan policy paper that describes micro-enterprises and small enterprises as:

- ◆ Micro enterprises are, in quantitative terms, are defined as ‘business undertakings employing less than 5 people, often family members; value of assets excluding land, buildings and working capital is below Ush 2.5 million; annual turnover is below Ushs 10 million (about US \$10,000 at the time of the interviews), which is the threshold for business-related tax’. Quantitatively, characteristics of micro enterprises are that ‘they operate seasonally; usually they are not registered formally and hence have no formal services. They do not pay enterprise-related taxes and their management is rather weak in terms of both education and administrative capabilities’.
- ◆ Small enterprises are defined as ‘enterprises employing a maximum of 50 people; value of assets excluding land, buildings and working capital is less than Ush 50 million; annual turnover is between Ush 10 to 50 million, which is the tax bracket for one per cent business tax on annual turnover’. Qualitatively, ‘they operate the whole year round, are formally registered and taxed, and owners/managers are educated and/or trained’.<sup>15</sup>

<sup>13</sup> *The conceptual framework for new gender-aware approaches to macroeconomic analysis is summarized in the 1999 World Survey on the Role of Women in Development: Globalization, Gender and Work. United Nations Publications, New York, 1999.*

<sup>14</sup> *World Bank Group Review of Small Business Activities 2001: their definition of medium sized enterprise is Medium enterprise: up to 300 employees, total assets of up to \$15 million and total annual sales of up to \$15 million.*

<sup>15</sup> *Margaret Synder, ‘Women in African Economies: From Burning Sun to Boardroom’, 2000, Fountain Publishers, Uganda*

### 3.3 Definition of ICTs and e-commerce in the MSE context

For the purposes of this research component, references to ICTs will focus primarily on the "new information and communication technologies" which include the developing technologies of telecommunications, computing and microelectronics<sup>16</sup>. The three defining characteristics of these ICTs are their *convergence*, their *speed* and increasingly their comparatively *low operating costs*, which have created a radical range of possibilities for information collection, manipulation, transmission, storage and presentation. The combination of these possibilities has created a whole new mode for conducting business.

ICT in the small business sector lends itself to an expanding universe of ICT applications to include electronic mail, document and workflow, Electronic Data Interchange (EDI) applications in procurement and logistics management, demand-driven manufacturing and retailing, virtual enterprises and groupware. E-commerce is the most visible aspect of electronic business, but it is just one segment of a larger whole.

By implication, e-commerce is limited to those enterprises that have the technical and financial infrastructure to support encryption, on-line transaction processing, just-in-time production systems and order handling and management systems. Enterprises in developing countries that have less reliable access to this infrastructure may be excluded from harnessing the power offered by these new tools.

Figure I: three-dimensional aspects of ICT business applications<sup>17</sup>

<b>I. Connectivity &amp; Communication</b> <i>(changes economic and social organisation)</i>	<b>II. Computing</b> <i>(changes business and information management practices)</i>	<b>III. Commerce</b> <i>(changes modes of production and distribution)</i>
<ul style="list-style-type: none"> <li>◆ Access points (public and private)</li> <li>◆ B2B Networking and special interest groups</li> <li>◆ Support groups</li> <li>◆ Chambers of commerce membership</li> <li>◆ Interest representation to policy makers</li> </ul>	<ul style="list-style-type: none"> <li>◆ Management software choices</li> <li>◆ Training</li> <li>◆ Software support services</li> <li>◆ Financial and accounting packages</li> <li>◆ Inventory stock</li> <li>◆ Revenue forecasting</li> <li>◆ Simplifying applications</li> </ul>	<ul style="list-style-type: none"> <li>◆ Virtual malls / commercial sites</li> <li>◆ Cooperative producers /retailers</li> <li>◆ Teleservices</li> <li>◆ Entirely new kinds of economic activities and services</li> </ul>

On the other hand, a more abstract understanding of what ICT for business entails, i.e. the

<sup>16</sup> This is not to say that more traditional ICT channels are not as important. As an example, for those who are interested, have a look at an ILO report "An Information Revolution for small enterprise in Africa: Experience in Interactive Radio Formats in Africa" Mary McVay 2002. The role of radio in women's lives cannot be understated and should be included in any work on enabling MSEs to access information, resources and communication channels. For the purposes of this study, however, radio and television are not included in the analysis. <http://oracle02.ilo.org/dyn/empent/docs/F1711005905/WP27English.pdf>.

<sup>17</sup> Networked Intelligence for Development

increasing virtualization of the three components of a market (agents, products and processes) lends itself better to envisioning the future of ICT use by MSEs in developing countries. Internet access and wireless communications are already of critical importance to businesses, small and large. A business transaction consists of many successive processes (information gathering, comparison, negotiation) most of which can be carried out more efficiently over the Internet, even if the final step of the transaction is taken offline.<sup>18</sup>

At the drawing board level, *convergence* - the pulling down of the technical and commercial barriers that hold telecoms and computing apart - will continue to open up all kinds of opportunities for business development. It is also expected that the benefits of economies of scale in running all types of communications through the same "pipe" are especially realizable in developing countries where the bulk of population has still to be wired for television and telephones, at the same time, technology trends mean that businesses can increasingly rely on wireless telephony as their primary connectivity means.

If we regard ICT applications for MSEs as three-dimensional (figure I) it would be fair to conclude that most MSEs are still at grappling with the first dimension of ICT development and very few apply the entire three-dimension.

### 3.4 Differentiating between businesses

The most important difference is between those enterprises that are purely income-survival entities and those that are financially viable, sustainable businesses. Survival-oriented enterprises probably comprise the largest component of MSEs, which also produce the lowest value and are caught in a poverty trap (see Figure II).

For the purposes of this study, case studies will focus on businesses that suggest long-term viability (though they may still be at pilot stage). Broadly speaking, these businesses can be categorized as:

- ◆ existing businesses that *introduce an ICT platform* to their commercial functions and modify or expand their markets (e.g. book-keeping services)
- ◆ new businesses that are built entirely around *ICT modes of operation* (e.g. portal entities or virtual outlets that sell crafts or services through commercial sites, offshore outsourcing companies)
- ◆ new businesses that service the ICT sector through product and service supply (e.g. call centres, software outfits)

### 3.5 MSE data and trends from a gender perspective

#### General MSE trends

Gender differentiated data is difficult to come by and almost non-existent in the micro-enterprise sector. A 1994 survey of small and medium enterprises (SMEs) in Asian Pacific Economic Community (APEC) economies found that they account for 90% of all enterprises. Between 1978 and 1996, women-led enterprises accounted for a quarter of all business start ups in the region. Between 1995 and 1997, women business operators increased by 9% while male

<sup>18</sup> UNCTAD, 2001, *E-commerce and development report*

business operators increased by 2.6%. These businesses typically specialised in small farming, retail, or craft-work sector<sup>19</sup>. In Tanzania, MSEs and the informal sectors dominate the economy – earning about 35% of GDP in 1999, employing 20% of the population, of which 50% was in the trade/retail sector<sup>20</sup>. More recent figures in Asia suggest that women head 35% of small and medium sized enterprises in the region<sup>21</sup>.

## Trends in women-led enterprise

A number of studies and surveys show that:

- ◆ Women are starting an equal number of new businesses as men
- ◆ Globally women own between one-quarter and one-third of businesses in the formal<sup>22</sup> sector and are likely to play an even greater role in the informal sector
- ◆ Web-based networks of women’s business associations and service portals are growing

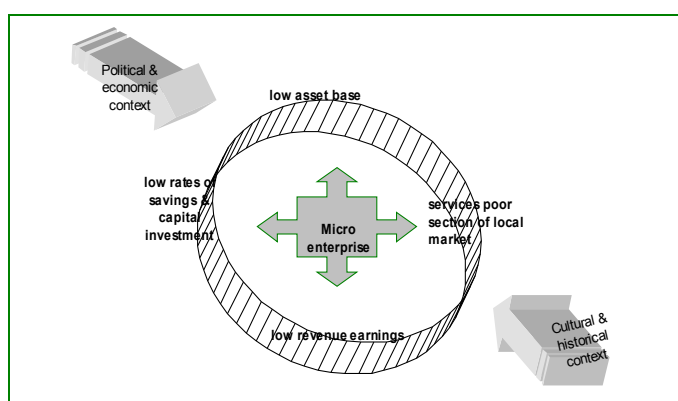


Figure II: Micro-enterprise caught in poverty cycle

## 3.6 Cultural and social issues from a gender perspective

Any policy debate around MSE development in developing countries must take into account the historical and economic roles of women in the development of small-scale enterprises. Entrepreneurship is culturally mediated<sup>23</sup>. Entrepreneurship development is influenced by political, cultural and economic considerations, which have propelled women into extra-wage pursuits for a whole range of reasons<sup>24</sup>.

<sup>19</sup> *Women in a Global Economy: challenge and opportunity in the current Asian Economic Crises*. Bangkok: joint effort of the UNFEM and the CIDA South East Asia Gender Equity program

<sup>20</sup> *Networked Intelligence for Development, 2002 training for women entrepreneurs, background analysis* [www.networkedintelligence.com](http://www.networkedintelligence.com)

<sup>21</sup> *UNCTAD 2002 E-commerce and development report: Chapter 3*

<sup>22</sup> *Enterprises are classified as “informal” because they fall out of the state system of licensing, taxation and regulation and therefore do not form part of the official economic statistics, further discussion follows in Section 3.*

<sup>23</sup> *Many of the women entrepreneurs in West and Central Africa for instance, boast a long history of cross border barter trade. In contrast, women in South Africa have had a good portion of their traditional systems dismantled over a long period of time, and do not have established business instincts.*

In sub-Saharan Africa for instance, small-scale enterprises in the formal and informal sectors have absorbed relatively large numbers of workers at low cost. The combination of economic and political policies pre and post colonialism in countries like Tanzania, Nigeria, Uganda, and Ghana confined women almost entirely to peasant agricultural sector because many women were not initially engaged in wage labour and were not in a position to legally establish themselves in business. They earned an income working in fringe (often illegal) activities such as food selling, beer brewing, prostitution and domestic services. Their markets were also limited to the poorer population groups of the community. The findings of research studies on women entrepreneurs in Zimbabwe, for instance, show that women tend to be employed in small-scale, home-based, low capitalized enterprises that supply goods and commodities to low-income consumer communities particularly in the urban areas<sup>25</sup>. This clearly restricts their possibilities for growth and outreach. These enterprises are not able to absorb labour beyond the household and rely on credit from their own savings and from the savings of their immediate communities. Most of the entrepreneurs use labor-intensive methods of production in activities such as bread making, tailoring, agricultural production and processing.

