
Series on Gender and Employment

**Identification of Economic Opportunities for
Women's Groups and Communities**

**Gender Promotion Programme
International Labour Office Geneva**

Foreword

This Guide was developed as part of the ILO Gender Promotion Programme (GENPROM) “tool kit” on gender and employment. The main target audience of the Guide is development and community organizations, both governmental and non-governmental, and workers’ and employers’ organizations working with local women’s groups to identify and to realize opportunities for more and better jobs. It is also intended to assist ILO staff, in particular national project staff, who are responsible for supporting these organizations and groups in their efforts.

Efforts to assist vulnerable groups of women workers to go into self employment, set up micro and small enterprises or increase their income earning potentials can be sustainable and can enable women to get out of poverty if linked to and supported by a number of other measures. Firstly, there must be a proper identification of economic potentials and opportunities based on a realistic assessment of the available resources and constraints in a community. The identification of economic opportunities should be through a participatory process, involving the intended target beneficiaries themselves and a wide range of community stakeholders – for example, the local development authorities, financial institutions, employment services, private sector businesses, trade unions, support organizations – so as to build consensus and commitment and to help mobilize the necessary resources. A second and complementary set of measures is to empower the women so that they are able to translate the opportunities into more and better jobs for themselves, improved welfare for their families especially their children and enhanced status for the group and for the individual woman. The Guide describes these different measures and sets out practical steps for carrying them out.

The Guide draws upon the available ILO knowledge base and tools relating, for example, to the identification of business ideas, local economic development and community approaches and group mobilization and women’s empowerment. Many of these tools, such as “Start and Improve Your Business” and how to conduct gender analysis and planning have been well tested. But the uniqueness of the Guide is its focus on groups and communities and its participatory approach.

The Guide was written by Ms. Gerda Heyde who has had substantial practical experience working with women’s groups and communities in conducting economic opportunity identification exercises. Technical supervision was provided by Ms. Naoko Otobe, Senior Employment and Gender Specialist (GENPROM), who was also responsible for finalizing the Guide.

Lin Lean Lim
Manager
Gender Promotion Programme

Contents

	<i>Page</i>
Foreword	iii
Introduction	1
Background	1
How to use this Guide	2
Definitions	4
Part 1 Advantages of business development through groups	7
1.1 Starting point	7
1.2 The role of women's groups and communities	7
1.2.1 Economic elements	8
1.2.2 Sociological elements	9
1.2.3 Complementarity of individual and group activities	9
1.3 Specific constraints facing women entrepreneurs	10
1.4 The importance of empowerment	11
1.5 Some ideas regarding the group's structure and legal status	15
Part 2 Analysing the environment.....	17
2.1 The role of stakeholders in women's economic empowerment	17
2.1.1 Identifying stakeholders	17
2.1.2 Creating commitment within the society for economic opportunities for women.....	20
2.2 Basic characteristics of our community	22
2.2.1 Approximate population.....	22
2.2.2 Geographical features.....	22
2.2.3 Educational facilities and social services	23
2.2.4 Credit sources for small enterprises	23
2.2.5 What raw materials and production inputs are available in the area?	23
2.2.6 What businesses are doing well in our area and why?	24
2.2.7 Which needs of the local population are not satisfied?	26
2.2.8 What part of external demand could be covered by local products?	27
Part 3 SWOT analysis of the women's group or community	29
3.1 Strengths and weaknesses	29
3.2 Opportunities and threats	32

Part 4	Sources of business ideas	33
4.1	Introduction to creative thinking	33
4.1.1	Brainstorming	33
4.1.2	Lateral thinking	34
4.2	Different techniques for finding new ideas	36
4.2.1	Women's skills and knowledge	36
4.2.2	Different ways of looking at a product.....	36
4.2.3	Possible uses of locally available materials	38
4.2.4	Substitution of “imported” products	40
4.2.5	Possibility of selling products to neighbouring areas.....	41
4.2.6	Important trends in society	42
4.3	Sources of information and ideas	44
4.3.1	Trade fairs	44
4.3.2	Publications	44
4.3.3	Interviews	44
Part 5	Critical analysis of the ideas	45
5.1	Rapid screening of ideas	45
5.2	Market opportunities survey (MOS)	46
5.3	Feasibility study	47
Part 6	Export and fair trade	55
6.1	Why go for export?	55
6.1.1	Advantages and disadvantages of export	55
6.1.2	Export checklist.....	56
6.2.	Fair trade	58
6.2.1	What is “Fair Trade”?	58
6.2.2	Types of organisations promoting fair trade	58
6.2.3	Basic elements of the partnership between southern and northern organisations.....	59
6.2.4	Women in fair trade.....	60
6.3	Market information	60
6.3.1	Regional markets.....	60
6.3.2	Traditional export markets: Western Europe and the United States	61
6.3.3	New export markets: Eastern Europe and developing countries.....	61
6.4.	Practical issues	62
6.4.1	Price calculation	62
6.4.2	Terms of sale	62
6.4.3	Packing for export	63
6.4.4	Financing.....	63

Part 7	Analysis of the macroeconomic context (Economic literacy)	65
7.1	How does “economic change” affect our lives and businesses?	65
7.2.	Different types of economy	66
7.3	Inflation, devaluation and government policies	68
7.3.1	Inflation	68
7.3.2	Devaluation and depreciation	68
7.3.3	Government policies and their impact	69
Annex 1	Constraints and choices facing women entrepreneurs	77
Annex 2	Resolving problems.....	83
Annex 3	The best business form.....	91
Annex 4	Community profile survey	95
Annex 5	Manufacturer/wholesaler/retailer/service	101
Annex 6	Visit to your local business area	103
Annex 7	Comparative advantages and disadvantages of rural industries	109
Annex 8	Personal assessment exercise	113
Annex 9	Field research	123
Annex 10	Market opportunities survey form for producers	129
Annex 11	The impact of trade liberalisation on women	139
	Bibliography	143
	Addresses of Fair Trade Organisations	145

Introduction

Background

The Gender Promotion Programme (GENPROM) of the ILO has been implementing a number of technical cooperation projects in several developing countries (Bangladesh, India, Nicaragua, Tanzania and Viet Nam) with the aim of creating decent employment and income opportunities for women, thereby simultaneously promoting economic activity and equal rights. In many instances, a group-based approach has been used as one of the means of empowering women both socially and economically, furnishing a framework and a *modus operandi* for training, awareness-raising, micro-finance and organisation of productive activities.

Until now, however, there has been no specific guide for use by development, community and women-focused organisations and personnel in identifying economic opportunities and assisting women's groups and communities in the context of these projects. It was therefore proposed to develop a guide on *Identification of Economic Opportunities for Women's Groups and Communities*. The Guide allows a participatory approach in identifying some of the potential economic opportunities that women's groups and/or communities at large could exploit in order to create more decent employment and income. This would help to eradicate poverty, boosting the income and improving welfare of women and their families, in particular their children, as well as empowering women socially and economically.

Assisting poor women in identifying and realising new business ventures is a component of many GENPROM projects. However, experience has shown that the simple identification of an economic opportunity by a woman or a group of women does not always lead to the creation of a successful, income-generating economic activity. A number of obstacles can stand in the way, including the following:

- women might not have a full grasp of the economic environment in which they operate;
- women might not be in a position to mobilise all resources (credit, workforce, family labour, own time, etc.) required to successfully manage a specific economic activity;
- there might be social and cultural barriers to women's involvement in a particular economic activity;
- there might not be sufficient commitment within the community for economic activities managed by women.

For these reasons, GENPROM has decided to design a guide on the process of identifying economic opportunities through an "empowerment" and "community-building" approach.

The Guide focuses not only on the technical identification of business ideas and a better understanding of the economic environment, but also on how women's groups can create commitment within their communities and mobilise support for their econo-

mic activities. The process should ultimately produce more ideas on what economic opportunities there are for women, as well as putting individual women and women's groups in a better position to realise them. "Empowerment" is a crucial factor in this process.

The primary objectives of the Guide are:

- helping communities and women's groups to:
 - o better understand their economic environment;
 - o identify economic opportunities;
 - o plan implementation of these economic opportunities; and
- strengthening the capacities of development organisations and their staff to support women's groups and communities in this process.

The Guide's immediate target groups are:

- women's groups and small business associations;
- staff of organisations that provide support for women's groups; and
- local planners and members of local committees for economic development.

How to use this Guide

The main part of the Guide outlines the different stages in the process of identifying business ideas. It describes each time, which organisations or individuals should be involved and highlights the issues that should receive particular attention at each stage. It also draws attention to some of the problems that projects might encounter when implementing this approach.

The Guide has been compiled on the basis of available literature and tools dealing with identification of business ideas, as well as on community approaches and participatory capacity-building relating to women's empowerment. The emphasis was not on developing completely new tools, but on identifying existing tools that could be used in this process, making them more "gender-friendly". New tools were designed where no appropriate tools and methodologies were found. Both new and standard tools were tested within the framework of GENPROM projects. Based on their performance, the tools have been reviewed and adapted accordingly.

The Guide is based on the following principles regarding the nature of a **business idea** or an **economic opportunity**:

- A good business starts with a good idea. The idea becomes a business opportunity when it is feasible, practical and potentially profitable;
- There is no such thing as an ideal business opportunity – whether an opportunity is a real business opportunity for an individual or group depends on their capacity to turn the idea into a viable project;
- What is a good business idea or economic opportunity today may no longer be a good one tomorrow: a competitor may launch a new enterprise in the same field, there might be important changes in market demand, etc.

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- If an expert or outsider identifies an economic opportunity, the entrepreneur or group might not have fully understood what elements have been taken into account, and will thus not be able to adapt their enterprise strategy, should the market environment change;
 - As the enterprise becomes successful, the entrepreneur or group might be interested in diversifying and expanding it. In such cases, they will make use of the experience gained in the initial stages;
 - Even when an individual or group already has a business idea, it is useful to go through the economic opportunities exercises, as this will help them to get a better grasp of the market environment and of the elements that determine the viability of the proposed idea; and
 - Finally, identification of a business idea or economic opportunity is a learning process: gaining insight into the market environment, acquiring knowledge of one's own strengths and weaknesses, and understanding the opportunities and threats that lie ahead.

Identifying viable economic or business opportunities early on in the process is important because:

- a good idea is essential for a successful business;
- by considering a variety of options and choosing the best, one increases the potential for success;
- investigating what constitutes a good business idea before actually going ahead enables one to avoid predictable problems in the start-up phase;
- early planning to avoid predictable problems allows proper diagnosis and treatment of problems that emerge later on; and
- the success of business development, as measured in start-up and survival rates, depends on how well enterprises follow through a carefully thought-out and viable idea.¹

The main characteristics of the proposed process of identifying business opportunities are the following:

- The process involves analysing the environment in which the group operates (Part 2), assessing the strengths and weaknesses of the group and its members (Part 3), exploring possible sources of business ideas (Part 4) and making a critical analysis of these ideas (Part 5).
- Instead of being linear, the **process is typically a circular** one. Information that is collected early on would probably have to be examined in more detail at a later stage, and initial decisions for launching an activity might have to be reviewed if the feasibility study shows that the idea is not viable.
- It is a **participatory, action-learning process**: women's groups and communities will be asked to collect information through observation, interviews, group discussions, etc. This involvement will strengthen the women's capacity to analyse their economic environment in future and boost

¹ Milena Hileman: *Business Opportunity Identification in Developing Countries – Towards a Systematic and Practical Approach*, Draft report (1998).

their self-confidence when dealing with suppliers, clients and other stakeholders.

