

CREATING OPPORTUNITIES FOR WOMEN ENTREPRENEURS IN CONFLICT-AFFECTED COUNTRIES

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In many ways, women pay the socioeconomic price of conflict. Although destruction, displacement, and loss of lives and livelihoods affect men and women alike, conflict often leaves women to carry the double burden of economic and familial responsibility in the absence of men who are imprisoned, disabled, or dead.

Access to reliable information is essential in a fast-changing environment defined by insecurity. Households typically face a multitude of decisions in conflict-affected countries – to invest, to sell assets, to stay in rural areas or move to the city, to leave camps and look for economic opportunities elsewhere. However, prevailing informal (and formal) networks are often male-dominated – with men in key information-sharing positions during conflict – leaving women and female-headed households without a basis for informed decision making and without the possibility of seizing emerging opportunities. Providing women with access to information and with entry points to formal and informal networks are crucial steps toward social and economic inclusion and rebuilding the economy.



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Reconstruction can be effective only if women are recognized as valuable economic participants rather than dismissed as a “vulnerable group.” Giving women a stake in the national reconstruction process by investing in their economic participation, including through entrepreneurship, is crucial for effective and sustainable development of the already fragile economies of conflict-affected societies.

Lesson #1: When working with financial institutions in post-conflict countries, seize the opportunity to promote women’s access to finance and help financial institutions to bank on women entrepreneurs profitably. Example: Afghanistan

During conflict, the necessity for women to earn a living contrasts with their limited access to resources such as finance and capital, and often results in an even greater concentration of women in the informal micro-enterprise sector. Women who can no longer rely on steady earnings from the male head of household during hardship often have no choice other than to try to make ends meet by engaging in informal micro-income-generating activities to contribute to household income. The success of female entrepreneurs is essential for post-conflict economic stabilization and revival; yet women entrepreneurs in conflict-affected societies often experience difficulty in accessing finance.

Kamela Sediqi, a woman entrepreneur in Afghanistan, operated a tailoring business from home during the Taliban regime, when her brother and father were in exile. She has since started a business consultancy, instructing clients in business plan writing, financing, marketing and pricing. Her clients now include the United Nations.

In 2006, IFC’s Gender Program (Gender Entrepreneurship Markets) was asked to help First Microfinance Bank of Afghanistan (FMBA) reach out to underserved segments of the market and to promote women’s empowerment through increased access to financial services. The goal was to accelerate the growth of women in business while generating superior business outcomes for FMBA. Women in particular have proven to be excellent microfinance clients globally, and reaching out to women microfinance clients in Afghanistan was considered a business opportunity not to be lost.

More women had entered the labor force as a result of the conflict, which would lead to more opportunities to support women's economic activity. There were also more female-headed households, with estimates of around 16 percent in Kabul, and between 4 percent and 20 percent in three districts of Badakhshan. According to a 2005 World Bank report, 52 percent of women in female-headed households had been working "infrequently in Kabul and elsewhere, sewing, embroidering or washing clothes for others."



Photo credit: Flickr user Carpet Blogger.

FMBA had a much higher average loan amount than its competitors, but – bucking the norm in microfinance – had the lowest percentage of women clients at 12 percent. Working in partnership with colleagues in financial markets, IFC's gender team went to Afghanistan to develop a strategy for FMBA to improve outreach to women. FMBA then implemented a group lending product targeted at women – and after only one year it was already able to increase its women's portfolio to 16 percent. In a recent progress report, the client was particularly proud to report not only that the women market segment was profitable, but that a significant percentage of their loans went to widows to whom FMBA can now provide an opportunity to progress and improve their standard of living.

Lesson #2: Since many new women entrepreneurs enter the informal sector during and after conflict, this requires an early baseline assessment with a gender focus to help the government establish ways to formalize their participation in national reconstruction efforts. Example: Liberia

In post-conflict Liberia, it was estimated that in 2007, half of all enterprises were completely informal. Given the post-conflict demographics, many households were likely to be surviving through the resourcefulness of women. In such an environment, formalizing a business is a critical step in facilitating business growth and economic development. Company formation is particularly important because the limited liability status of companies encourages risk-taking, and formal structures facilitate access to resources.

In early 2007, at the request of the government, the Foreign Investment Advisory Service (FIAS) of the World Bank Group undertook a survey of barriers to enterprise formalization in Liberia with the intention of exploring ways to address those barriers. One question tackled by the team was whether women and men running informal businesses faced similar or different obstacles to formalizing their business and whether women business owners had different needs. As a result, the team provided gender-specific questions that were included in the survey, and undertook gender analysis of the results.

The gender analysis confirmed that women business owners in Liberia are much more likely than their male counterparts to own completely informal enterprises. This gap persists as the firms mature, and while it varies by region, the gap persists across the country. This informality gap may be impeding business growth, especially among women-owned firms, as completely informal businesses owned by women are less likely to have experienced increased employment over the past year than formal or partially formal firms. Fewer women than men said they are likely to take steps to become formal, and fewer have taken any steps toward formalization to-date.

Following the gender survey, the government realized the need to address unequal treatment of women and men by officials. Women business owners who have tried and failed to formalize, as well as formal or partially formal women business owners who have tried to obtain licenses or permits, were all significantly more likely than their male counterparts to report difficulties in dealing with government officials. In addition, an important role was identified for business associations as a natural conduit for dissemination of information about business formalization: women surveyed were found to be far less likely to be members of business associations, except in the central region of the country. These associations should be encouraged to extend memberships to women in their communities. Moreover, women were also found to be more avid users of savings clubs and *susus*¹ than

¹ *Susu* collectors are one of the oldest financial groups in Africa. They provide (for a small fee) an informal means for people to securely save and access their own money, and to gain limited access to credit, a form of microfinance. Adapted from Wikipedia.

men. It was suggested that targeted outreach and communication to women business owners would bring important benefits.