### 3.7 Women in the MSE sector – convenience or necessity

At the risk of making broad generalizations, it is important to distinguish between the *push* factors and *pull* factors that draw women increasingly into the arena of micro and small enterprise development. The push factors, often combined results of the negative effects of globalization, include:

- ◆ withdrawal of or decline in state expenditure and aid on social programs, as a result of the negative consequences of structural adjustment programmes, which continue to place a disproportionate burden on women to service the social needs of their communities
- ◆ women are required *de facto* to underwrite the costs of the social services they provide, including earning an income to finance care of children, the aged, the ill, the mentally unstable, and other marginalized sections of the community
- ◆ the effects of casualization and flexibility of formal employment and resulting insecurity of income<sup>26</sup>
- ◆ the scarcity of income alternatives that women can engage in.

The pull factors are expectation led. Women are turning to innovative private and cooperative means of livelihood through selling products, services and know how. Increasingly women want to take advantage of ICT and new knowledge sources which may create business opportunities in expanding markets, to take advantage of the positive affects of globalization, including:

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<sup>24</sup> See Claire Maneja's thesis for impact of socio-political models on women in Krygystan as an example of the complex context for women in transition (post-Soviet) economies and how their entrepreneurial activities are culturally and economically mediated. 2002 *Women, Weaving, and the Web: An Analysis of Rural Indian Women's Agency in Attaining Economic Empowerment* Cottage Industry - Global Market (CIGM)

<sup>25</sup> Moyo et al 1984, Gaidzanwa 1984, ILO 1986, Mutambira 1989, ENDA 1990

<sup>26</sup> Suggested further reading on women in informal sectors and income implications are available from fact sheets put up by "Women in Informal Employment Globalizing and Organizing" at [www.wiego.org](http://www.wiego.org)

- ◆ trade liberalization and potentials for expanded market access
- ◆ new business alliances and new entry points in the value chain of production<sup>27</sup>

Over and above these issues, there are factors specific to women, these include<sup>28</sup>:

- ◆ Women have differential access to and control of resources and marketing outlets
- ◆ Women have comparatively less access to formal channels for networking

A comprehensive understanding of the historical, cultural and political economic context is a prerequisite to considering the potentials for introducing any kind of ICT platform to women's income earning potentials. *Project managers need to differentiate women's enterprises by type, input, skill and motivation, in order to vary the kind of support and services offered. It is not helpful to treat women as a homogeneous business category that can be serviced with credit or ICT for group-based micro-activities.* Keeping to date with changes in the economic, social and political climates in different countries is important because they influence entrepreneurial ambitions in specific directions at different points in time<sup>29</sup>.

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<sup>27</sup> To use e-terminology: disintermediation is the process of cutting out the middleman. When Web-based companies bypass traditional retail channels and sell directly to the customer, traditional intermediaries (such as retail stores and mail-order houses) may find themselves out of a job.

<sup>28</sup> Simel Esim *ibid*

<sup>29</sup> There are a number of good sources of information to start with, such as "The Knowledge Wedge: Developing the knowledge base on women entrepreneurs"- further information available on the ilo.org web site.

## 4 Women's ICT adoption readiness – the promise and the reality

In a number of developing countries, the adoption of ICT-based functions within formal business, banking and financial services sectors is rapidly catching up with parallel sectors in industrialized states. In India for instance, most of the high street banks depend on the top 5% of their customers for 70-80% of their margins and these are the customers who are already wired to the Internet. Demand amongst small businesses for basic communication services such as local and long distance phone and fax services is constantly rising. As new telecommunication services have become more available, a wide range of businesses has emerged as some of the more avid consumers. In many sub-Saharan countries for instance, (Nigeria, South Africa, Uganda, Senegal, to name a few) public phone shops which have upgraded their services to offer e-mail and internet-based information and training services, have mushroomed in the last five years.

Business-to-business transactions currently account for 80% of e-commerce worldwide; this proportion is likely to continue for a while in both developed and developing countries. The vast majority of these exchanges continue to be among the information rich. When on-line commerce crosses borders, it is predominantly North-North with a small fraction of this exchange flowing North-South or South-South.

In the immediate term, the domestic MSE Internet subscriber base in most developing countries is too thin to make e-commerce viable for local business-to-consumer transactions. Relatively speaking, *most small enterprises are still characteristically "information poor"*. At the same time, these same enterprises provide a critical source of employment opportunities for the world's poor, especially women in developing and emerging economies; by generating much needed revenue and low-cost jobs.

While awareness and demand for the higher end of value-added services is still low, there are a growing number of initiatives in the developing world where ICTs are being incorporated into small business models. Small to medium enterprises, and in certain situations, micro enterprises, are seeing the new information technologies for what they are – a cheaper and more effective communications technology – which can be adapted for a multitude of business purposes other than commerce. The case studies in Section 4 outline some of these adaptations.

### 4.1 ICTs do not flatten trade barriers

Current arguments for the adoption of ICTs by MSEs point to their potential to become more competitive using the Internet to access information about cheaper finance or markets for instance, by improving customer service and by reorganizing procurement processes. While the Internet may make it easier for MSEs to access new, better quality suppliers as well as to market their own businesses<sup>30</sup> a constant obstacle to the participation of MSEs in international trade continues to be the lack of adequate trade-supporting services, including finance, insurance,

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<sup>30</sup> UNCTAD 2001 *E-commerce and development report*

transport and business information. Time and again, however, it is the terms of international trade and national regulations that work against the aspiring MSE exporter (not within the scope of this study). According to the World Bank's *Global Economic Prospects 2002*, the average poor person selling into global markets confronts barriers that are roughly twice as high as those facing the typical non-poor worker. If we agree that the larger proportion of the poor are made up of women, then it is clear, that women-run MSEs face even more stringent business conditions than most. ICTs do not flatten trade barriers. The flip side of this is also true, which is that ICTs do not automatically take MSEs to overseas markets, the aspiring MSE exporter has to reinvent its supply chain (see case I) to cater to new markets.

### 1. Case Study 1: Cottage Industry Global Market (CIGM), India

*CIGM is essentially a network with horizontal and vertical linkages. The core of the network is comprised of women's weaving cooperatives in rural Himachal Pradesh, northern India whose main products are handmade woolen shawls and other woolen attire. CIGM fosters links between the cooperatives as well as links with other "players" including local NGOs, the local government, Georgetown University (US) and the World Bank's Development Marketplace (the funder). Three women are responsible for co-coordinating materials supply, marketing and record keeping out of a centre that also provides training to the cooperative members. Government policies towards cooperatives include support in the form of loans, training and marketing. Plans to set up a marketing portal for these products were laid aside when it became clear that production capacities would not meet the demand or quality requirements from international markets. The immediate needs were identified as management training, accounting procedures, product standardisation practices and computer training as a means to streamlining and systematizing the cooperatives' business. Motivating the cooperatives towards a business model has proven difficult so far.*

## 4.2 Non-formal sector implications

Typically, micro and small enterprises operate in what is loosely defined as the informal sector<sup>31</sup>. A number of ILO studies of major African cities report figures for urban labour force engaged in the informal sector ranging from 30% in Abidjan, to 50% in Dakar and Lagos, 73% in Ouagadougou and 80% in Accra<sup>32</sup>. Globally, women represent 75% of workers in the informal sector, which comprises over 55% of the economy in Latin America, 45-85% in parts of Asia, and close to 80% in African countries.<sup>33</sup>

For the most part, these enterprises are classified as "informal" because they fall outside of the state system of licensing, taxation and regulation and therefore do not form part of the official economic statistics. *In reality there is substantial gray area between the formal and informal sectors.* Small businesses operating in retail markets for instance, might not declare income, but are nonetheless required to pay regular market stall, retail and related taxes. Often times, a small business is made up of a number of inter-dependent micro-enterprises that together form

<sup>31</sup> Also referred to as the "bazaar economy" in countries such as the Kyrgyz Republic

<sup>32</sup> Jacques Giri, "Formal and informal small enterprises in the long term future of sub-Saharan Africa" World Bank LTPS, Background paper

<sup>33</sup> Figures from Nancy Taggart, 2002, *E-commerce in developing countries: opportunities for women*, Academy for Educational Development. Further information also available from [www.wiego.org](http://www.wiego.org) and from Simel Esim, *See How They Grow: Business Development Services for Women's Business Growth*



an insurance policy with incomes flowing in and out of the distinct entities in order to support the whole. Because of the irregular way in which these businesses function, important processes such as tracking or forecasting spending patterns, income sources, and costing, are difficult.