- The Guide includes a wide range of tools for the identification of business opportunities. According to each specific situation, the group facilitator will choose which tools to use. It is a good idea to read through the whole text to get acquainted with the process and then read it again in order to decide which parts should be used in a particular situation and with a particular group.

Definitions

Economic Opportunity: A possibility to develop a viable income generation activity, characterised by the following elements: there is a reasonable chance to collect all resources necessary for starting the activity; the individual or group can assemble all human resources necessary; there is a (stable) market (i.e. demand) for the products or service; the established activity has a reasonable chance of becoming viable and sustainable within a reasonable period.

Viable enterprise: An **enterprise** is an economic activity that involves either buying or selling particular products or services, or the processing of inputs to develop a different product or service for sale. An enterprise is **viable** when the income is sufficient to pay all costs involved in the input provision, production and marketing (including wages), when there are sufficient resources to replace the equipment (depreciation) and to provide reasonable revenues to the owner.

Micro-enterprise: An economic activity with low capital investment and generally no more than five employees. Exact criteria differ according to the country and level of economic development.

Group enterprise: The ownership of the commercial or productive activity is in the hands of a number of individuals who each have a share in the enterprise. This can be a pre-cooperative, a cooperative or commercial venture, or a limited liability company.

Small Business Association: This type of organisation represents a large number of individual or group enterprises that are members of the association. The association defends the interests of its members (lobbying and advocacy) and/or provides them with services such as training, business advice and counselling, commercial information, etc. As a rule, associations do not engage in commercial activities.

Clusters: A concentration of enterprises engaged in the same activity (production of socks, for example) or in complementary activities (maintenance of machinery, production of packing materials, etc.). Experience has shown that a large number of small enterprises can develop commercial strengths that are similar to those of large companies.

Women's group: A number of women who are determined to develop joint activities in the field of production and marketing – or have already taken such initiatives. They might be engaged in social activities in addition to their economic activities. Such groups may be informal or have the legal status of pre-cooperative or cooperative.

Empowerment: The process whereby individuals and local groups gain the power and capacities necessary to have a greater say in matters that shape their lives and the society they live in. In other words, the process that enables them to take independent decisions on subjects influencing their livelihood and to exercise leverage (countervailing power) over others who take decisions on their behalf.²

Stakeholders: All people and institutions that have a “stake” in the economic participation of women. The stakeholders are very diverse and may have different reasons for supporting (or boycotting) the enterprises or economic activities. (See section 2.1.)

Community: A group of people who live or work together in the same area and share common problems and constraints. They include men, women and youngsters (girls and boys) who have a feeling of belonging to the same group. In many cases they belong to the same social class, ethnic group, etc.

² ATOL-South Research: *Action-research on "Empowerment"* (Leuven, Belgium, 2001).

Part 1 Advantages of business development through groups

1.1 Starting point

During the 1980s and 1990s, Structural Adjustment Programmes that were implemented in many developing countries placed strong emphasis on the liberalisation of local markets, reduction of state control over the economy and growth of the private sector. Since then there has been more attention on how development projects can help women to access income through entrepreneurial activities. In most of the countries, there are indeed fewer employment opportunities for women than for men in the formal sector (public sector and industries), and liberalisation of the economy has created new business opportunities.

Within the above context, support for micro-enterprises has become an important means of alleviating poverty. The majority of poor women, who are active in the informal economy of developing countries, in both rural and urban areas, have small-scale economic occupations, often in petty trade, food processing, home-based artisan production, etc. These are usually low-risk, low-profit activities, and often in highly competitive sectors.

Many donor-funded programmes have large budgets for business training, marketing support, credit for investments and working capital, etc. The question remains whether these business tools by themselves provide sufficient guarantees for a significant change in the situation of women. Additional support is needed to strengthen the role of women in local communities through their social and political empowerment.

- Do the enterprises really provide a basic income for women? Or do women automatically get involved in low-risk, low-income, and near-saturated economic activities?
- When women have access to additional income, how is that income used? For the family, for the women's own needs? What is the "substitution effect" with regard to men's income? Do men contribute less to some family expenses when their wives have an income of their own? What are the net final additional resources that can be used by the women?
- One of the reasons why female entrepreneurs are not more successful is the substantial pressure exerted by their social environment and family members (mothers-in-law and male relatives, for example) to fulfil both their family duties (taking care of the household) and social responsibilities (financial contributions, attendance of social events), which limit the time and money that women can invest in their enterprise.

1.2 The role of women's groups and communities

In many developing and transitional economies, development agencies have encouraged the creation of women's groups for setting up economic activities. Many of these approaches were inspired by traditional solidarity mechanisms that exist

between women, such as ROSCAS (rotating savings and credit associations), burial societies, and self-help groups in agriculture.

From the economic point of view, women's groups have not been very successful. Enterprises that they typically engage in, such as running flour mills or small shops, are often not viable in the long run.

However, women are very committed to these groups since they help them to make a significant change in their lives:

- Some of these economic activities could never be started on an individual level;
- The income earned through the group cannot be used by their husbands; and
- The group is a legitimate forum for discussing their problems and exchanging ideas.

1.2.1 Economic elements

The following economic elements speak in favour of group-based enterprises:

- **Common financial resources:** Many activities need a minimum starting capital that exceeds the savings capacity of each individual woman.
- **Common input supply:** Women's groups may negotiate better prices and delivery conditions when buying inputs together and for use by a large number of women (raw materials, packing materials, etc.).
- **Common marketing:** Product marketing costs can be reduced when transport facilities are shared. The group can make agreements with large customers that individual female entrepreneurs would not be able to deal with.
- **Economy of scale:** Women who use the same machine can lower production costs or make a larger quantity of goods.
- **Advantage of clusters:** A large number of small businesses, producing the same or similar goods, may attract bigger customers.
- **Transfer of knowledge:** By working together women will learn from each other, improving their respective technical skills, marketing skills, etc.

The creation of a production unit by a group has not always proved very efficient from an economic point of view. It is very important to define the roles and responsibilities of all the people involved and to determine the remuneration system. Some enterprises (e.g. garment workshop, flour mill) are very difficult to control (see section 1.2.3) and are therefore often subject to abuses and moral hazard.

1.2.2 Sociological elements

The following are sociological advantages of group enterprises:

- **Overcoming social barriers:** It might be impossible for young women to travel to the market unless they are in a group.
- **Using the income from entrepreneurial activities:** Men might have control over their spouses' income, but not over the income of the women's group. This gives women the opportunity to decide for themselves how they want to use the revenue from the enterprise.
- **Mutual support:** Women belonging to the same group often assist each other in case of problems such as illness, death of a family member, etc.
- **Impact on gender norms and values within the community:** When a large number of women engage in economic activities, they might have an impact on the norms and values within their communities.
- **Stronger negotiating power:** Women in groups could have a stronger negotiating position in dealings with government agencies, communities, families, and business-related entities.
- **Easier access to services and training:** From the service providers' point of view, it is much easier to train and provide services to women in groups than on an individual basis.

1.2.3 Complementarity of individual and group activities

Three elements have proved very important in the debate on whether it is more appropriate to embark on an enterprise individually or as a group:

- **Transaction costs:** How much time, energy and money does it take to reach a common decision? If working conditions and the economic environment are quite stable, it might be easier to develop joint activities. However, if purchase and sale prices as well as product quality fluctuate, reaching consensus within the group might be more complicated.
- **Control cost:** How easy or difficult is it to control whether all group members perform as agreed? When a group of women work on the same premises it is easier to check whether all the members are working well. When the work is done in different places, it might be more difficult to control each other's input.
- **Moral hazard:** At times it becomes more advantageous for a group member to evade her commitments towards the group. In such cases, the group has to decide what sanctions to take concerning that member.

In view of the economic and social advantages (and disadvantages) of working as a group, it might be a good idea to opt for a complementary approach, one that combines individual and group activities.

Here are some examples:

- A group of women making knitwear might decide to buy the knitting wool together but to sell the finished product individually since the quality of the knitting might vary considerably from one person to another.
- A group of women making handicrafts might decide to develop a common range of products to offer to a few large buyers on the market. The order is shared among the members but the goods are produced on an individual basis. The income will depend on the amount of time that each member spends on the production.

1.3 Specific constraints facing women entrepreneurs³

It is society that ascribes gender roles to both women and men; these roles vary from social group to social group and from culture to culture. However, many societies consider that taking care of the household and children is for women, while earning the income to provide for the household is for men. Such stereotyped perceptions of gender roles persist to create barriers for aspiring women entrepreneurs. It is therefore important to define the specific constraints and problems that women face when launching an enterprise.

Annex 1 includes a general description of gender-related concepts. Although most of the staff of projects and NGOs who work with women generally, already have some knowledge of gender issues, this text might help to “refresh their memory”.

The specific social position of women in the household and in society is a crucial factor for the promotion of female entrepreneurship. Serious constraints and barriers often hamper women’s efficient participation in business activities:⁴

- **Behavioural barriers:** women lack self-confidence and have a negative self-image; they are shy and afraid to speak in public.
- **Role barriers** are the result of conflicting role demands and time constraints: women spend more time than men taking care of the children and of the household and can devote less time to managing their business. They usually do not have time to attend meetings in the evening.
- **Social and cultural barriers:** negative attitudes towards women in business, the belief that women are supposed to fulfil other roles, lack of family support, the fact that women may not be allowed to travel on their own or to work in the evening or at night.
- **Educational barriers:** women have relatively lower education levels than men; they have received a biased education and usually have limited access to vocational training.
- **Occupational barriers:** women have fewer opportunities in the formal sector; some professions are considered unfit for women (the construction business, for instance).

³ ILO: *Start Your Business: A Guide for Trainers on Promoting Women in Micro-Enterprises* (ILO Women in Development Programme, 1993), pp. 9-10.

⁴ ILO: *Gender Issues in Micro-Enterprise Development* (ILO-ISEP, 1999), p. 3.

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- **Infrastructure barriers:** limited access to technology, government support, land, information, etc.
 - **Legal barriers:** women may have scant means of independent legal action and limited access to land and credit.

Women's access to capital, raw materials, land, appropriate technology, commercial contacts, family labour, etc. is often restricted. They face unfair competition for these resources, receive limited information and rarely take part in decisions on the allocation of these resources and inputs. All these factors circumscribe the economic opportunities open to women and women's groups.

Annex 2 includes a list of common problems that (young) women face when setting up or managing an enterprise, regardless of the country they live in.⁵

Exercise: Constraints facing women as economic agents

Ask the women's group to identify obstacles to their capacity to launch and manage small enterprises. Make sure they take into account elements that are linked to the particular norms and values of their communities, i.e. cultural elements.