Lesson #3: Promote training and business mentoring opportunities that reach women entrepreneurs who are typically limited in their mobility and physical access to markets. Example: Iraq/Jordan

In conflict areas, personal safety issues affect women's ability to leave their house and/or business and restrict their mobility – especially at night. Moreover, deteriorating security situations also restrict women's access to formal networks. As a frontier country where access is difficult, there was a high demand for small and medium enterprise (SME) training in Iraq in 2006, particularly for women SME owner/managers. Much of the current training was directed at the microentrepreneur level. Yet the policies of the interim coalition government to provide women with a quota of the contracts for reconstruction had spawned a number of women-owned SMEs, most of whom had not previously had access to entrepreneurship/management training.



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Realizing that it would initially be too risky and difficult to organize training workshops in Iraq, IFC's Private Enterprise Partnership for the Middle East and North Africa (PEP-MENA) gender team looked for opportunities to train Iraqi women entrepreneurs in Amman, Jordan, while allowing for the additional costs of transport and security. The training was to be demand-driven and conducted in conjunction with the Iraqi International Chamber of Commerce and Industry and the Jordan Forum for Business and Professional Women. The objectives were to: 1) enhance local Iraqi women entrepreneurs' competitiveness; 2) link them to Jordanian women entrepreneurs and Iraqi entrepreneurs in the diaspora for knowledge-sharing and mentoring; and 3) introduce Jordanian institutional practices to Iraqi women, notably on how they address business women's needs, for possible

replication early on in the Iraq reconstruction process.

Using IFC's *Business Edge* management training methodology, a three-day workshop on "Successful Marketing and Pricing Strategies" was designed to respond to women's specific training needs. Similar *Business Edge* workshops had been held in other IFC frontier countries, including Afghanistan and Yemen. In addition to providing participants with best-practice concepts, the workshop provided valuable exposure to the businesswomen's membership organizations on how to serve as intermediaries for high-quality business training for their members. Based on this exposure, workshop participants established their own businesswomen's association, the Iraqi Business Women Forum, to serve the needs of women SME owners/managers in Iraq. The forum's first priority was to lobby for the launch of an on-line portal and SME e-learning dedicated to women SME owners/managers; this was particularly relevant in a conflict-affected environment, where women's physical mobility is limited.

Lesson #4: Legal reform initiatives carried out after the end of conflict provide a unique opportunity to ensure that existing gender-discriminatory legislation is revised and that new legislation provides a level playing field for women. Example: Democratic Republic of Congo

Efficient business enabling environments are good for business women and men, and the benefits are especially large for women. According the 2008 *Doing Business Report*, "countries with higher scores on the ease of doing business have larger shares of women in the ranks of both entrepreneurs and workers." Giving investment climate advice to governments on how to ensure a level playing field for women and men is thus important from both a business and equity perspective.

Systemic gender discrimination and exclusion from business practices are common features in many countries, whether conflict-affected or not. Typically, when it comes to changing legislation that treats businesswomen differently than men, laws in several domains (including personal status codes pertaining to women's marital, property, and inheritance rights) are affected, which can make legislative reform cumbersome. Such issues can be addressed more easily when a post-conflict government is taking a fresh look at its legislation and is open to

innovative ideas on how to improve and optimize legislative procedures and regulations. The end of conflict, and the fluidity of the situation, opens a window to address many societal imbalances.

In 2006, at the request of FIAS colleagues supporting the Government of the Democratic Republic of Congo (DRC) in improving its investment climate, IFC's gender team confirmed that laws and regulations do affect businesswomen differently than men. For example, in the DRC, where women run only 18 percent of the small businesses, discriminatory provisions in the Family Code require married women to obtain marital authorization to go to court in a civil case, to buy and sell property, or to enter into any obligations, including starting a business. Banks generally require co-signature/approval of husbands if women are to obtain loans. The Family Code also affects the ability of all women to obtain employment, because proof of marital status is required, and this is difficult in a context in which identification papers are largely unavailable. Neighboring Rwanda, by contrast, has no such regulations, and women in that country run more than 41 percent of the small businesses.

In general, starting a business in DRC is difficult, taking 13 procedures and 155 days, costing as much as 5 times annual *per capita* income. But women face greater obstacles than men because of the marital authorization requirement, even if this requirement is rarely invoked in practice, as the difficult economic situation in DRC, and high levels of male unemployment, generally mean that men do not generally raise objections to their wives working or running businesses. However, it does appear that these provisions are among the obstacles women face in seeking access to finance, and removing them, to close a potential loophole, is therefore an important priority for women.

Having identified legislation that directly discriminates against women, the World Bank Group team has integrated a gender focus into the investment reform advisory work program in DRC. By supporting a rapid gender-focused review of the legal and regulatory obstacles facing business, it will help the government to act on gender-specific legal and regulatory issues through reform measures aimed at improving the business environment for women entrepreneurs. Since the DRC is planning a systematic overhaul of its legal and regulatory framework, this post-conflict environment provides an opportune moment to highlight how legislation can be improved to promote both businesswomen and men equally.

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