How is the introduction of ICT into this kind of business perceived by the entrepreneur? Most micro entrepreneurs have no option than to remain in the informal sector and this influences the kind of ICT they are willing to invest in. Usually it begins and ends with ownership of a mobile telephone. Almost all the participants in training events for women entrepreneurs in Tanzania, Lithuania, Cameroon and Mozambique have mobile telephones – reflecting the dramatic growth of cellular subscribers in these countries<sup>34</sup>. In fact, in sub-Saharan Africa and central Asia, the numbers of mobile phones exceed line phones – an indication of the unmet demand for telephones in those regions<sup>35</sup>.

A larger or more ambitious business, however, whose market may extend beyond the immediate community, may consider investing in a wider range of ICTs to support both the communication and computerisation aspects of its business. Small pharmaceutical stalls in Burkina Faso, for example, have benefited from using data software to track and stock their inventory, and by implication, their past and projected income.

What NID has found is that the typical woman-led enterprise that participates in its e-commerce training events are pragmatic practices that straddle both the informal and formal sectors. They pick and choose those elements of the formal sector that will enable the business entity to maintain the optics of accountability and transparency, critical for business auditing and export-trading purposes. But also maintain a “shadow” business that keeps some of the income “safe” from declaration.<sup>36</sup> By implication, the application of ICTs to MSEs might push the business entities from the informal to the formal economies, and while this may be desirable from a national economy perspective, it might not be considered desirable from an individual entrepreneurs’ perspective.

Members of the Uganda Women’s Finance Trust (case study 4) for instance, use loan-tracking software, which is diffused nationally through local post office outlets for lenders to track their account balances, and repayment plans. This part of the lender’s business is clearly “formalized” and financially documented but does not mean that all the other elements of the business are similarly documented or accessible.

### 4.3 Women’s management and structure issues

There is growing evidence that by and large women structure their enterprises differently to men, establishing flatter management structures, using consensus building approaches to decisions and valuing performance results differently. We have also found that often times,

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<sup>34</sup> *Training workshop reports from Networked Intelligence for Development – participants would be requested to switch off their mobile phones during training courses – otherwise there would be incessant ringing!*

<sup>35</sup> *Chapter 7: Information and Communication Technologies, Markets, and Economic Development, Karen Eggleston, Robert Jansen and Richard Zeckhauser in “The Global Information Technology Report 2001-2002: Readiness for the Networked World. World Economic Forum 2002”.*

<sup>36</sup> *Networked Intelligence for Development, training experiences 1999 to 2002.*

women are obliged to run lean profitable businesses in order to finance the social support services that they deliver.<sup>37</sup>

In most APEC economies, women's income is substantial to each household. On average their income represents half of the household income. Women are often heads of household – in Korea, 18% of female workers are principal breadwinners. Three years ago as a percentage of the male rate, the female economic activity rate ranged from 93.9% in Vietnam to 43% in Peru, the average for all APEC economies was 70%.

At the same time, other factors indirectly related to management, show that women tend to have less time to devote to their businesses than men, and are usually forced to strike a balance between family household and childcare. Women also tend to be more reticent to take the time to seek counseling and advice often because these services do not target women-owned MSEs, are provided in “male” oriented settings, and are not adapted to the specific constraints faced by women. In a number of e-commerce training events organized by NID, simply creating the space to foster dialogue between women entrepreneurs and representatives from financial intermediary services, internet service providers, local government and IT policy makers is of critical and timely importance.<sup>38</sup>

#### 4.4 Cost implications and opportunity costs for women

As an infrastructural service, it is interesting to note that the poor in Chile spend more on telecommunications than on water – a reflection of the perceived opportunities associated with acquiring ICTs<sup>39</sup>. Latest trends show a consumer preference for pre-paid cellular phones, more than half of all cellular telephone clients are in pre-paid mode, which do not require strong credit records and where expenditure can be controlled in detail. In several poor countries where payphones are scarce, some ingenious micro businesses have made it their business to provide ambulant payphones in the form of cellular phones charging a modest markup (as in Bangladesh). In Peru, these micro-entrepreneurs make themselves more visible in public places by wearing brightly coloured headwear and clothing and have become known as “cholos celulares” (“cellular indians”)<sup>40</sup>

From a number of training experiences, it is clear that women entrepreneurs are prepared to invest in their own training on e-commerce – ranging from US\$10.00 to US\$20.00 per participant – a measure of the desire for and value given to information and know-how<sup>41</sup>. As costs of connectivity continue to drop – the obstacles women face are typically less to do with

<sup>37</sup> *To date, 83% of the businesswomen trained through NID programs between 1999 and 2002 are involved in social outreach beyond immediate family care, contributing to orphan programs, working through local church and institutions, mentoring young women in their communities.*

<sup>38</sup> *For example, NID's most recent training event in Tanzania brought together 30 women entrepreneurs with senior staff of the National Micro-credit Bank (NMB) who recently launched a 2.5% micro-loan program for micro and small enterprises which participants were unaware of (training workshop report: August 2002)*

<sup>39</sup> *Telecommunications and the Poor: Jose Ricardo Melo. Paper presented at Infrastructure for Development: Private Solutions and the Poor June 2000*

<sup>40</sup> *Jose Ricardo Melo, ibid*

<sup>41</sup> *Networked Intelligence for Development 1999-2002: in most of these economies, US\$10.00 is a significant amount in local currency for these women to afford.*

hefty hardware or connectivity costs and more to do with purchasing and applying the most appropriate kinds of software applications and with functioning in a policy environment that influences their access, use and opportunities<sup>42</sup>. Small enterprises that understand the importance of business applications often face difficulties in making informed choices on simple business software, and often times resort to investing in pirate software that is substantially cheaper than off-the-shelf packages.

## 4.5 Summary remarks

***There is a fertile playing field for introducing ICTs to women entrepreneurs.*** In many ways, precisely because of the business challenges that women face, women recognize the quantum differences that ICTs could make to their business activities and are ready to adopt the new technologies in their businesses. They need resource and information support however to

- ◆ assess the risks and benefits of using ICTs
- ◆ adapt ICT uses for both the informal and formal sector
- ◆ allocate time to integrate / understand ICT into their business strategies

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<sup>42</sup> *That is not to downplay the challenge of capital investment for connectivity. Most MSEs however, do not have to concern themselves about infrastructural investment. In India, for instance a local entrepreneur with \$1000 can get a phone, pc, web cam, speakers, UPS and printer with Indian language software. An earning of \$2/day earning pays for this cost. (Connecting rural areas of developing nations" by Ashok Jhunjhunwala, TeNet group IIT Madras, conference presentation, Montreal Global Congress for Community Networking in the Digital Era, October 2002)*

## 5 2002 status report on MSE and ICT integration - a gender perspective

### 5.1 A quick scan

- ◆ ICT based small businesses comprise a rapidly changing market, initiatives are mushrooming globally, some fizzling out as quickly as they sprout – reflecting the climate of experimentation and reinvention. More small enterprises can use the communication and commercial aspects of ICTs to compete internationally through partnerships, franchising, licensing, network marketing, foreign distributors, social alliances, joint ventures, supplying other companies and countries on a second- or third-tier basis.
- ◆ A lot of the birthing and dying of new MSE entities is a direct result of the new re-intermediary and disintermediary processes in the production chain that ICTs enable.
- ◆ ICT's introduction of completely new ways of conducting business bring with it home working via the Internet, outsourcing and telecommuting which are especially attractive to women.
- ◆ ICTs can provide a particularly effective learning tool for women entrepreneurs – on-line training manuals, search engine potentials, virtual international telephone directory, sources of business management models and software.

### 5.2 Transformation of financial services delivery

One of the potentially most exciting areas for the application of ICTs for the direct benefit of MSEs is in the arena of extending and managing credit support to businesses. As yet, this area is in its infancy. *The shortage of affordable capital is one of the most critical, if not indeed the most critical factor constraining the sustainability of micro-enterprises.* The World Bank's micro-finance program; Consultative Group to Assist the Poorest (CGAP)<sup>43</sup>, was set up in 1995 to respond to the demand from low-income people for access to loans which would help them to establish their enterprises on a firm financial footing. According to Women's World Banking<sup>44</sup>, to reach just 10% of the low-income entrepreneurs by 2025 requires about US\$12.5 billion. To reach a target population of about 180 million low-income entrepreneurs by 2025 would require about US\$90 billion (current total aid transfers are valued at approx. US\$54 billion and the WBG's total disbursements in FY2002 was US\$11.5 billion).<sup>45</sup>

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<sup>43</sup> see [www.cgap.org](http://www.cgap.org) for further information

<sup>44</sup> Nancy Barry, "The missing links: financial systems that work for the majority" June 1995

<sup>45</sup> *Microfinance is serious business. About 1200 institutions worldwide provide microcredit loans to 13.8 million people for a sum of \$7billion. Nearly all the loans are repaid, with interest, loans sizes vary, but a mere \$150 is the typical amount borrowed. More than 75% of loans are made to women, who are more likely to repa (Getting e-commerce to Africa: Red Herring article March 6<sup>th</sup> 2001).*

Like other international finance institutions, the WBG has found that intermediary service models work best and has concluded that new financial products and initiatives must be designed and made available to MSEs<sup>46</sup>. Arguably, communities of business networks have been ingenious in pooling together resources and capital; the barter system continues to work from MSEs in both industrialized and developing economies, and these models can be further extended and built upon<sup>47</sup>. The financial intermediary sector that services small business is undergoing some radical thinking around extending its reach to poorer sections of the economic community and taking its services to those clients who might not otherwise have access. While it is early days yet, the potential use of information technologies and software systems to service the credit and savings expectations of the small entrepreneur are immense in terms of:

- ◆ Adapting accounting software to service traditional accounting or barter systems
- ◆ Computerizing financial reporting and performance measures making them cost effective, transparent and accessible to borrowers and lenders (see case study: Uganda Women's Finance Trust)
- ◆ Providing individual borrowers with secure account access
- ◆ Extending credit outreach in creative ways, such as mobile banking (see case study: Mobile Banking for Blue Collar Workers – India).