And/or:

Read the list of problems (see above) to the group and organise a short discussion on how important these problems are for the participants and how to resolve them.

1.4 The importance of empowerment

Whether an economic activity really contributes to a significant improvement in the situation of women (in the short term) and a change in norms and values within their society (in the long term) depends on: (1) the commitment created for women's enterprises within their communities; (2) how women have attained greater skills and knowledge; and, more particularly, (3) the extent to which their self-confidence and self-esteem have grown.

In her research for the ILO, Linda Mayoux⁶ has identified the following levels of empowerment. The definition is based on savings and credit matters, but these can be easily replaced by enterprise activities.

Economic empowerment: Women's access to savings and credit gives them a greater economic role in decision-making through the decisions they make about savings and credit. Exercising control over these financial matters enables women to optimise their

⁵ *Young Women in Enterprise – A workbook* (Commonwealth Youth Programme, Commonwealth Secretariat, 1999), pp. 58-63.

⁶ Linda Mayoux: *Micro-finance and the Empowerment of Women – A Review of Key Issues*, Working Paper No. 23, (ILO, Social Finance Unit, 2001).

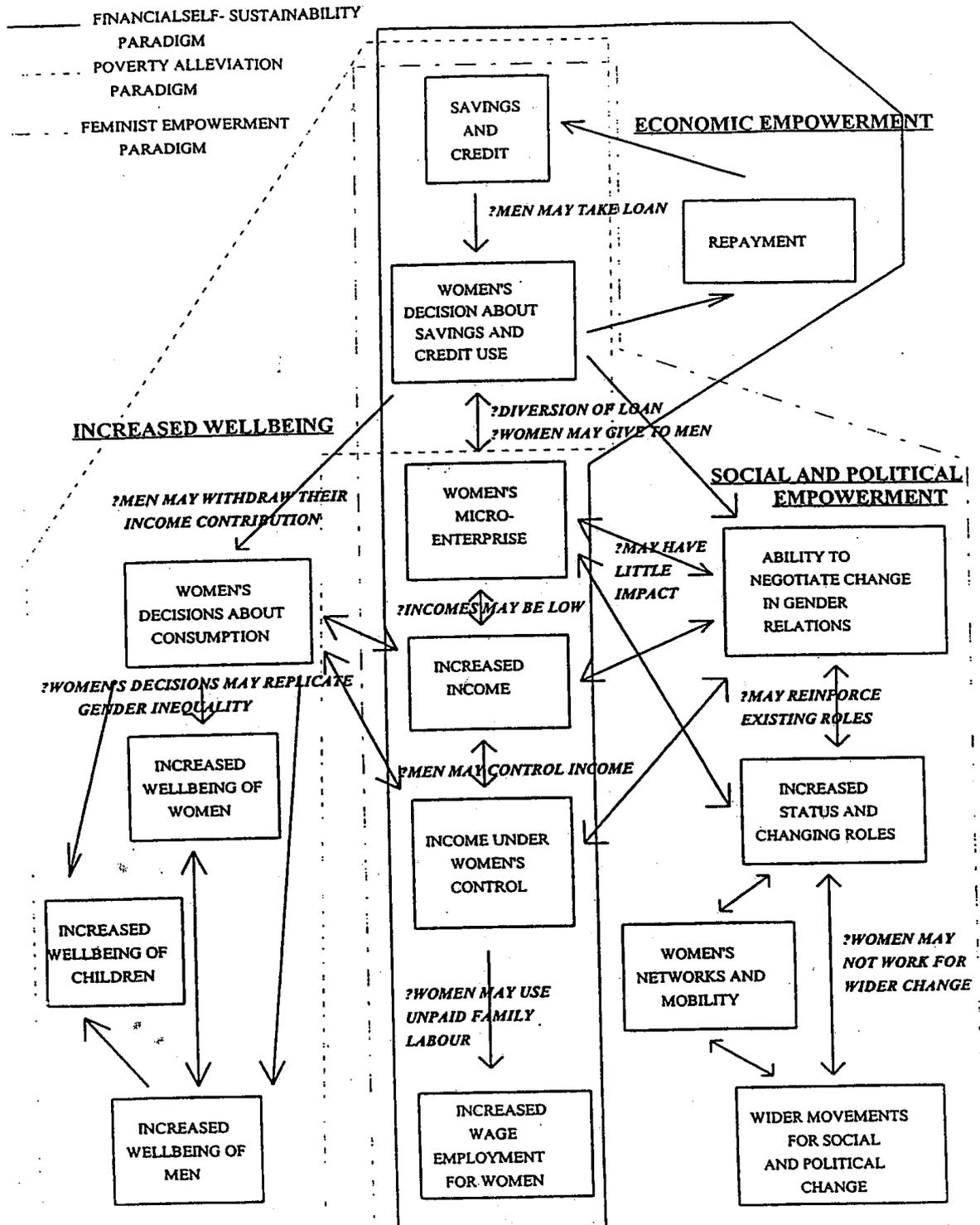
own and the household's welfare. The investment in women's economic activities will improve their employment opportunities and thus have a 'trickle down and out' effect.

Increased well-being: Access to savings and credit facilities and making decisions on how to use these savings and credit strengthen the women's say in economic decisions of the household. This enables them to increase expenditure on their children's and their own well-being.

Social and political empowerment: A combination of women's increased economic activity and control over income resulting from access to micro-finance will improve women's skills, mobility, and access to knowledge and support networks. Their status within the community is enhanced. These changes are reinforced by group formation, leading to wider movements of social and political change.

Figure 1 indicates some of the assumptions (see questions in italics) that have a significant impact on women's economic, social and political empowerment as well as on the overall well-being of women.

Figure 1.1 Questioning assumptions on women's empowerment



To examine the validity of critical assumptions on empowerment, the following questions need to be considered:

- Will the economic activity bring in a reasonable income?
- Will the husband control the additional income? Or the wife?
- Will the husband withdraw his contribution to the household when the woman's income increases?
- Will a woman's decision regarding the use of her income replicate gender inequality?
- Will there be an impact on gender relations?
- Will existing roles be reinforced or not?
- Will women use their new economic power to contribute to wider social and political change?

The answers to these questions lie in the degree of women's "empowerment":

- Women who feel more self-confident will be in a better position to negotiate access to resources and time and to create their own autonomous space for living and working. They will be in a better position to realise their own objectives in life. Improved relations with the husband and his side of the family seem to be crucial on the personal level.
- Women who can organise themselves and can better communicate with their environment, will probably create a higher commitment within their communities for their entrepreneurial activities. They will be in a better position to convince authorities, projects and institutions to create an enabling environment for their enterprises and to facilitate access to resources. They will have a better grip on their economic environment.
- At the same time, as women's role as economic actors is fully accepted, their influence on the society and on the values and norms will increase (over the medium and long term).

Some of the more traditional project approaches have already contributed, at times indirectly, to women's empowerment:

- Most of the training (business and technical) for women entrepreneurs has given them more self-confidence; they have become more outspoken and are less afraid to defend their opinions and rights.
- Many projects have actively supported women's groups, which have automatically increased the social legitimacy of these groups.
- Gender training of the staff of most projects and NGOs and the importance given by donors to women's participation in development, have resulted in more women taking part in planning exercises and decision-making bodies, even if their participation is not yet very active.
- Many women leaders have been invited to various colloquia and seminars and have thus been exposed to new ideas and experiences.

1.5 Some ideas regarding the group's structure and legal status

The women's group should decide what legal status they wish to adopt. They therefore need to collect information on the rights and obligations inherent in the different frameworks, such as:

- Pre-cooperatives or cooperatives
- Community-based enterprises
- Not-for-profit organisations or foundations
- Corporations
- Private limited liability companies

A description of the most important characteristics of these business forms can be found in Annex 3.

The choice of legal status is based on the following considerations:

- Objectives of the enterprise or organisation: Profit-making or not-for-profit (in which case the profits can stay with the individual women producers).
- Ownership: Is there a limited number of very active founding members? Does the group plan to accept new members? Is it an open or a closed organisation?
- Liability of the leaders and owners: Is it limited to the assets of the enterprise or is it much broader?
- Distribution of profits: Will the profits be distributed according to the capital investment made, the work provided, the members' turnover with the group enterprise?
- Decision-making process within the organisation.

It is important that the group discuss their mission statement thoroughly. This includes the nature of the group, its main objectives, activities and members (present and future).

The Group Constitution is a common agreement of the founding members and owners regarding the organisation's mission statement and the way decisions will be made within the organisation. It lays down the rights and obligations of members and leaders. It also provides information to the outside world on the women's group, and it is a requirement for getting official recognition.

The Group Constitution generally includes the following: the name of the enterprise, its objectives and legal status, a list of the founding members or owners, the role of the General Assembly, Board of Directors and other bodies (and how they will be elected); financial and other resources; profits (use of profits, profit-sharing, etc.), and procedures applicable in case of liquidation.

Internal rules and regulations specify the internal organisation of the group: responsibilities of the leaders, procedures for financial management, organisation of meetings, etc.

Although official registration of the group enterprise entails substantial costs, there are a number of important advantages to having a legal identity:

- Access to credit through formal financial institutions;
- Participation in official tender procedures;
- Liability of the leaders is limited, in particular towards other partners;
- Possibility to take legal action in case of problems;
- Recognition as an official discussion partner for government or local authorities.

Part 2 Analysing the environment

Compared to men, women tend to be at a disadvantage in getting involved in economic activities, especially those that require long periods of time outside the home, because women tend to spend more time at home and have fewer contacts with others within the community, village or town than men. A better understanding of the environment where they live and work will help women to identify new economic opportunities. They will better understand the various stakeholders, find out what types of raw materials are available and what products are made or brought in from other areas, etc. This process not only results in additional information being available for the identification of economic opportunities, but also boosts women's self-confidence and enables them to better manage their individual or group enterprise.

Since this Guide follows a circular approach, it is proposed to conduct an analysis of the environment in stages:

- An initial overview of all elements involved in the analysis of the environment;
- After some ideas for potential economic opportunities have been identified, a more detailed analysis of specific aspects of this environment in order to assess the viability of the proposed business idea;
- Using some of the elements of the analysis to carry out the final feasibility study (Part 5).

A participatory approach is proposed. It is important to build on women's perception of their environment and on the knowledge that they already have of this environment. The group members should themselves collect all missing information that is needed for the different stages of the analysis.

2.1 The role of stakeholders in women's economic empowerment

2.1.1 Identifying stakeholders

All persons and organisations that may provide a direct or indirect advantage for women's economic participation should be considered as stakeholders in this process.