On the last point, mobile banking brings in a number of players together, providing interaction through connectivity and integrating with existing financial service support. The leading credit and loan agencies are keen to retain and maintain customer loyalty and to improve information flow from their clients so as to keep a finger on the pulse of their local credit rating and markets.<sup>48</sup>

## 2. Case Study 2: *Mobile Banking for Blue Collar Workers – India*

*The Global Alliance (GA) is an alliance among the World Bank, global brands and the International Youth Foundation. Its mission is to promote the development and aspirations of workers, mostly young women, in the global supply chain. GA's program consists of surveying workers to determine their needs and aspirations followed by intervention programs, mostly related to health, personal finances and life skills. Early in 2002, GA entered into discussions with the International Finance Corporation (IFC) to pilot banking services among blue-collar workers in southern India, many of whom are women. The IFC is in the process of developing the plan for the feasibility study. Once a plan and budget are finalised, the project will begin to work with a private bank in India and with outside donors to raise funds for the project.*

<sup>46</sup> WBG review of small business activities 2001, p.26

<sup>47</sup> *Just as interesting aside, in the US, women own 9 million companies – 38% of all US enterprises, but collect only a tiny fraction of venture-capital investments. In 1999, women-led companies received less than 5% of the roughly \$36 billion invested by VCs. Yet according to the Small Business Administration, women's start-ups outpaced those headed by men in revenue growth by a margin of two to one. In the equalizing space of the Internet, women are retooling their marketing, advertising, sales and publishing skills and graduating from business schools with identical technical expertise to men. Interestingly, some of the more innovative models that businesswomen in the US have initiated take their designs from cooperative finance lending amongst women in countries like Bangladesh.*

<sup>48</sup> *Interview with Hany Assaad, Head of Micro and Small Business Finance and Financial Technologies, International Finance Corporation, June 2002*

In essence, bringing banking services directly to women is not a new phenomenon – there is ample evidence of the economic value of extending credit services to rural women. Introducing the electronic factor to the sector however, has immense implications both in enabling women to track their own accounts and to conduct their own financial planning, and also in terms of maintaining the transparency of accounts at both the individual and institutional levels.

### **3. Case Study 3: Milk Cooperative Smart cards, Rajasthan - India**

*The all women Dhoblai Milk Cooperative Society of Naila village has pioneered a business accounting and payment system, using smart card for its members. It helps maintain authentic and accurate milk supply records as well as secures payment transactions. The card has replaced the existing error-prone, paper-based record, which is open to misappropriation. Smart Chip Ltd has developed this concept for the milk collection center and has implemented it through the state owned Rajasthan Electronics and Instrumentation Ltd. Smart Chip Ltd MD explained, "There were times when their spouses or other male relatives would collect dues on their behalf, leaving them with little or nothing at all. But after the smart card revolution, this has changed. The cash can only be given to a smart card holder. It also serves as an identity card as the photograph of the woman is printed on it."*

Cash flow restrictions and capital investment limitations notwithstanding, the typical MSE continues to face foreign currency restrictions and related clearinghouse broker facilities that work against cross-border trade. The application of ICTs will eventually make these processes less time consuming and bureaucratic than perhaps they are now, but the regulatory environment has to change in favour of this first.

### **4. Case Study 4: Uganda Women's Finance Trust (UWFT) – Uganda**

*Clients of the Uganda Women's Finance Trust are able to access their accounts at post office outlets across the country using a software package that was customized for UWFT. The LOAN PERFORMER program was initially developed as the "Trust Information System" and started as a Dos based client data entry program in 1995. Later, the client module was re-written for Windows95 and new modules were added. The Kampala Branch now has almost 15,000 clients and has registered over 150,000 savings transactions and 6,000 loans in their database. Development at UWFT took about 3 years, from 1995 to 1998. As of today, development of the software product continues and more and more organizations want their requirements incorporated into the program. Towards the end of July 1998, LOAN PERFORMER became available as a commercial product. Since then many other Ugandan and Non-Ugandan Micro-Finance Institutions have started working with LOAN PERFORMER. The installed base as of today is about 50 organizations with more than 100 sites. LOAN PERFORMER is now used by CGAP, the Consultative Group to Assist the Poorest, as one of the ten major off-the-shelf software packages for MFI's.*

*Established as a trust in 1984, UWFT began operations in 1987. The mission of UWFT is to economically empower low-income women by providing a consolidated package of products and services that include savings and credit. All of UWFT's clients live below the poverty line and 80% of them are rural-based. The majority of UWFT's clients are in commerce (64%), with a smaller percentage in services (15%), and agriculture (14%) and manufacturing (8%).*

*Among the first to mobilize savings from low-income women in rural and urban areas, UWFT collects savings from its clients and deposits the funds into savings and fixed deposit accounts with commercial banks. For the fiscal year ending June 2001, the portfolio*

*outstanding was US\$3,156,515 and the amount of savings mobilized from clients was US\$1,704,192. It now reaches 31,656 borrowers and 43,594 savers. Women are able to access their personal accounts at local post offices and banks at computer terminals.*

### 5.3 Investing in training for women – trends and observations

The deepening of ICT use among women-owned MSEs is an important next step. How do we capture the dynamism of entrepreneurs and not let ICT tools get in their way but become an instantaneous “factor” of production? Enabling women to understand the potentials of ICTs in its three dimensions (Figure I) is often the critical turning point in their understanding of the potential uses of ICTs, too often ICTs are seen purely as connectivity tools, and not as networking, information management or business system tools. In a recent sample survey of 40 African women entrepreneurs<sup>49</sup> less than half felt comfortable using computers but only nine respondents did not have access to a computer. *With a little keyboard training, many of these women would make use of the computer as a business tool quickly and comfortably.* All the businesses responding to the survey had access to telephone and 88% had access to and used electronic mail. 79% of the businesses had email addresses. Only one business had a web page, and another’s was in process of construction. Without exception, all the businesswomen were keen to learn more, own a computer and access Internet connectivity. About 80% of the businesses were in the textiles and garment design sectors. When asked for specifics on their training needs, the survey respondents singled out

- ◆ Easier access to in-house training, more diffusion of basic awareness
- ◆ Introduction to specialized computer packages adapted for small businesses
- ◆ The scarcity of retaining trained staff and therefore the constant need to retrain.

The women unanimously called for access to sponsorship for basic training, distance learning and more exposure to the technologies. None of the responses had expressed any concern about understanding security or legal issues – which could be a reflection of the fact that these businesses are still at the very basic level of using computers for communication and marketing purposes and are not conducting any kinds of transactions over the Internet as yet. This makes sense given that the great proportion of these businesses does not have the use of credit cards.

Table 1 presents a simple matrix of the ICT needs and training priorities of women running different sizes of businesses, gathered from training experiences in recent years<sup>50</sup>. While by no means comprehensive, this matrix can serve as an indicator of the different levels of expertise and objectives that the World Bank may need to address for women-run MSEs. The matrix is in many ways quite simplistic, particularly as the MSE sector is not made up of a homogeneous group of women entrepreneurs! Target groups include women, women entrepreneurs, women entrepreneurs of micro industries, women who are active in SME, MSME- women-self-help organisations, women in enterprises, women SMEs.

A summary review of the women-specific ICT training content show the following tendencies:

<sup>49</sup> *Findings from a sample survey of e-commerce use and capacity at a meeting of the African Federation of Women Entrepreneurs, 2000, conducted by Networked Intelligence for Development.*

<sup>50</sup> *NID regional training courses for women entrepreneurs: Cameroon 1999, Lithuania 2001, Tanzania 2002*

- ◆ The first objectives behind ICT training for women need to focus on breaking myths and pre-conceptions about the new technologies – this is an “outcome” objective as opposed to an “output” objective.
- ◆ The nature of ICTs lends itself to “problem-based learning”. Women are unlikely to invest the time required to explore ICTs on their own, but are more inclined to ask questions and to determine their training priority needs in an applied group dynamics workshop.
- ◆ MSE users still have not grasped the full implications of virtual networks, user support groups, free ware, share ware, and basic computerization software. Diffusion of, and making these basic tools free and user-friendly is a first step to taking businesswomen across the threshold to full ICT use. Once introduced, these kinds of applications find their natural homes in different MSE contexts.



Table 1: Dimensions of ICT and training needs 2002 – MSEs matrix<sup>51</sup>

Entrepreneur interests / ICT dimension	Infrastructure and access	Interventions and services	Informatics and applications (training needs)
<b>Micro business</b>	Cellular phone, sometimes an email account (through public access point)	Access to micro-credit scheme, potential client for mobile (phone-based) financial services.	<p>Usually interested in getting an email account set up.</p> <p>Wants to understand the Web, the functions of search engines, how to find information and navigate the web.</p> <p>Introduction to concepts of “strategic alliances” and B2B business models.</p> <p>How to access information on government programs, credit schemes, market prices.</p>
<b>Small enterprise</b>	Cellular phone, E-mail account access at public or other cyber centre.	<p>Some financial intermediary services - may be delivered with ICTs or using traditional means. May have graduated from micro credit schemes.</p> <p>Marketing through trade shows.</p> <p>Usually a member of a business support organisation.</p> <p>Interested in ICT policy and likely impact on business.</p>	<p>Wants to understand list serves, group discussions, user support groups and virtual networks.</p> <p>Interested to begin applying simple accounting software and curious about other SME specific software applications. Looking for on-line courses.</p> <p>Wants to understand how software can be downloaded off the Net. Interested in “free” software – until it is understood that often the term “free” means non-proprietary as opposed to non-monetary.</p> <p>Curious about other web sites that market products or services, digitization of images and an understanding of secure payment transactions over the Web.</p> <p>Keen to compare business models with like-sized businesses.</p> <p>Beginning to understand the business opportunities of actually providing telecom services to other businesses.</p>
<b>Medium enterprise</b>	Cellular phone Personal computer Dial up connection	<p>Usually a member of local chambers of commerce or business association.</p> <p>Is usually a B2B networker even if ICTs are not applied</p>	<p>Looking at different operating systems, curious about Linux and ASPs.</p> <p>Beginning to computerise some basic business processes, payroll, accounts. A few beginning to link information systems within the business. Interested to compare and use CD Rom business tools.</p> <p>Most are keen to set up a business entity website and build virtual company profile.</p>

<sup>51</sup> Summary observations drawn from training events, *Networked Intelligence for Development 1999 - 2002*

		in the networking.	