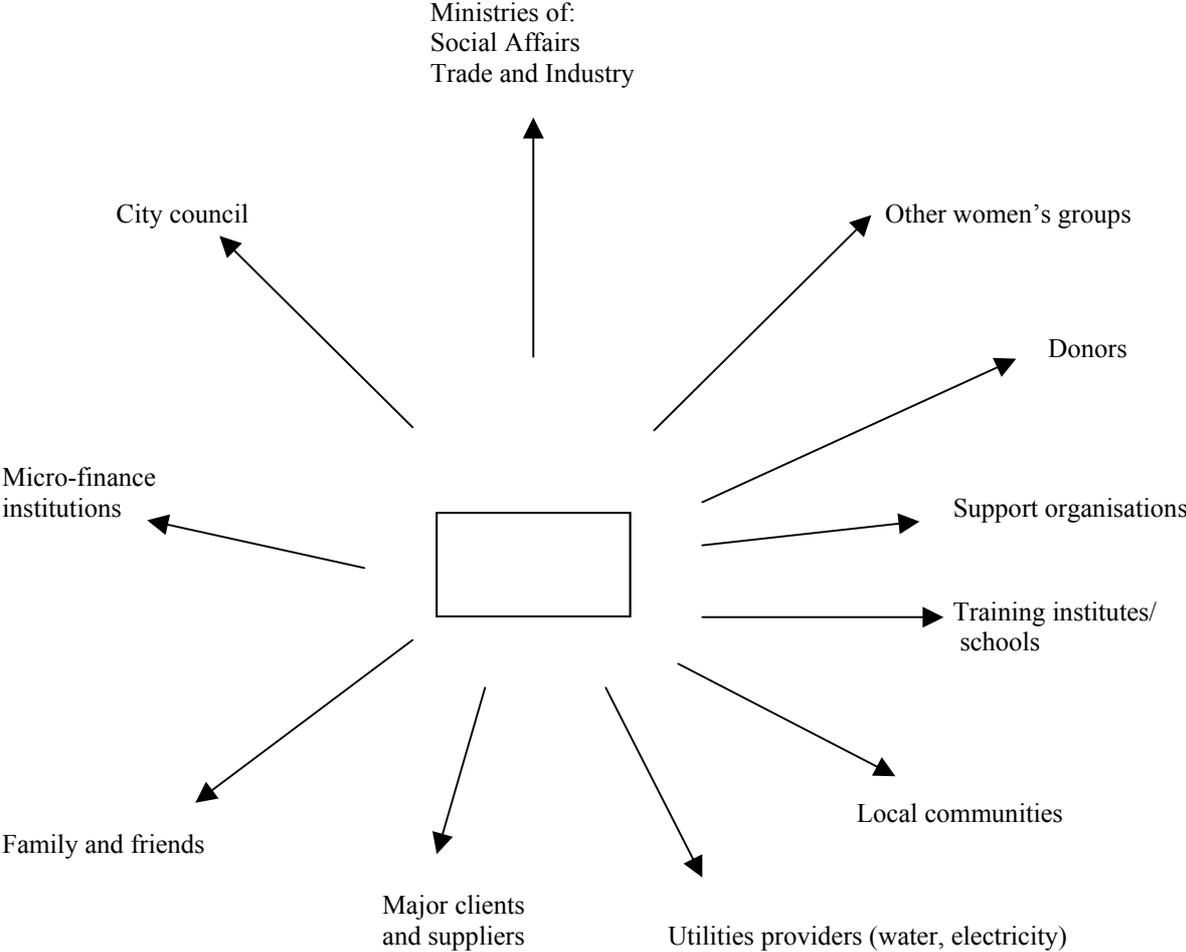
- **Local authorities and administration:** they are interested in the economic development of their area and the creation of employment, in particular for young people; they also want to collect taxes.
- **Local banks and saving/credit cooperatives:** women entrepreneurs and groups are their potential clients; they are mainly interested in viable, low-risk projects and in requests from groups and individuals having the required collateral at their disposal.
- **Clients/suppliers:** could be interested in becoming commercial partners of the women entrepreneurs – to sell their products or to provide them with any products or services they may need;

-
- **Family and friends:** they may support (or oppose) a woman's initiative to set up an economic activity, alone or within the framework of a group; the enterprise might create employment opportunities for family members.
 - **Community organisations:** they are interested in all self-help initiatives that are organised in their communities; they could be interested in the participatory approach.
 - **SME Support organisations (including NGOs):** since gender is still an important topic for donors, many support organisations have specific resources earmarked for supporting women's economic activities.
 - **Donors (including some NGOs):** same as above.
 - **Peer organisations (important for networking):** other women's groups and communities will learn from the women's experience.

Exercise: Stakeholders analysis

- Draw a box in the middle of a sheet of paper and write the name of the women's group in it;
- Ask the women to indicate who has a "stake" in the development of their micro-enterprises, and write down the names around the box (see figure 2.1);
- Make sure that the women state who is interested or not. Ask them to give a specific reason why each stakeholder would (or would not) like to be involved;
- Discuss who could help the group to identify business opportunities;
- Discuss how to contact these people, ask for an appointment;
- Invite them to a meeting of the women's group, etc.

Figure 2.1 Map of stakeholders



2.1.2 Creating commitment within the society for economic opportunities for women

Women's social inclusion is facilitated and greatly enhanced by a clear commitment within the society for economic opportunities undertaken by women.

It is important that women realise that others might be interested in the enterprises they want to develop and that they might get support from these “stakeholders”. Here are some examples:

- The director of a technical school might be interested in entrepreneurs developing businesses and employing some of the school's graduates.
- The city council might be interested in collaborating with a local (women's) enterprise for the collection of waste in the different neighbourhoods, instead of subcontracting the work to an entrepreneur from a different city.
- Banks are willing to finance enterprises that are viable, especially when a group of women or an NGO guarantees the loan.

Exercise: Getting support from stakeholders

Ask the participants how they could strengthen the commitment of these stakeholders for their enterprises. The answers have to be based on some knowledge of the objectives and interests of the stakeholders, their constraints and the way decisions are made.

Stakeholder	How they can contribute to the success of our plans?	How to approach them?
Put the names of the stakeholders	Think of - finances - ideas - contacts/networking - logistic support - labour force - expertise -	-Main arguments to convince them - Via other persons or directly?

Some examples of possible answers:

- See the banker and ask for advice about enterprises that have proved viable or not. He/she will not be able to give information about specific businesses but should be capable of indicating what kinds of enterprises have easily repaid their loans.
- The city councillor or members of the council may be asked to explain their priorities for the development of the area. Do they plan to build a school or health centre? Do they want to favour a particular type of agricultural production? An analysis of the local budget will provide some information on local government spending in the next few years. This will be an indication for some major markets.⁷
- A local NGO might be prepared to finance the technical or business training for the women's group or their representatives.

⁷ See also Part 7, "Analysis of the macroeconomic context (Economic Literacy)", for a better understanding of government budgets and policies.

2.2 Basic characteristics of our community

The “Community Profile Survey” contained in Annex 48 can be used as a guideline for the discussions with the women on their environment.

At the initial stage, the information need not be very detailed; a broad indication of what exists is sufficient. What is required is a general perception of the environment.

At a later stage, when a possible business idea has been identified, more detailed and exact information will have to be collected on specific parts of the environment. The field of research will be narrowed down and a more detailed analysis made of those factors that determine the viability of the future enterprise.⁹

2.2.1 Approximate population

The women should have an idea of how many people live in their neighbourhood, village or town and be aware of the major characteristics and trends in their area.

Trends are, for example: young people are leaving the area and the older residents make up the majority of the total population; new people are coming to town because of employment opportunities; large numbers of new inhabitants, driven away by drought from their region of origin, are moving into the neighbourhood, etc.

Some of this information may be obtained from the local government office.

2.2.2 Geographical features

Information on the area's main geographical features will enable women to get a better grasp of their environment and to identify at a later stage what are the most appropriate places to start a business.

Data on towns/cities that have an economic influence on the local area (main roads and distances), as well as the types of access (main road, river, etc.), provide some indications on the sources of supply, on the markets, as well as on how difficult or easy it is to bring goods in or out of the area. This will affect availability, prices and storage life of products. The availability of services will influence the choice of economic facilities: food processing is difficult without water; lack of electricity limits an enterprise's use of electrical equipment, etc.

The suggested exercise is to draw a map marking different elements: roads, markets, taxi and bus stands, residential areas, commercial areas, etc. This provides an overview of the geographical context in which the enterprise will operate.

⁸ Based on ILO: *Community Based Training for Employment and Income Generation* (ILO-ITC, Turin, 1994).

⁹ See section 5.3 for the detailed feasibility study.

2.2.3 Educational facilities and social services

The inventory of pre-schools and schools also covers the institutions that provide vocational training. It will give some indication of the kind of skills that can be found locally.

What is the availability of health care and child care facilities?

2.2.4 Credit sources for small enterprises

In addition to an assessment of the capital requirements of a potential enterprise, access to credit would determine whether the business must be entirely funded by own means (savings) or whether additional funding could be obtained, allowing more extensive activities. Possible sources of credit can be:

- Micro-finance organisations;
- Commercial banks with special lending programmes;
- Rural or development banks,
- Savings and credit cooperatives;
- Development NGOs with their own lending funds
- Social organisations (e.g. Rotary and Lions Clubs) with lending programmes for self-employment activities;
- Private moneylenders.

The geographical location and accessibility of services would need to be assessed from the point of view of their “user-friendliness” for women. The question of access is very important for poor women and their groups since they tend to have limited time and restricted mobility. Many formal financial institutions are not interested in extending credit in small amounts that individual women and women's groups may need. Furthermore, many of them may not recognise women as eligible borrowers.

2.2.5 What raw materials and production inputs are available in the area?

When some raw materials and production inputs are scarce, it is difficult to launch certain activities. If some inputs are in large supply and few people are using them, it might mean either that their current use is not very profitable or that a new product could be developed from them. In some cases raw materials and production inputs that are brought in (or “imported”) from outside the area may be substituted by products from within the area.

At a later stage (see section 4.2.3), the participants will be asked to reflect on what economic activities can be developed on the basis of available raw materials. For example:

- If the soil is a clay soil, the production of bricks or other clay products such as plates, cups and tiles may be feasible; or

-
- If there is a large amount of reed, it may be used for thatching roofs.

Some wild produce from the forest may be easily collected and sold, often on a seasonal basis, for example mushrooms, fruits, herbs, etc.

Exercise: Listing materials available in the area

- Make a list of all raw materials that are available in the nearby environment;
- Indicate what products could be made using these raw materials (see also section 4.2.3).

2.2.6 What businesses are doing well in our area and why?

It is important to identify the kind of economic activities that exist in the area and try to find out if they are prospering or if the market is becoming saturated because a large number of enterprises share a limited number of clients.

Some definitions of the different types of enterprises:

- **Retail:** activities in which the business owner buys goods from producers and wholesalers and resells them to end-users. Examples: market stalls, grocery shops, stationery shops, etc.
- **Service:** activities which use a person's skills, possibly with the aid of equipment, to meet specific customer needs and, in exchange, realise income. Examples: transport of goods, taxis, machine repairs, catering, etc.
- **Wholesale:** activities in which goods are bought in bulk from a producer and resold in volume to retailers.
- **Manufacturing:** process of directly producing goods by converting raw materials into finished products.

Annex 5 includes a diagram detailing interactions between manufacturers, wholesalers, retailers and service providers.

See also Annex 6, "Visit to your local business area".

Exercise: Existing economic activities

- Explain the objective of identifying existing enterprises (see above);
- Divide participants into small groups;
- Assign a part of the area to each group for the observation tour;
- Ask them to share their observations with each other throughout the tour;
- Allow participants to interview business owners;
- Fill in the tables on existing businesses and large enterprises when participants return from their observation tour (next meeting);
- Discuss the following issues with the group:
 - Which business attracted us? Why?
 - Which business discouraged us? Why?
 - In which activities were women very active?
 - What did we learn from the views of owners/workers about running a business?
- Fill in one of the following tables:

Type of business	Why it seemed promising?	Why it did not seem promising?

Or:

Nature of the business	Reasons
Promising businesses:	
Businesses that do not seem to be working very well:	

**2.2.7 Which needs of the local population are not satisfied?
(What services and products are bought elsewhere?)**

The flow of products and services from other areas, towns and cities to the local area could be an indication of what products are not produced sufficiently. If a carpenter from a neighbouring town comes to the area to construct the roof of a modern building, it is obvious that there is a market – even if a very small one – for such services, and that the local carpenters do not have the skills or the tools to do this work.

It is also clear that products that are usually profitable in one area (e.g. a small town) might not be as profitable when produced in another (e.g. a small village).

Elements that determine whether the enterprises will be viable are:

- Proximity to the market – cost of transporting goods, need for regular contacts with clients, etc.
- Volume of demand: towns offering a variety of products might attract customers from small villages where choice is limited;
- Availability of resources such as electricity, water, etc.; and
- Possibility to subcontract certain parts of the work (e.g. production of matching buttons for African dresses, round table legs, etc.).

Annex 7 includes a table of the advantages and disadvantages of rural areas as compared to small towns and cities. Please note that these are only indications. Specific comparative advantages might differ considerably from one area to another.

Exercise: Analysis of the local market

- Ask the women’s group to fill in the first column of the table below.
- Ask a local trader who travels regularly to other towns to tell the group what products local inhabitants buy in neighbouring towns or what products he/she and his/her competitors buy in other areas for sale in the local area.

Products that come into the area	Products that leave the area

2.2.8 What part of external demand could be covered by local products?

This part of the analysis concerns those goods and products that are or could be “exported” from the local area. The reasons can be many: the price may be lower locally, the quality might be better or the availability might be more regular.

Exercise: analysis of external market

- Ask the women’s group to fill in the second column of the previous table above.
- An exporter of products produced by small enterprises, (handicraft, for instance), could be invited to explain the particular requirements for products to be exported. Those most probably include quality standards, homogeneity of products, tight delivery schedules, etc.

Part 3 SWOT analysis of the women's group or community

SWOT analysis stands for an examination of:

- Strengths
- Weaknesses
- Opportunities
- Threats.

When groups and communities have a good knowledge of their strengths and weaknesses (internal), as well as the opportunities and threats (external, environment-related), they will have a greater chance of selecting business activities that have a better chance of success.

A business opportunity is not like a fruit that anybody can pick from a tree and eat; it is more like a bicycle: it must be the right size for you and you must be able to ride it – or at least learn to ride!

The SWOT analysis can also be done at different stages (see Part 2, circular approach):

- At a general level, to find out about all the capacities and weaknesses of the women's group;
- At a specific level, when a business idea has been identified, to test what are the particular strong and weak points of the group with regard to that particular type of enterprise.

3.1 Strengths and weaknesses

Exercise: Strengths and weaknesses

- Ask the group to fill in table 3.1.
- In some cases, members might not agree. They should then be invited to exchange their views, which will help them to better understand each other's point of view. The experience will be useful at a later stage, when starting the venture.
- What is a strong point in one context might be a weakness in another!

Some explanations:

- **Skills:** This includes training, on-the-job experience, technical capacities, etc. In other words, what we can do, what we can produce. Make sure that all capabilities are mentioned, including those that are typically used in the household; they might be useful in starting food processing activities, for example.

- **Access to resources:** include inputs, electricity, water, own agricultural produce, wild produce available in their area, etc.
- **Access to finances:** What are their savings? Would they have access to bank loans? Would their husbands and family be prepared to lend them money?
- **Commercial and social networks:** include family and community members with some experience in business, that they might like to share with the women's group. This also includes people who occupy influential positions in the government and society. Note that this part of the exercise is related to the stakeholders analysis (see section 2.1); it can either build on that analysis or replace it.
- **Social support:** family and community members might be able to offer support such as providing care for children or the elderly, thereby allowing the women precious time to work.
- **Marketing skills:** selling and buying goods, dealing with large numbers of customers, making publicity, selling products house-to-house, running a market stall, etc.
- **Management experience:** bookkeeping, financial management, employing personnel, keeping and controlling stocks, etc.
- **Characteristics of a "good entrepreneur":** these involve different characteristics linked to motivation, perseverance, attitude towards risks, etc.

Annex 8 includes a Personal Assessment Exercise. The questions it contains cover the following areas:

1. Motivation for starting a business
2. Risk-taking abilities
3. Perseverance and ability to deal with crisis
4. Family support
5. Initiative
6. Ability to reconcile family, culture and business
7. Decision-making abilities
8. Ability to adapt to business needs
9. Commitment to business activities
10. Negotiation skills

The women can answer these questions either individually or as a group. In the latter case, it is important for the group to check whether its members have the capabilities needed for starting an enterprise. This discussion will also give some indications on the role each member can or will probably play in setting up and managing the business.

Note: Some questions or statements might need to be reformulated taking into account the cultural environment of the women and their groups.

Table 3.1 Strengths and weaknesses

Strengths	Weaknesses
Motivation	
Skills	
Access to resources (land, credit, inputs, packing materials, etc.)	
Access to finances	
Commercial and social networks	
Marketing skills and expertise	
Management experience	
Characteristics of a good entrepreneur	
Other	

3.2 Opportunities and threats

The opportunities and threats look at the environment in which the women’s group or community operates. If the community analysis (see section 2.2) has been well done, it will be easy to distil the opportunities and threats from that exercise. If not, it might be a good idea to go over the questions again.

Table 3.2 Opportunities and threats

Opportunities	Threats
Economic Environment (inflation, depression, etc.)	
Markets	
Finances	
Natural environment	
Politics	
Social developments	
Gender relations	
Other	

Part 4 Sources of business ideas

A good idea is the first step in creating a new enterprise!

A business idea or opportunity may meet a local need, such as a new product or service that people are interested in. It may be something that makes life easier or saves time or money. It may be an improvement on an existing product or service. It may anticipate a new trend in society. It may be something that addresses a market outside the area where the women's group works, etc.¹⁰

4.1 Introduction to creative thinking

Most new activities undertaken by small enterprises and women's groups are inspired by what others are already doing. However, it is important to find new ideas and/or different ways of looking at the same product or market. To develop new ideas, one needs a process of "creative thinking".

Creative thinking can be learned, like any other skill. Various techniques can be used to free up the thinking process and encourage creativity. Common obstacles to creative thinking include:

- a tendency to conform;
- fear of risk and failure;
- failure to challenge conventions and assumptions;
- polarising alternatives and choices;
- fear of looking foolish;
- working to rigidly drawn boundaries.

4.1.1 Brainstorming

Brainstorming is one of the best-known techniques of creative thinking. It is useful for generating new ideas and encouraging people to think in a less rigid way. It works on the assumption that, from a wild or unusual idea, something very practical, creative and useful will emerge.

There are three simple rules to brainstorming:

1. A problem or question is posed.
2. As many ideas as possible are generated and recorded by the group.
3. All ideas are reviewed and possible solutions are built on.

¹⁰ Based on Milena Hileman: *Business Opportunity Identification in Developing Countries – Towards a Systematic and Practical Approach*, Draft report (1998).

In the second stage, it is important to generate as many ideas as possible. Participants should be encouraged to think freely and say whatever comes to their mind, even when these ideas appear to be crazy, unrealistic or impossible to implement. No criticism or discussion of anyone's idea should be allowed at this stage. All ideas should be written down on a common list. The facilitator encourages participants to build on each other's ideas.

During the third stage, all these ideas are screened and the group evaluates whether they can be applied. In this phase of the process no one should feel obliged to defend or justify the ideas they gave in the previous phase.

A brainstorming session can be done individually, but it is best to do it in a group. The group can start with a word or topic and then jot down on a piece of paper everything that comes to mind, even things that seem irrelevant or odd.

4.1.2 Lateral thinking¹¹

“Logical thinking” follows a rational plan: the problem is defined, information is gathered, formal criteria for solving it are agreed upon, available options discussed and the most efficient one selected. “Lateral thinking” is different. It places much more emphasis on addressing the problem, challenging any assumptions in the way that the problem is posed and trying to turn the problem upside down. The central idea behind lateral thinking is to avoid moving directly from problem to solution.

Lateral thinking encourages looking at a situation in different ways:

- How can we approach this problem differently?
- How is it connected to other issues?
- What is the root cause of the problem and what are the symptoms?
- How could the problem be turned into a solution?

Here is an example:

The yoghurt production unit is having difficulty delivering yoghurt to the various customers because of traffic congestion in town.

White hat thinking: How many customers are there, and what are the distances involved?

Red hat thinking: It is not very pleasant for delivery staff to sit in the car all day, and customers get angry when goods are not delivered on time.

Yellow hat thinking: This problem is the result of the company's expansion, it offers opportunities to develop a much better transport system.

¹¹ The concept of “lateral thinking” was developed by Edward de Bono, one of the most famous authors in the field of creative thinking. Source: A. Lawrie: *The Complete Guide to Creating and Managing New Projects for Charities and Voluntary Organisations* (Directory of Social Change, London, 1996), pp. 23-25.

Green hat thinking: Would it be possible to invite customers to collect their goods? Could the shelf life of yoghurt be improved so that deliveries do not have to be made every day?

Blue hat thinking: The company could hire somebody to develop a new system of delivery. It could make a contract with a number of taxi drivers to deliver the goods.

Black hat thinking: Customers might prefer to buy other products when the goods are not delivered on time. If the enterprise relies on one means of transport, it becomes very vulnerable in case of traffic accidents.

Exercise: Six Hat thinking¹²

Ask the participants to select a problem facing one of the enterprises and then to look at the problem from different angles. These different angles are like different hats that one can wear.¹³

White hat thinking: White deals in facts, in known information. It is objective, neutral and unbiased. White is only interested in sharing information and establishing facts. It looks at the problem in terms of facts and figures.

Red hat thinking: Red is about feelings. It allows expressions of happiness, passion, excitement, personal taste and intuition. It encourages emotional reactions to the problem.

Yellow hat thinking: Yellow is about positive constructive, and about making something work. Maybe the problem is at the same time an opportunity?

Green hat thinking: Green is about being creative and encouraging new ideas, options and alternatives. It represents new thinking.

Blue hat thinking: Blue encourages structure, logic and organisation in problem solving. This way of thinking focuses on management, processes and decisions.

Black hat thinking: Black looks at problems, risks and pitfalls. This way of thinking focuses on everything that can go wrong or get worse.