## 5.4 Networking, special interest groups (SIGs) and new alliances<sup>52</sup>

Given the tendency for MSEs to have more restricted access to formal market-supporting institutions than their larger counterparts, networking between MSEs is especially important. Often however, *in the competitive environment that MSEs find themselves in, the tendency for the successful enterprise is NOT to network or to share information publicly or to consider strategic alliances with potential competitors.* Encouraging MSEs to pool resources or to join networks goes hand in hand with raising awareness among small scale entrepreneurs about the globalized climate in which they conduct their business.

### 5. Case Study 6: Tortas Peru

*Initiated in 1996, Tortas Peru is a woman-owned enterprise that uses ICT to reach and service a wider market selling its cakes and deserts. A network of housewives takes Internet orders for their cakes and uses the net to provide baking tips, in Spanish and English. The company covers the major cities of Peru, including Lima and guarantees delivery within 72 hours or a full refund. Tortas Peru also targets over 2 million Peruvians who live outside the country through their website [www.tortasperu.com.pe](http://www.tortasperu.com.pe), clients in San Francisco or New Zealand can send a home-made cake to friends or family in Cusco, Lima, Arequipa, Trujillo, Ica, Juliaca and Puno. The tortas are prepared and delivered by one of the housewives in the Tortas' network. Customers can order a cake from a catalogue and pay using credit cards, cheques, money orders or electronic payments to the bank. The order is sent by e-mail and depending on the destination they contact a housewife-member of the Network to bake and deliver the cake.*

*To maintain low prices the company is based mainly on the Internet, making it necessary for the housewives-member to be familiar with computers and Internet. Peru has an innovative national network of public computer booths, more than one thousand, where Internet access is cheaper than phone calls. Prior to starting in the Tortas business the housewives in the project have to participate in a course designed to give them the basic knowledge of marketing, preparation of the tortas and in the use of the internet tools for E-commerce. The most important experience from these courses is computer knowledge. With just 3 hours of instruction the women learn to use E-mail; find the web site and interact with clients. Once women familiarized themselves with these tools, they could use public computer booths and get the information they needed.*

## Information-only networks

The networking element of ICTs is invaluable and often understated. There are research studies that measure, or attempt to measure, the results of networking on entrepreneurial activity<sup>53</sup>. The growing numbers of women joining, forming and using virtual networks is almost a natural phenomenon of the Internet. At the time of writing, it is fair to surmise that

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<sup>53</sup> *One study puts together a model in which the structure of the network linking the members of a population of entrepreneurs affects the amount of knowledge each has available to apply in the process of production. This in turn affects their output, and under certain assumptions, leads to sustained economic growth. Abigail Barr, "Social capital and technical information flows in the Ghanaian manufacturing sector", Oxford Economic Papers 52 (2000)*

- ◆ Virtual networks of women entrepreneurs at national level tend to be information only (as opposed to commercial) hubs, some are quite sophisticated in managing information between members;
- ◆ Often a website entity is an indication of the existence of a non-virtual business network;
- ◆ It is impossible to measure the amount of business traffic between (informal) wireless networks, but it must play a significant part in MSE business links;
- ◆ Costs of hosting sites are still prohibitive for MSE and MSE associations, many sites continue to be hosted de facto overseas;
- ◆ There are a number of “externally driven” initiatives to pull businesswomen together
- ◆ Successful and self-sustaining virtual networks of businesswomen that work together under one business entity are few and far between (see case study Peru Tortas, and inter-city network of women micro entrepreneurs in India)

*Les Femmes Chefs d'Entreprises Mondiales*<sup>54</sup> (FCEM) (World Association of Women Entrepreneurs) was established in 1945 and now hosts a website that links together members from 33 countries. This has permitted them to be interactive; they boast a marketing list of around 45,000 members. Other more recently established *National Association of Women Entrepreneurs of Malaysia*<sup>55</sup> (NAWEM) was formed in 1993 and now has 170 members. *Alliance of Micro-Enterprise Development Practitioners*<sup>56</sup> is a subsection of the Women and Enterprise section of WomensNet – a South African initiative still in the making. *Organisation of Women in International Trade* (OWIT) is an example of a special interest group that brings together women exporters from both developing and industrialized countries.

At the time of writing, there are a number of new initiatives are underway. In association with colleagues in the Gender Promotion Programme (GENPROM), and with the support of the UK's Department for International Development (DFID), a global programme aimed at assisting women entrepreneurs to gain better access to international markets is being initiated. This will explore innovative approaches to help women producers and entrepreneurs to bridge "the product-market divide"<sup>57</sup>.

The ILO's Women's Entrepreneurship Development and Gender Equality Services Wedge supports services for women entrepreneurs through a number of innovative services and alliances in Viet Nam, India, Thailand, Pakistan, Nepal, Cambodia, China and a number of African countries that should be examined for their use of ICT<sup>58</sup>. New alliances between government, financial intermediaries and small business sectors are also in the making in support of MSE development.

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<sup>54</sup> [www.fcem.org](http://www.fcem.org)

<sup>55</sup> [www.nawem.org.my](http://www.nawem.org.my)

<sup>56</sup> <http://womensnet.org.za/enterprise/mdep.html>

<sup>57</sup> *ILO knowledge wedge*

<sup>58</sup> *ILO: The Services Wedge: Developing support services for women entrepreneurs Within IFP/SEED, special emphasis is placed on "Increasing economic opportunities for women", as well as on Gender Mainstreaming. A unit has been developed on Women's Entrepreneurship Development and Gender Equality, or WEDGE, to spearhead SEED's work in this field.*

## 6. Case Study 7: Industrial Information Network, Pakistan

*In May 2002, United Nations Industrial Development Organization launched the Industrial Information Network (IIN) in Pakistan in collaboration with SME bank, Comsats [www.comsats.net.pk](http://www.comsats.net.pk) and SMEDA [www.smeda.org.pk](http://www.smeda.org.pk). The IIN is poised to service the development of small and medium enterprises in the country, it aims to be the largest source of information generation, exchange and dissemination for providing the value added support to SMEs in Pakistan. "The purpose of initiating IIN is to assist in overcoming the structural and institutional flaws that have been experienced in development of SME sector", Mr Atif underlined. The SME Bank will extend its lending and other financial services and finance various projects on recommendation from the NPO and UNIDO. The UNIDO will help identify an agreed number of new SME clusters as well as potential "Cluster Development Agents". It will also provide technical expertise to enhance the efficiency of the selected SME clusters and their constituent members.*

*Assistance in improving the quality of products; access to new and unexplored markets; information on the new available technology; distance learning and training opportunities for SMEs and platform for investors to invest in SME sector in Pakistan were some of the areas that will benefit from this network initiative. Information regarding rules, regulations, and laws; opening of new export avenues and virtual shops; business information centres and cyber cafes where SMEs can learn about IIN will also be made available on the Portal*

## 5.5 New markets, increased competitiveness, virtual cooperatives

MSE entrepreneurs are being led to understand that ICTs have the capacity to transform their businesses. While these are early days yet, there is no doubt that computerization of management information systems and new connectivity tools are introducing systemic changes to the ways in which small firms do business. ICT increasingly plays a role in all aspects of competitiveness: the converging ICTs compensate for size and distance and enable companies to grow and to "go global". Electronic conferencing, the Internet, electronic commerce, electronic networking and "home" working via Internet are some of the key technological innovations for women entrepreneurs' competitiveness that allows them to create and continue to develop their businesses.

## 7. Case Study 8: AQ Solutions, software development, Ghana<sup>59</sup>

*AQ solutions is an offshore outsourcing company that provides software development and other related services through professionals based in Accra. Established in 2000 by a Ghanaian businesswoman based in Connecticut, AQ Solutions now employs 25 staff in Ghana who service American companies. The company encourages women employees by making presentations at education institutions and head hunting for top students graduating in computer sciences. "About 85% of Ghana's ICT sector employment works in end-user support, and only about 10% of these are women". At the same time, while national government supports a conducive telecommunications policy environment for ICT business development, employment laws in the country actually ban women from working in the evenings – and the latter presents a major obstacle to women's employment in the ICT sector, particularly for those who want and need to work odd hours.*

<sup>59</sup> More information available from UNIFEM 2002 "African entrepreneurs join forces with UNIFEM to shrink digital divide for women" [www.undp.org/unifem](http://www.undp.org/unifem)

## 8. Case study 9: National-scale initiative: Tarahaat.com and Tarabazaar.com, India

TARahaat is an early stage initiative that aims to connect people across rural India, it has been raising funds since June 2001 to establish an Internet-enabled Marketplace and information source. The portal is intended to provide information on social services, development and environment to be made available to the public by village entrepreneurs through cyber kiosks. The sister portal, TARAbazaar.com is to provide the reverse access for the global market to village industries and crafts persons to help create new livelihoods in the villages. The target audience is made up of some 900million people spread over nearly 600,000 village communities with more than 60% of the nation's disposable income.