¹² Based on Edward De Bono: *Six Hat Thinking* (Penguin Books, Revised Edition, October 2000).

¹³ The significance of colours differs depending on the culture. In order to adapt the exercise to the local setting, the colours could be adapted to correspond to participants' understanding of the different colours. What matters most is that the participants have looked at the problem from all six different angles.

4.2 Different techniques for finding new ideas

There are different techniques for finding new ideas. They could be based on: women's skills and knowledge; new ways of looking at existing products; available local materials; local or external demand for certain products, etc.

4.2.1 Women's skills and knowledge

Based on the earlier analysis (see section 3.1), in particular as regards own skills and knowledge, the group should make a list of products and services that they can provide. These ideas will most often draw on what the women have already seen in their environment, and do not take into account possible innovations. It is however necessary to build on these initial ideas in order to find better ones and to devise innovative approaches.

It is important to start from existing skills and knowledge, especially when the members do not yet have a lot of experience in working together.

4.2.2 Different ways of looking at a product¹⁴

One way of brainstorming is to start from a particular product and then try to think of all that is related to it, i.e. of the different objects and activities that are:

- involved in selling the product;
- involved in making the product;
- indirectly related (the spin-off line);
- involved in servicing the product.

Whatever comes to mind should be written down. Decide later if it is worthwhile or correct.

¹⁴ Based on ILO: *Start Your Business: Generating Business Ideas – A Workbook for Potential Entrepreneurs* (ILO, Harare, 1998), pp. 32-34.

Figure 4.1 Businesses related to a product

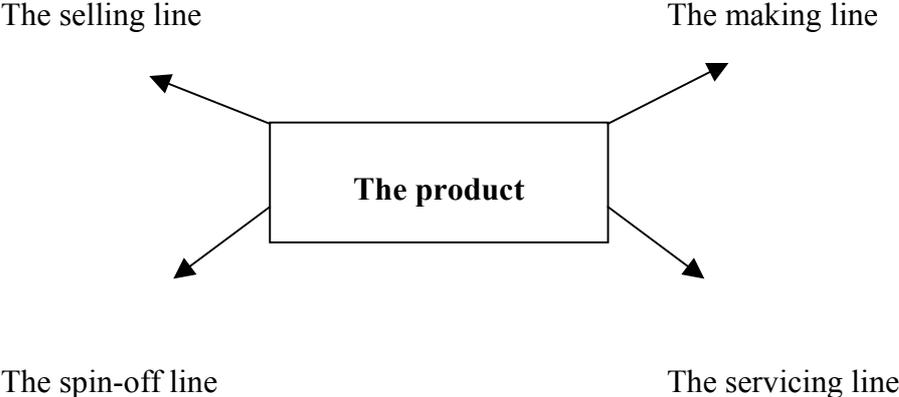
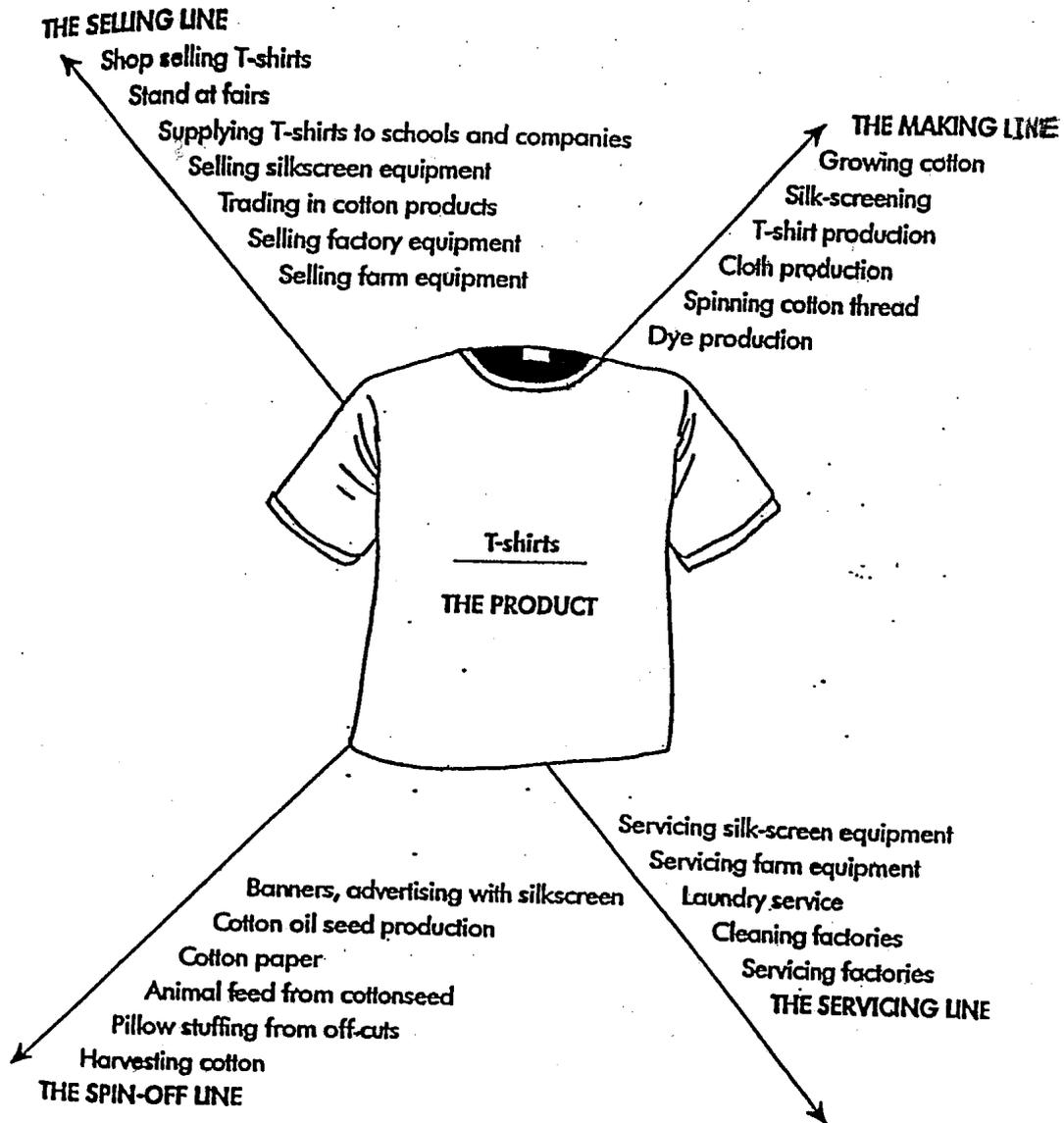


Figure 4.2 Example: Production of cotton T-shirts



4.2.3 Possible uses of locally available materials

a. Using raw materials

Another way of finding new ideas is to take existing raw materials as the starting point and to examine what products can be made from them. Think of materials available in the area that could be made into useful products without harming the environment. Perhaps there is good clay soil that can be used to make cups, plates or tiles; or reed for thatching roofs, etc.

Exercise: Brainstorming on use of local material

- Go back to the list of raw materials available in the area (see section 2.2);
- Identify subcategories, if applicable.

First option

- Enumerate different aspects of people's lives that involve different products and services: eating, sleeping, drinking, transport, medical care, decoration, etc.
- Try to think of new products and services that can be produced with the available raw materials and used in the above-mentioned aspects of people's lives.

Second option

- Enumerate different categories of people: rich/poor, men/women, babies, students, travellers, tourists, etc.
- Try to think of new goods and services that can be produced with the available raw materials and be of interest to one or more of those categories.
- Check which goods and services are worth looking into and have a reasonable chance of leading to a successful enterprise.

Example

Product: bananas – including banana fruits, leaves, roots, unripe bananas, etc.

First option:

- Eating: placemats from banana leaves, bowls, banana chips, banana bread, banana cakes, etc.
- Drinking: banana beer, banana juice, cups, etc.
- Sleeping: baby beds from banana leaves
- Transport: packing fragile things such as eggs, glass objects, etc.
- Decoration: lampshades, photo holders, wall decorations, etc.

Second option:

- Children: toys, children's chairs
- Students: pen holders, satchels
- Travellers: throw-away utensils
- Tourists: all kinds of gifts (jewellery, boxes, etc.), that are not too big or heavy.

Women will only be able to mention products they have seen in the marketplace; it might therefore be necessary to do some research in a library on technology that might be needed for production or to call in an expert – or at least somebody with a broader knowledge about the potential product.

The earlier analysis of raw materials and inputs available in the area (see section 2.2) is the basis for this – more creative – reflection on business opportunities.

b. Using waste products

In poorer economies, as in more developed economies with a strong sense for environment protection, there are opportunities for developing new products and markets using recycled waste products. There is usually something left over from anything we make or do. Waste may come from agricultural processing or animal products, from household waste, from woodworking or other manufacturing processes. Many industries have a lot of waste that could still be used by smaller producers:

- Household waste can be used to make compost or animal feed;
- Paper, glass and aluminium can be recycled;
- Left-over fabric from a clothing company can be used to make patchwork, pillowcases, etc;
- Left-over plastic from factories can be used for insulation, stuffing of pillows, etc.;
- Spare parts of trucks can be used to make agricultural tools;
- Tins can be used to make petrol lamps, toys, flowerpots, etc.;
- Waste from manufacture of plastic slippers (plastic sheets with holes) can be used as fences.

Exercise: Use of waste products

- Identify major sources of waste products in the area: households, agriculture, small industries, etc. (see also section 2.2 above);
- Find out if some of these waste products can be used to make new products.

4.2.4 Substitution of “imported” products

This way of identifying new ideas is based on the assumption that products brought into the area from the outside respond to local demand and could perhaps be produced locally. It is of course unlikely that goods produced by a women's group could take the place of imported merchandise or high-quality products made by industrial units. However, their products might be able to substitute items made in neighbouring towns.

Exercise: Substituting imported products¹⁵

- Enumerate which products are brought to the area:
 - by traders,
 - on market days,
 - by local residents when they travel to neighbouring places.

- Check if these products could reasonably be produced locally.
 - Try to find out if they have not yet been produced locally because:
 - electricity is needed but is not available,
 - production is only viable if done in large quantities,
 - nobody has the technical skills to produce these goods, etc.

- What would be the advantage for the customer if the goods were produced locally?
 - Greater choice
 - Fresher products
 - Possibility to produce according to customer specifications
 - Other

- Another possibility is to check import and export tariffs in government publications and examine whether goods with high import duties could be produced locally.

4.2.5 Possibility of selling products to neighbouring areas

For some products there is almost no local demand because of the inhabitants' low purchasing power, but there might be demand for them in larger towns and cities or abroad.

Exercise: Identifying products being sold to other areas

- Identify what products are already being exported (see also section 2.2.8).
- Invite a trader to discuss the export market for products of the women's group: What demand is there? What are the requirements as to quality? What is the frequency or the seasonality of the orders? What are the requirements regarding packing, delivery terms, payment conditions, etc.?

¹⁵ See also section 2.2.7.

4.2.6 Important trends in society

Societies can change rapidly, even in less developed economies. As a result of such changes people become interested in different products and services; it is therefore important to be aware of them and to take them into account when identifying new business opportunities.

It might not always be easy for a group of women, especially poorer women with less exposure, to identify these trends in their societies. It is therefore important for the groups' facilitators to pay attention to emerging trends and to include them in the debate and reflection processes with the women's groups and communities.

Business opportunities exercises in different countries and projects have brought to light a number of trends resulting from changes in societies. The following list gives a few examples, but should not be considered exhaustive.

a. Improving standards of hygiene

It is important to make women aware of the fact that hygiene matters a great deal, both in the house and with regard to products purchased at the market. It may therefore be a good idea to gain a competitive edge by selling well-known products in better and more hygienic packaging. Also, better-off women might prefer to do their shopping in a cleaner place.

b. Changes in working women's buying habits

When women have jobs outside the home their buying habits change considerably and they often start purchasing different products. Some of them leave part or all of the household duties to other family members or to a housekeeper.

- In the case of products whose preparation requires specific skills and knowledge (e.g. *fonio* in Mali, *bissap* syrup in Senegal, etc.), the women might prefer to buy them from an experienced producer instead of having their housekeepers prepare them.
- If they have to leave the house early in the morning, the women might not have time to prepare breakfast and will therefore give money to their children to buy food outside. This creates a market for small catering services in residential areas, both rich and poor.
- If they have less time to devote to housekeeping, the women will be more interested in buying appliances to facilitate their work (e.g. a mincing machine, a vacuum cleaner, etc.).
- Working women might also turn to certain services such as child care, laundry services, ready-made foods, etc.

-
- Working women who do their housework in the evening will not have time for knitting, dressmaking or mending, and will therefore prefer to pay for these products or services.

Products that were traditionally made at home (and had no commercial value) sometimes become goods and services that are exchanged (bought and sold) on the market. These are called “z-goods” in some business articles on market development.

c. Size of household

In urban settings where many people come to work during the week and return to their families for the weekend, there is a market for products and services specifically intended for small households (e.g. traditional small restaurants, room rentals, individual means of transport, etc.).

Larger households, on the other hand, are a somewhat different market: families need bigger cooking pots; they purchase basic foodstuffs in bulk, etc.

d. Impact of migration on local demand

Countries and regions that have a large flow of migrants also see a change in consumption and demand patterns. Migrants have different habits, different preferences and tastes and often have different skills. The fact that they are new to the area will also affect their needs.

- Migrants who want to settle down temporarily need basic building materials to build a shed or a house.
- Migrants who bring some of their working tools depend less on the local market. Internal refugees in Eritrea, for instance, brought their sewing machines along with them and are now producing clothes for the communities where they have settled.
- Goods made by migrants might compete with local products.
- Demand for some local products might increase.

Try to see what other changes that are taking place in the community could have an influence on local demand. Some examples:

- New schools are being set up in rural areas.
- More young girls are leaving home to study in town.
- The AIDS epidemic has created a lot of families that are headed by grandparents or young children.

4.3 Sources of information and ideas

4.3.1 Trade fairs

Trade fairs and exhibitions are good occasions for finding out what products are being made elsewhere and what women's groups could produce. They are also opportunities to see which customers are interested in these goods, and to get a better idea of what the competition is selling: new products, better quality, different design, different characteristics, etc. In some cases, trade fairs might be an occasion to contact other producers for the sale of their product in the area of the women's group. This could be the case for products that complement those made by the women's group.

Having a stall at a trade fair gives producers a chance to get direct feedback from their customers. It is also an occasion to test new products, in particular the tastes and preferences of new customers.

4.3.2 Publications

Catalogues, trade journals and women's magazines contain many valuable ideas about products, tastes and market trends. Newspapers are also full of ideas. They sometimes describe businesses or new products and developments elsewhere that could be started in the area. Advertisements can also give useful information for identifying new business opportunities.

Many places have a library where a host of useful documents can be consulted.

4.3.3 Interviews

Getting information from local business people is not always straightforward and easy. Data on prices and quality requirements are simple to collect, but information on costs, sources of supply and profit margins is often very difficult to obtain: businessmen do not like to share that kind of information with potential competitors!

In addition, members of the group need both prior knowledge and confidence to approach people.

Annex 9 includes some practical recommendations for such field research.

Exercise: Role-play

Organise a role-play where one member of the group takes on the role of the shop owner and another plays the market researcher.

Part 5 Critical analysis of the ideas

During this phase in the process of identifying business opportunities it is important to analyse the viability of the different ideas that were developed in earlier exercises. The goal is to find the best possible match between the characteristics of the enterprise, the market environment (demand side) and the characteristics of the individual or group entrepreneur (supply side).

This part of the text includes some tools that can be used to check whether the individual entrepreneur or group will be able to turn a business idea into a viable enterprise:

- **Rapid screening of ideas:** This list of questions helps to determine rapidly whether an idea is worth pursuing, without much additional research and calculations (see section 5.1).
- **Market Opportunities Survey:** When the proposed business already exists in the neighbourhood, it is advisable to talk to the entrepreneurs and find out why they would or would not expand and what are the main problems they encounter (see section 5.2).
- **Feasibility study:** This detailed study covers the various elements of production and marketing costs and the volume of sales in order to estimate the future profit of the enterprise and its loan repayment capacity (see section 5.3).

5.1 Rapid screening of ideas

When the women's group has identified a few business ideas, they should select the most suitable ones and think carefully about each one. At this stage a detailed feasibility study is not necessary. Going through the following list of questions is already a first step in ascertaining whether the idea is a good one.

Exercise: Screening business ideas

Go through the business ideas list and make notes about each idea by answering the following questions.¹⁶ (If the group is large, subgroups may be created and each one asked to analyse a limited number of ideas. Then ask the different subgroups to present the outcome of their analysis to the whole group.)

- How much do you know about the products and services for this business?
- What experience do you have that will help you to run the business?
- What knowledge and skills do you have that will help you run this

¹⁶ Based on ILO: *Start Your Business: Generating Business Ideas – A Workbook for Potential Entrepreneurs* (ILO, Harare, 1998), p. 53.

business?

- Where can you get advice and information about this business?
- How do you know there is a need for this business in your area?
- Who will be the customers for this particular business?
- Will there be enough customers?
- Can the customers afford the products and/or services proposed?
- Will this be the only business of this kind in your area?
- If there are similar businesses, how will you be able to compete successfully?
- How will you be able to ensure the quality of goods and services that the customers want?
- Why do you think this business will be profitable?
- Does this business need equipment, premises or qualified staff? Do you think you will be able to get the finances to provide what is needed?
- Where will you get the resources to start this business?
- Can you imagine yourself running the business in ten years' time?
- How does running this business suit the characteristics and abilities of the group members (or the individual)?
- Are you interested enough in this type of business to put a lot of time and effort into making it a success?

The following table might help to present the screening of the ideas:

Ideas	Positive Comments (what will work)	Negative Comments (what will not work)

Ask the group to select the best idea (or a maximum of three good ideas) that will be analysed further.

5.2 Market opportunities survey (MOS)¹⁷

When the women's group or its members want to start a business that already exists in their neighbourhood, it would be advisable for them to learn from the experience of the enterprise concerned before deciding to invest. This is for example the case when the analysis of the inflow/outflow of products (see section 4.2.4) shows that some local demand is not met by local production but by goods being brought in from outside the area.

¹⁷ Based on ILO: *Community Based Training for Employment and Income Generation, Module 1* (ILO-ITC, 1999), pp. 56-80.

A low level of production is an obvious reason for the inability to meet local demand; it may be the result of one or more of the following considerations:

- Perhaps the entrepreneur did not have access to the credit necessary to expand his/her production capacity?
- Perhaps demand was only seasonal and did not justify new investments?
- Perhaps the entrepreneur did not want to employ workers from outside the family?
- Perhaps he/she could not find qualified workers?

Exercise: Market opportunities survey

Research based on the questionnaire for producers (see Annex 10) will help to determine:

- Why local producers do not/cannot adequately supply the consumers in the community;
- Whether producers think that local production could be expanded or improved;
- What sources of technical and credit support are available from different agencies for producers?

When the business idea is rather new (new product or new group of consumers), this exercise will not yield useful information. In such cases the next step is the feasibility study (see below).

Note: Entrepreneurs might not always be willing to share this information for fear that the women's group will create competition for their products. Some of the questions might be deemed to cover confidential information.

5.3 Feasibility study

A feasibility study is a simple exercise to find out whether the proposed economic activity is a good idea or not. Will the enterprise make a product that people want to buy and that can be sold for a profit? By carrying out the study, the group can avoid investing money, time and energy in a venture that might fail to show a profit. The study also helps the group to decide on the best way to set up their business in terms of market demand, resources and risks.

In contrast to the previous phase (screening), detailed information and figures are needed to calculate investments, turnover, production costs, etc. The feasibility study usually takes some time.

An enterprise is profitable when the income from selling goods is higher than the cost of producing them. The income should cover all production and marketing costs and

make it possible to replace machinery when needed (depreciation). If a group starts an enterprise that is not viable, they will quickly lose a lot of money and run into debt.

Note: There is no standard format for a feasibility study. Many training programmes for enterprises such as SIYB, CEFÉ-GTZ cover the preparation of a feasibility study or business plan. If the women's group has already participated in or benefited from such training, it is better to use that particular methodology. If not, the following pages give an overview of all the aspects to be covered by a feasibility study.

Exercise: Steps in a Feasibility Study¹

Step 1: Find out if there is a market for the product

Help the group to study:

- The market i.e. the customers who buy the product
- The competition i.e. those who sell similar products

The information can be obtained through talking to consumers and producers or watching customers, sellers and producers.

Information about potential customers:

- Who are they (men, women, children, age, education)?
- Where do they live?
- How much can they afford to pay?
- When do they need the product?
- What do they expect from the product (in terms of quality, taste, size)?

Information about the competitors¹:

- Who are they?
- Where do they sell?
- What do they sell and to whom?
- What price do they ask?
- What conditions of payment do they offer (cash, credit, barter)?
- When do they sell?

This part of the feasibility study should help the group to decide what is a reasonable sales volume at a particular price. For example, the group might decide that they can sell at least 100 pots (of 200g) of jam a month at the price of USD 1 per unit.

If the group realises that too few people are interested in the new product or service, they must decide to abandon that particular idea and analyse some of the other ideas that were identified previously (see part 3).

Step 2: Find out what resources are needed

Needed resources may include the following:

- **Materials:** What materials and equipment are needed? How much, where, and how often are they available? Are they accessible (to men and women)?
- **Transport:** What kind of transport is needed? When and how will it be arranged?
- **Skills:** What skills are needed? Is training required? How can it be arranged and how much time does it take?
- **Facilities:** Are electricity, water and other facilities needed? Is childcare needed?
- **Time:** Can all members devote the time necessary to start up and help run the economic activity? How much time input is required from each member?
- **Labour:** Do they need to hire workers? Do they need training? If members are to do the work, who will do what?