## 5.6 Main fears, bottlenecks, stumbling blocks

A review of existing research on e-business adoption among micro and small and enterprises categorises their main obstacles under four headings:

- ◆ Lack of information and education
- ◆ Uncertainty surrounding the costs and benefits of e-business
- ◆ Unavailability of strategic e-business resources
- ◆ Lack of information and confidence around security issues
- ◆ Unsupportive government regulation policies

## 9. Case Study 10: Women-run Telecentres in Bogota, Colombia<sup>60</sup>

Telecentres are community information centres that serve communities where they are located. They offer connectivity and information through computers, faxes and telephone that are used by community members to access information in areas that affect their lives. Bogota, Columbia has several poor neighbourhoods that lack telecommunications equipment, such as telephone lines. Telecentres, therefore are necessary to meet the information needs of residents. For women, access to information is even more important given the different roles they play in the community. In their capacity as productive and reproductive workers in the home and outside, women are creators and facilitators of information.

## 10. Case Study 11: Kyrgyz Style crafts

In January 2000, handcrafted rugs and slippers made by Kyrgyz Style craftswomen began generating publicity for their products in the North American market through the Internet and with the assistance of Aid to Artisans (ATA), an American non-profit organisation. ATA advertised the products at an international trade fair and an order for 600 pairs of slippers resulted from the exposition. Local artisans modified design and colour to fit the North American market and the end results were radically different from the traditional craft.

<sup>60</sup>

<http://www.americascanada.org/politics/connectivity/connactivities/cangovt-e.asptelecentres>.

## 6 Business Service Providers: extending ICT support to women entrepreneurs - existing entry points, failings and new directions<sup>61</sup>.

How does the public /private sector begin to introduce a coordinated ICT platform to existing infrastructure - rather than build new infrastructure, new systems, new bureaucracies and new power structures based around so-called "knowledge value systems"? This section of the study is devoted entirely to business development services for MSEs. Enterprise support agencies, business intermediaries and the whole array of membership and non-membership agencies that are broadly referred to as business service providers (BSPs) can have a critical role to play in supporting women entrepreneurs<sup>62</sup>. In NID's experience working with women entrepreneurs, it is clear that this is an area that is lagging far behind in supporting an important sector of business development, and this is further confirmed, for instance, by the *Donor Guidelines for Business Development Services* which point out that it is a field yet to be developed<sup>63</sup>.

Private sector representative organizations do exist in developing countries, in practically every developing country, Chambers of Commerce and Industry and small enterprise representative associations are

active. In comparison to their counterparts in developed economies<sup>64</sup>, however, membership is not obligatory and these business representation organizations often lack the funding and the political clout required to service their membership. Low membership seems to be a general feature of these agencies. In most African and Asian countries, it is still the government agencies that, for the most part, dominate MSE support programmes.

*Experience suggests that gender being a cross-cutting issue, it is not easy to address and confine it to a particular field of interest, and may therefore prove difficult to translate the concept into more operational practices. There is a need therefore for practical orientations and operational tools that account for a gender oriented approach. More specifically in the field of Business Development Services, gender issues in small enterprise development has so far only scarcely resulted in the identification of gender best practices (Hofstede, Gerry)*

<sup>61</sup> Since first writing this section, I came across the excellent research piece by Gerry Hofstede (see footnote 67) which gives field based examples on how business development services can/should deliberately extend their services to women.

<sup>62</sup> The ILO's WEDGE findings also come to the conclusions that women entrepreneurs make a substantial contribution to national economies. To develop and grow, they require business support services, rather than support in the form of welfare or charity. In some countries, women experience barriers mainly at the stage of entering into business. Once established, they face many of the same problems common to all entrepreneurs. Women have difficulty accessing finance, and even when they do so they obtain smaller loans than men. Growth programmes for women entrepreneurs can only succeed when they address power relations, and improve access to and control over economic opportunities and resources.

<sup>63</sup> Hofstede, Gerry. *Gender best practices and quality of business development services ILO/SEED Third Annual Seminar on Business Development Services Turin 9 – 13 September 2002*

<sup>64</sup> Most support for MSEs by private sector NGOs in developed countries comes from associations, federations and Chambers of Commerce. In most European countries, in North America and in Japan, there is a strong movement to create small firm representative bodies that are distinct from the larger business associations. The main purpose of these bodies is to advocate and lobby government to respond to the interests of small-scale businesses in the formulation of national policies. In many of these countries, membership in the local Chamber of Commerce is obligatory.

Chambers of Commerce do have the potential to play an important role in facilitating the growth of ICT-based services for local enterprises and for the markets they service, but are often under-resourced themselves. In many ways, CoCs are ideally positioned to cater to the e-business needs of MSEs. They:

- ◇ can straddle both the private and the public sectors;
- ◇ can be demand driven, customer-led organizations;
- ◇ are already established in the provision of business development services;
- ◇ are an intermediary agent that MSEs have access to.

There are at least three critical areas that require expansion and consolidation:

- ◆ **ICT and ICT-related services:** BSPs can complement their existing services, providing web-based services and support by introducing an integrated ICT platform to the services they offer, both in terms of their own technical and management efficiencies and as an additional service to MSEs;
- ◆ **ICT-related services targeted at women:** client specific business services that reach out to women entrepreneurs – catering to their interests, needs and contexts, this includes marketing their services to women and businesswomen’s groups, providing women-only training sessions, incentive packages for women-run businesses;
- ◆ **New alliances, user groups and networks:** initiated and maintained by BSPs that in turn encourage membership and involvement of women-owned MSEs in the decision making and service planning of BSPs, these new alliances can use ICTs to pull together a number of different players. Businesswomen can be given a seat at the drawing board to make the best use of business networks.

The recommendations and examples that follow are by no means comprehensive, but serve to suggest the range of existing services that can be offered to MSEs and to women to enable both to integrate ICT into their business activities.

## 6.1 ICT services targeted at women

The principle behind this stems from the understanding that the demand for business support services is gender differentiated. BSPs, on recognising the different starting points of men and women entrepreneurs, will cater to demand-driven client-specific needs differently. BSPs would do well to conduct regular membership drives aimed at women entrepreneurs and marketing client-specific business services that attract women entrepreneurs – catering to their interests, needs and contexts.

### **11. Case Study 12: CEPI, Business Service Centre, Peru**

*CEPI is a private services centre (externally funded) that enables SME access to large orders, by coordinating the work of small and medium-sized enterprises (SME) from the clothing industry. CEPI is based in a workshop specially equipped for sample products, participates in invitations to tender and subsequently monitors the completion of orders through technicians. CEPI guarantees that orders will meet both the necessary quality standards and delivery deadlines within the SME. CEPI also supports two branches outside Lima. The system makes it possible, on the one hand, for SME to gain new clients and, on the other hand, to transfer the production of larger orders to the*

*smallest enterprises, so contributing to the strive for decentralisation in the region. This Peruvian Business Service Center sub-contracts SMEs in the textile sector. After eight years of operation, they undertook a participatory diagnostic to acquire a better understanding of their female clients, and to know more about their business potential, family situation, etc. The findings of this diagnostic allowed CEPI to make important gender-oriented adjustments in their services. The main characteristics of women-led businesses in Latin America include: women are less educated, have less business exposure, are concentrated in the low productive and lowly valued activities, are concentrated primarily in service and trade sectors and less in production, show lower levels of accumulation and business growth, predominate in subsistence activities and are over-represented in the informal sector.*

*Since March 2002, Swisscontact has also been involved in the tourism sector. The average time (currently two nights) that tourists spend in the Cusco department should be increased. New destinations should be offered, appealing mainly to ecologically and culturally-orientated tourists. The project is striving to work closely with both the local population and tour operators. It is being financed by funds from the Japanese development organisation JICA.*

## **12. Case Study 13: Association pour le Soutien et l'Appui a la Femme Entrepreneur (ASAFE) Cameroun <sup>65</sup>**

*A membership organisation, ASAFE supports small businesses through the provision of information services, education and training programs and through the management of a credit scheme. Introducing an ICT platform to existing functions transforms the scope, depth and efficiency in delivery of these services, and opens channels for new functions. ASAFE's ICT strategy has evolved over three phases: first, understanding how ICT might be used to support current functions, second, determining the physical infrastructure that would "house" an ICT platform, third, identifying the kind of connectivity most appropriate to support this ICT platform.*

*ASAFE was created in 1989 to provide information, business support and banking services to its membership of medium and small-scale business-owners who live and trade in Cameroon, Mali, Tchad, Guinea and Benin. It has focused its attention on the needs of women entrepreneurs, through awareness raising, counseling, providing specific training programs such as book-keeping and accounting, and through delivering credit support.*

*The demand for ASAFE's services is not only growing, but is changing in nature as women entrepreneurs face increasing marginalisation and competition in the face of globalisation. With domestic markets saturated and the possibilities of using information technologies to access overseas markets, ASAFE is taking the unprecedented step of introducing an IT platform to consolidate upon and amplify its existing functions.*

## **Proactive membership drives**

Time and again, it is apparent that:

- ◆ Women are less likely to be members of business or employers' associations than men. This finding provides a great opportunity for representative associations, such as employers' organizations or chambers of commerce to increase women's membership<sup>66</sup>

<sup>65</sup> [www.asafe.org](http://www.asafe.org)

<sup>66</sup> ILO: *The Knowledge Wedge: Developing the knowledge base on women entrepreneurs – what have we learnt*



- ◆ Networks and associations of women entrepreneurs can and do provide much-needed support for new and emerging women entrepreneurs, and they are well positioned to establish women's business centres
- ◆ Existing business development agencies, chambers of commerce and other membership and service providers are NOT addressing the business potentials of women entrepreneurs and clients as well as they could.

## Training courses specifically for women

Without wanting to replicate the training observations in Section 4.3, there are a number of training characteristics that BSPs can offer that will attract businesswomen:

- ◆ business management training that includes motivational / promotional work with a view to imparting the relevance of managerial training for women entrepreneurs
- ◆ client-oriented, participatory and dynamic methods of training (as opposed to the traditional lecture style of training) that offer a women-only course
- ◆ use certified business ICT training approaches tailored again to the specific client context in which the service entities operate, and issue businesswomen with certificates from the BSP.

## 6.2 Business incubation – the next step

Incubation can, in its broadest meaning, embrace a range of services that aim to support the young and growing business. Raising the profile of young businesses and attracting local sponsorship, organising trade and marketing fairs, promoting product and process technology upgrades for MSEs, all fall within this broad understanding. Business incubation is arguably the next step to providing business support services, in that a comprehensive and systemic process is set up to

- ◆ nurture young MSEs by providing the above-mentioned services and managing office space on a shared, affordable basis
- ◆ provide the financial, marketing and design support and the managerial training that the emerging entrepreneur requires
- ◆ foster the internal dynamics and business networks and contacts that are critical to the launch of successful ventures.<sup>67</sup>

### **13. Case Study 14: Venture capital investment: Grameenphone**

*At the end of 2001, Mr. Iqbal Quadir showed how third-world ventures can be profitable to investors - and provides a useful service - when GrameenPhone, the cellphone company he founded in Bangladesh, made \$27 million in pretax profits. It turned that profit after just five years – far sooner than many first-world start-ups.*

*With help from Telenor, the Norwegian telecommunications giant, and Grameen Bank, an established lender in Bangladesh, GrameenPhone began operations in 1997. Investment to date has totaled nearly \$200 million. The enterprise has two tiers: it sells phones and time to urban customers, and it sponsors Village Phone, a program in which people without phone service in rural areas take out small loans for cellphones and buy air time at cost. Most borrowers are*

<sup>67</sup> further information available from [www.unido.org](http://www.unido.org)

women; Grameen Bank's founder, Muhammad Yunus, has said they are better credit risks. The borrowers then charge other villagers the market rate to make calls. GrameenPhone now has 575,000 subscribers in 12,000 villages. In fact, at a time when growth is slowing in the American and European cellphone markets, the number of GrameenPhone subscribers is rising rapidly.<sup>68</sup>

#### **14. Case Study 15: Gender Sensitive Venture Capital, Thailand**

The Gender Sensitive Venture Capital (GSVC) project started in 1993, to introduce new financial instrument (commercial loan and equity financing, that is, venture capital) targeting small scale women entrepreneurs. The project promotes women's ownership of business and financial assets, and trains women in entrepreneurial skills. The objectives are to:

- provide women in disadvantages rural areas of Thailand with access to capital for enterprise development activities
- increase women's opportunities to own assets and establish linkages with mainstream financial institutions invest in businesses that are at enable the women to increase and retain control over their incomes.

The project began with seed capital of US\$ 150,000.00 and has financed MSEs in bread making, silk flower production, pottery, fresh fish retail. The women in this project have been empowered by their participation in decision-making related to their businesses.

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<sup>68</sup>

May 26, 2002 NEW YORK TIMES *Helping the Poor, Phone by Phone*

## 7 A Step-by-step guide to gender-sensitive ICT development for MSEs (or guidelines to good practice)

### 7.1 Stage I: base information and factual bank

The first stage involves building up a factual bank of the differences in male and female-run MSEs. One way is to identify businesswomen's associations and involve them in information gathering to gain an understanding of the particular needs of women clients and the business culture of women in their national context. The following describe considerations in this stage:

- ◆ gather information on the role of women in financial management and in local business practices, their roles in decision making and its relation to their economic earnings, responsibilities and ambitions
- ◆ determine existing systems of financial and business management that women already have access to, what kinds of business associations and service centers women already tap into and what needs are not currently being met
- ◆ involve businesswomen and their representative organizations in discussing the role that ICTs can play and learn more about their needs and objectives. By discussing directly with businesswomen about their goals, we may learn that she seeks to overcome strategic barriers that include social as well as economic dimensions
- ◆ analyze how businesswomen establish access and control of resources, how this impacts their business decision making, and what their immediate obstacles are.

### 7.2 Stage II: Setting Objectives

The next stage involves processing the information gathered and setting collective objectives. When setting objectives the following questions need to be considered:

- ◆ identify the "entry points" to reaching out to businesswomen, such as existing membership of chambers of commerce or business service providers
- ◆ identify those women-run businesses that are viable businesses and not just income-for-survival initiatives
- ◆ design and conduct training "outreach" workshops that provide an "applied training" environment to enable businesswomen to understand the three dimensions of ICTs in business
- ◆ work with regulatory bodies to determine what policies need to be implemented in order to ensure that women have equal access to ICTs as men
- ◆ identify the range of support services that would prove helpful to women in order to ensure that they participate in literacy, skills training, decision-making, etc. Determine the feasibility for the WBG to provide / support some of these client-specific services
- ◆ determine strategies to ensure that women's perspectives and input are incorporated into the decision-making processes.

### 7.3 Stage III: Implementation

The implementation stage brings together the predetermined objectives and strategy into play. The following describe three particular areas and examples that an organisation could pay attention to:

## Outreach and access

Spend a good deal of time and energy at the front end of MSE initiatives to include and involve businesswomen to ensure that they are encouraged to become not only end-users of the technology but also designers of the applications. A community-based approach to reaching out to businesswomen and businesswomen networks can provide the project with a solid methodology for including and involving women at the outset. As an example, let us look at the potential roles of telecenters.

## Community access through telecenters: an example

Telecenters operate under a wide spectrum of labels and configurations: “community technology centers,” “virtual village halls,” “telelearning centers,” “telecottages.”<sup>69</sup> In the last few years, development agencies and private sector organisations have established a range of telecenters in both rural and urban areas, to tap the growing demand for telecommunication services in both developing countries and in disadvantaged communities in industrialized countries. Telecenters usually serve a specific community. In rural areas, the target community may be a set of villages. In large cities, the telecenter may serve particular neighborhoods within the city, e.g. in low-income areas. There are a number of telecenter initiatives that ensure that their outreach includes women or that are exclusively geared to target women. Telecenters can build on these models to allocate time and space exclusively for e-marketplace activities that target businesswomen by:

- ◆ Conducting active outreach, advertising and sponsoring training events. A side product would be increased use of telecentre services by a wider audience whose comfort level increases with each visit
- ◆ Sponsoring training events to ensure that initial training and sensitization for businesswomen is nominal in cost, thus reaching out to the small business owner in low-income urban and rural communities
- ◆ Ensuring physical accessibility – includes not only reasonable and safe distances for women, but may also mean extending opening hours to reach women whose preferred times may be early morning or late evening. Some telecentres may also consider offering other services such as childcare facilities
- ◆ Extending beyond training services to providing women with an opportunity to gain invaluable work experience within the telecenter itself
- ◆ Ensuring relevance of services to businesswomen who must make choices among competing demands for their time. If women are to use telecenters, they must clearly perceive the ways in which the telecenter can serve their needs. Telecenters can ensure relevance by providing training and services directly linked to women needs,

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<sup>69</sup> J. Anderson, "Applying the lessons of participatory communication and training to rural telecenters," *The First Mile of Connectivity*, ed. D. Richardson and L. Paisley (Rome: FAO, Sustainable Development Dimensions, 1998).

particularly those driven by economic pressures and family responsibilities. Telecenters can also engage women's involvement by building on their inclination to use the telecenter to help their children, other family members, and communities.

- ◆ Continuing participation strategies - telecenters can only serve women's needs if they understand the particular barriers women face, and such local understanding will emerge only with the direct involvement of women in decisions about operations and management. Women clients may identify needs and obstacles that are invisible to telecenter staff. They may also be able to help develop effective, efficient ways to meet those needs.
- ◆ Developing alliances with women's business education institutions, chambers of commerce and other intermediary business associations that already have a strong businesswomen membership base.

## 7.4 Stage IV: Evaluation

Although there is some overlap between the implementation phase and evaluation phase, it is extremely important to critically assess the program and evaluate what changes, if any, need to be made to accommodate the interests of women better. The following key data, qualitative and quantitative, should be collected and considered in this phase:

- ◆ Collect average monthly statistics on how many women participants came to training events, how many dropped out and why, how many return to further training events
- ◆ What the main marketing research sites are that women entrepreneurs frequent.
- ◆ What software, software training and support service do women entrepreneurs in the region prefer, what is the upward trend in use of ASP services
- ◆ how have the women responded to the financial and support services offered? how have they benefited personally, in the context of their family, and with respect to larger society?
- ◆ which groups of women have or have not been reached with services?

## 7.5 Stage V: Maintaining fluidity and flexibility in the program design

After obtaining information through monitoring the implementation of the organization's objectives, there needs to be a feedback mechanism to incorporate the lessons learned into management decisions. If there remains a disconnect between the information gathered and the approach to managing the program, ultimately the initiatives are ineffective. Implementing a gender policy will not yield positive results if the implementation remains weak. However, if the weak link is identified through the monitoring phase, the program can be strengthened through changing program design in response to findings. It is important to learn from the previous steps of implementation and evaluation to determine what works and what proves to be inefficient. After gathering that feedback, staff and clients should collaborate to determine if and how program design should be influenced to incorporate new information.

## 15. Case Study 16: Small Enterprise Donor Committee

*The Small Enterprise Donor Committee serves mainly as a forum for member agencies to share information, organize conferences, and produce documents such as the "Guiding Principles" drawn up for microfinance (in 1995) and business development services (in 2001). The Committee serves more to coordinate work that several agencies are doing in a common area, rather than to direct the work. There is some interest among some of the agencies in information on how ICT and gender may relate to MSEs, but at present these do not appear to be very likely areas for coordinated work. The Donor Committee could be a possible channel for disseminating knowledge that has already been developed on gender/ICT issues that relate to MSEs. At the annual meeting, presentations are sometimes made in addition to panels organized by the working groups – and that could be the most likely avenue for disseminating the results of a study through the Committee<sup>70</sup>*

## 7.6 Look at the international trade regime

The success of local efforts to address poverty depends on the supportive macro policy context that promotes economic viability in a sustained manner. It also requires policies that promote the role of local enterprises and the development of domestic markets. The trade and investment regime that has been institutionalized during the 1990s and endorsed during the Doha forum in 2001 restricts the space for decision making at national levels in a way that could be detrimental to women. Trade rules continue to favour the transnational corporations at the cost of community based, family based and other small-scale enterprises. While this is not the purpose of this research, any work on sustainable MSE development has to take a hard look at trade regime barriers to local economic development and self reliance – particularly where investor rights and foreign enterprise rights begin to infringe on the local marketability of small enterprises. If not, most of the MSE developments will continue to function on the margins of economic development and will continue to face huge obstacles that prevent them from entering mainstream competition.

To quote another WB publication, *Global Economic Prospects 2002*, the average poor person selling into globalized markets confronts barriers that are roughly twice as high as those facing the typical non-poor worker. Seizing the opportunity to *reshape the global trade architecture* will reduce poverty and lift an additional 300 million people above the \$2 a day poverty line. ***If the World Bank's driving motivation is to address poverty issues, then it cannot shy away from endorsing trade and local policies that protect, support or subsidize the interests of the family based or community based enterprise.***

## 7.7 Conclusion

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<sup>70</sup> Email correspondence with William Steel, Senior Adviser, Africa Region Private Sector, World Bank and Co-Chair, Committee of Donor Agencies

ALL development interventions must work **with** women stakeholders to ensure that women's opportunities to utilize technologies are not inhibited by cultural dictates on seclusion, restrictions on mobility, or the unequal division of labor. While the interface between ICTs, MSE development and gender equity issues is quite new, there is ample evidence and field experience which provide a solid foundation upon which to build an ICT development policy that ensures that women are supported in their business activities in the MSE sectors.

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World Telecommunication Development Report 1998: mainstreaming gender in World Bank lending: an update [www.worldbank.org/html/oed/16409.htm](http://www.worldbank.org/html/oed/16409.htm)

## 10 Appendix I: List of case studies

Initiative	Initiative	Country	To illustrate	On-line References
1	Cottage Industry Global Market	India	Trade barriers work against MSE exports	<a href="http://www.k2crafts.com">www.k2crafts.com</a>
2	Mobile banking for blue collar workers	India	Mobile banking for women	<a href="http://www.theglobalalliance.org/main.cfm">www.theglobalalliance.org/main.cfm</a> <a href="http://www.ifc.org">www.ifc.org</a>
3	Milk Cooperative Smart Cards	India	Village level milk supply records and transactions	<a href="http://www.timesofindia.com/230300/23busi9.htm">www.timesofindia.com/230300/23busi9.htm</a>
4	Uganda Women's Finance Trust	Uganda	Savings and credit	<a href="http://www.swwb.org/english/1000/address/affiliates/add_aff_Uganda.htm">www.swwb.org/english/1000/address/affiliates/add_aff_Uganda.htm</a> <a href="http://www.cgap.org">www.cgap.org</a>
5	IWTC CD Training tool	Uganda	Training for illiterate women	<a href="http://www.wougnet.org/documents/nawoda.anewtool.html">www.wougnet.org/documents/nawoda.anewtool.html</a> <a href="http://www.un-instraw.org/docs/mijumbi_summary.pdf">www.un-instraw.org/docs/mijumbi_summary.pdf</a>
6	Tortas Peru	Peru	On-line business	<a href="http://www.tortasperu.com.pe">www.tortasperu.com.pe</a>
7	Industrial Information network	Pakistan	Strategic alliances for SMEs	<a href="http://iin.org.pk/iin.jsp">http://iin.org.pk/iin.jsp</a>
8	AQ solutions	Ghana / USA	Offshore IT servicing company	<a href="http://www.nextgenven.com/portfolio.aqsolutions.shtml">www.nextgenven.com/portfolio.aqsolutions.shtml</a> <a href="http://www.aqsolutions.net">www.aqsolutions.net</a>
9	Tarahaat and Tarabazaar	India	Multi purpose portal for rural businesses	<a href="http://www.tarahaat.com/tara/home">www.tarahaat.com/tara/home</a>
10	Telecentres for public access	Colombia	Women-run businesses	<a href="http://www.americascanada.org/politics.connectivity/connectivities/cangovt-e.asptelecentres">Www.americascanada.org/politics.connectivity/connectivities/cangovt-e.asptelecentres</a>
11	Kyrgyz Style crafts	Kyrgyztan	Crafts business	<a href="http://www.kyrgyzstyle.kg">www.kyrgyzstyle.kg</a> <a href="http://www.aidtoartisans.org">www.aidtoartisans.org</a>
12	CEPI business centre	Peru	Business services for SMEs	<a href="http://www.iadb.org/sds/doc/1133eng/pdf">www.iadb.org/sds/doc/1133eng/pdf</a>
13	ASAFE	Cameroon	Women run cyber centre	<a href="http://www.asafe.org">www.asafe.org</a>
14	Grameenphone	Bangladesh	Venture investment	<a href="http://www.grameen.org">www.grameen.org</a>
15	Gender	Thailand	Financial	<a href="http://www.unifem-eseasia.org/projects/GSVC.html">www.unifem-eseasia.org/projects/GSVC.html</a>

	sensitive venture capital		instrument and training	
16	Small enterprise donor committee	international	Donors' network	<a href="http://www.sedonors.org">www.sedonors.org</a>

## 11 Appendix II: Lessons from The Knowledge Wedge: Developing the knowledge base on women entrepreneurs

The ILO has conducted comprehensive studies on the gender differentials of MSE development, they capture the essence of what we need to be concerned with:

- *In both the formal and informal economies, women entrepreneurs account for a large number of enterprises. They make a substantial contribution to national economies. To develop and grow, they require business support services, rather than support in the form of welfare or charity.*
- *In some countries, women experience barriers mainly at the stage of entering into business. Once established, they face many of the same problems common to all entrepreneurs.*
- *Women have difficulty accessing finance, and even when they do so they obtain smaller loans than men.*
- *There is no "one size fits all" when designing solutions and programmes, as women entrepreneurs are not a homogeneous group, they face different sorts of problems at different stages of their development and growth in a wide range of countries.*
- *Women are less likely to be members of business or employers' associations than men. This finding provides a great opportunity for representative associations, such as employers' organizations to increase women's membership.*
- *Networks and associations of women entrepreneurs can provide much-needed support for new and emerging women entrepreneurs, and they are well positioned to establish women's business centres.*
- *Support for women entrepreneurs needs to take account of women's reproductive and household responsibilities, as well as existing gender relations and roles between women and men.*
- *Many women entrepreneurs adopt a range of indicators of achievement, including satisfying clients, satisfying their workforce, and satisfying their families.*
- *Growth programmes for women entrepreneurs can only succeed when they address power relations, and improve access to and control over economic opportunities and resources.*
- *Women entrepreneurs often lack self-confidence in their business endeavours and fear that they will not be taken seriously by others.*
- *Women's mobility is limited in terms of often having to work close to home, having limited access to transport, and they have personal security considerations.*
- *In most countries where households are coping with the effects of HIV/AIDS, additional burdens are placed on women and these can distract from their business pursuits. However, the small business is often particularly important, as it is likely to be the sole source of income for the household.*
- *Women with disability experience additional barriers and burdens in establishing and running their own enterprises.*
- *Knowledge should not be gathered for its own sake, but turned into supportive actions at the earliest opportunity.*

## 12 Appendix III: Extract from an analysis of Swisscontact's Experience in the Promotion of Women Entrepreneurs in Micro-, Small- and Medium sized Enterprises, March 2001

Regarding the **difficulties** of implementing SMEP programmes for women entrepreneurs most answers coincide in the following:

- high cost for research/development (difficult information gathering)
- budget constraints
- identification of "real" women entrepreneurs (with business like behaviour and a potential to grow)
- BMO partners / women POs have a social developmental approach (no cost/quality awareness) and lack business culture
- implementation of "hard core" business like approach (BDS approach) difficult because catering to women is considered as social (other donors use soft approaches)
- BDS approach not always applicable for women as POs can't sell BDS profitably
- difficulties in monitoring
- difficulties in differentiating female target groups
- gender balance is a process that needs time (not possible to achieve in one phase)
- organisational development within POs needs time
- selection process not always effective / POs don't select women participants in a proper way
- women's participation in training low if high payment is required

As most frequent **lessons learnt** the following were mentioned:

- define hierarchy of gender issues within intervention principles and clear position of value to give to gender perspective (is gender balance first priority or are goals of SMEP-policy given the priority?)
- deal with gender from the onset of the SC-country programme (include from the very beginning rather than add later on)
- gender issues should be implemented with multipliers at meso level, i.e. with BDS providers, partners; activities should be focused on multiplier effect, such as training of trainers
- soft support scheme should be developed without deviating from BDS approach
- link BDS providers with women SMEs through awareness raising among women SMEs and strengthening BDS providers (BDS must be customised)
- special attention should be paid to ID/OS within POs

Among the **best practices**, the following are the most frequent:

- awareness building at SC and PO level
- activities with multiplier effect (training of trainers)
- involve women in designing the activities / participative planning
- private consultants / organisations with field experience as POs
- SC should participate in selection of training participants (criterium: quality of business plans etc.)
- consistency in implementation and monitoring