Table 5.1. Check list for required resources

Item	What we need	What we have	What we need to buy and where
Materials			
Transport			
Training			
Facilities			
Labour			
Packaging			
Promotion			

The members should try to collect as much information as possible about the quantity of items that they will need and get some information about the prices of these inputs.

If the members of the women's group realise that their access to certain materials or means of transport will be difficult, it might be better for them to abandon the business idea at this stage.

Step 3: Discuss start-up and operating costs

In order to succeed, the group must have enough money to launch the activity and run it until it makes a profit. To estimate start-up and operating expenses, list all resources that cost money, and estimate the expenses for one production cycle (i.e. the period of time needed for producing one batch or set of items) and for one year.

Table 5.2. Sample worksheet for estimating start-up costs

Item	What we need	Quantity	Cost
Materials (specify)			
Transport			
Equipment			
Training			
Facilities			
Labour			
Packaging			
Promotion			
Total			

The following table covers the costs related to the production of one cycle or batch, and calculates what would be the annual costs of production

Table 5.3. Sample worksheet for operating expenses

Item	What we need	Quantity	Costs Cycle	x	Costs Year	x
Materials						
Transport						
Training						
Facilities						
Labour						
Packaging						
Promotion						
Total						

For example, the group producing jam calculates the operating costs for the production of 100 pots of jam per month. This includes the cost of the fruits, sugar, pots, electricity, labour, marketing costs, etc.

Step 4: Identify sources of money for start-up and operating costs

The group should decide what is the best way of funding for start of the economic activity. It is neither always necessary nor beneficial for money to come from outside sources every time, e.g. in the form of a loan from local lenders or formal institutions such as banks, credit unions or a grant.

What own resources are available?

The main source of funding should be the group's own resources. If members are committed to start an economic activity, they should be prepared to invest their own time, energy and money.

Should the group seek a loan?

Many groups are tempted to borrow large amounts for activities that may

prove to be very difficult to manage and less profitable than expected. It is therefore important to check if the group will be able to repay the loan, even in difficult times. If the group decides to apply for a credit, the interest rates and repayment period have to be discussed. The group needs to discuss the clear responsibility of all the members, and lay out a plan on how the loan could be repaid, and how soon. Such questions should be asked regarding the amount of resources required to start the group activity (in addition to the group's own resources); the amount of interest and equivalent amount that needs to be repaid by the group and individually; the repayment schedule; the liability and responsibility of each member towards the others in the event of default by some members, etc. The group should also lay out a set of rules and the members should have a common agreement between themselves on arrangements of the loan repayment. The group will have to start negotiations with the lending institutions, based on a realistic business plan of the new venture. The feasibility study will be important to demonstrate that the proposed enterprise will be viable.

Should the group seek grants or subsidies?

Grants or subsidies may distort the real costs and real profitability of an activity. What will happen when the subsidies and grant stop? Will the activity collapse? Grants can also carry hidden conditions, which undermine the group's self-reliance. Nevertheless, a one-time grant to cover the start up costs may help the group kick-start the venture, especially where groups of very poor women are concerned.

Note: In many cases, it is better to start a small economic activity with existing means than to create sophisticated and riskier activity.

Step 5: Discuss the risks

An economic activity may fail for many reasons. The women's group should examine what risks exist and how they can be minimised. However, there are risks against which the group cannot protect themselves, such as some unexpected fluctuation in demand, adverse weather conditions, illness, etc.

Some risks are inherent in the group itself: some members may not cooperate or may be dishonest, or the group may not have the organisational and management skills to run the common activity.

The group should discuss these risks and determine how these can be mitigated. Proper training and group unity helps to reduce risks within the group. External risks are more difficult to prevent, but the group has to discuss ways of limiting the negative impact of such risks.

One of the important risks is of a commercial nature:

- How will fluctuation in demand and price levels affect the economic activity?
- What will be the price fluctuation of important inputs? What will be

the impact on the profit margins?

Step 6: Assess profitability

This section is not aim to cover all elements of cost price calculation since these topics are discussed at great length in business management manuals and training courses.

a. Estimate the cost of each product

On the basis of the operational costs that the group enumerated in table 5.3, the group should be able to determine estimated production costs for a group of products or per product. The women should be careful never to sell below the cost price of their products!

i) Estimate the sales price

The sales prices should be based on the cost of production and on a profit margin.

$$\text{Sales price} = \text{cost} + \text{profit}$$

In some cases, the sales price of a product will be based on the prices of the competitors that already have a strong position on the market.

ii) Estimate the annual income from sales

Calculate the income from sales per week, per month, or production cycle, whichever is appropriate for the type of economic activity:

$$\text{Sales price per item} \times \text{number of items sold} = \text{sales income (per week, month or cycle)}$$

Calculate the sales or turnover per year by multiplying the sales income by the number of weeks, months or cycles in the year as appropriate.

iii) Prepare a cash-flow chart

The cash-flow chart (Table 5.4) must have a positive balance over the whole year. If not, the group might not be able to buy new inputs or pay their labourers. Then, the production might be discontinued.

iv) Calculate the profit of the enterprise¹⁸

$$\text{Profit} = \text{Income from sales} - \text{costs of sales}$$

On the basis of the calculation for the first year, the group should calculate

¹⁸ Please note that depreciation has not been taken into account in this analysis. It is proposed to refer to other business training manuals for this topic.

the profits for the following years, when start-up costs are no longer taken into account.

Once start-up expenses have been covered, the profits will start to rise. It is important to see at what stage the enterprise will start making a profit (break-even point) and whether there are enough funds to keep the enterprise going until then.

Within one to three years, depending on the type of activity, the profits should be sufficient to pay back the entire loan and repay the money that the members contributed to the enterprise. The economic venture will then be making money, which can be shared amongst the members, or which can be reinvested. If the activity does not turn out to be viable, the group should check the different hypothesis that it used and/or reconsider embarking on such a venture!!!

Table 5.4 Cash flow chart

Months	1	2	3	4	5	6	7	8	9	10	11	12	Total
Expenditures													
Start-up Expenses													
Materials (specify)													
Transport													
Equipment													
Training													
Facilities													
Labour													
Packaging													
Promotion													
Sub-total													
Operating Costs													
Materials													
Transport													
Training													
Facilities													
Labour													
Packaging													
Promotion													
Loan Repayment													
Sub-total													
Income													
Sales													
Contributions													
Loan													
Sub-total													
Balance													

Part 6 Export and fair trade

This part of the Guide would be useful to women's groups and communities looking to sell their products abroad. Since not all producers are ready to take this step, however, Part 6 could be optional in the overall exercise of identifying economic opportunities. Some practical advice is given since successful exporting requires a certain amount of knowledge of trading procedures and foreign markets. There are different ways and means of identifying in the markets of industrialised countries a suitable niche for goods produced by developing countries.

When there is little local demand or when their goods fetch a low price, producers often “dream” of being able to sell on the international market where they hope to get a much better price. However, they often overlook problems that are linked to international marketing: language problems, packing, financial transactions, insurance coverage, etc. Often, export is successful only after enterprises have gained good experience on local markets, and when they are able to adapt their products to meet additional requirements of international standards of quality.

When producers are well organised, they can join forces to conquer new markets. With the assistance of business support organisations, they can approach fair trade organisations or organisations that promote imports from producers in developing countries.

This part of the text should therefore help project coordinators and their staff to:

- assess the feasibility of exporting the products of women's groups and communities;
- know where to find additional information, in particular on “Fair Trade”;
- make a first action plan for export market research or initial promotion of the products.

Because of the specificities of foreign trade, women entrepreneurs with a low level of education might find it difficult to understand some of the issues discussed here. These have been included as explanatory texts and should assist the intermediary organisations in helping the groups to make the right decisions.

6.1 Why go for export?

6.1.1 Advantages and disadvantages of export

Before deciding on the advisability of export in a particular case, the entrepreneurs' capacities as well as the advantages and disadvantages of such a move should be discussed with the groups and communities concerned. The following exercise could be used as the basis for a brainstorming session.

Exercise: Advantages and disadvantages of export

Ask the participants to indicate the advantages and disadvantages of selling on foreign markets as compared to selling on the local market.

The following elements could be mentioned:

Advantages: better sales price, higher sales volume, sales when local purchasing power is low, obtaining foreign currency needed for investments, etc.

Disadvantages: language problems, additional packing, financial transactions, foreign exchange risks, additional insurance coverage, greater competition, more demanding customers, etc.

Advantages	Disadvantages

6.1.2 Export checklist¹⁹

The following is an export checklist that women's groups can use to test the viability of engaging in export. Factors such as availability of human resources, communication capability (especially in foreign languages), production facilities (and capacity), as well as the group's financial situation, all need to be thoroughly assessed.

¹⁹ GTZ: *Export of Organic Products - Part B: Planning and Realization of Exports* (GTZ, Eschborn, Germany, 2001), p. 118.

Exercise: Export checklist

Discuss the following list of questions with the groups interested in exporting their products. The checklist gives an overview of all the issues involved. A detailed analysis of all these aspects will be needed before developing an export strategy and plan.

Human resources

- Do any members of the women's group or any women entrepreneurs have export experience? Have they received training in export matters?
- Where and how could the women receive such training or obtain the information they need?

Communication

- Do the women have sufficient language skills? Or can they call upon other people (their relatives, for instance) to help them to communicate in a foreign language?
- Is their office – or the office of the business support organisation – equipped for effective communication with foreign countries (reliable telephone connections, fax, e-mail)?
- Are export price lists with exact product specifications and background information on the enterprise available in relevant foreign languages?

Production facilities

- Do production methods meet foreign customer requirements as regards quality, product purity, packing, product standardisation, etc.?
- Are production facilities in good condition?
- Export could lead to a considerable rise in demand. Can the production increase rapidly enough to fill large numbers of new orders?

Financial Situation:

- How much capital is required to make the investments necessary for export?
- How much of this capital can/must the women's group put up on its own?
- Where can the remainder be obtained?
- How high are the costs of loans, and what is the framework for obtaining them?

6.2. Fair trade

6.2.1 What is “Fair Trade”?²⁰

According to the information provided by the European Fair Trade Association (EFTA):

Fair Trade is an alternative approach to conventional international trade. It is a trading partnership which aims for sustainable development of excluded and disadvantaged producers. It seeks to do this by providing better trading conditions by awareness raising and by campaigning.

The **goals** of Fair Trade are:

1. To improve the livelihood and well-being of producers by improving their market access, strengthening producer organisations, paying a better price for products and providing continuity in the trading relationship.
2. To promote development opportunities for disadvantaged producers, especially women and indigenous peoples, and to protect children from exploitation in the production process.
3. To raise awareness among consumers of the negative effects on producers of international trade so that they can exercise their purchasing power positively.
4. To set an example of partnership between consumers in industrialised countries and producers in developing countries in trade through dialogue, transparency and respect.
5. To campaign for changes in the rules and practice of conventional international trade.
6. To protect human rights and security by promoting social justice, sound environmental practice and economic security.

6.2.2 Types of organisations promoting fair trade

Many of the existing organisations promoting trade for producers in developing countries belong to one of the four types briefly presented here: Producer Organisations, Fair Trade Importing Organisations, World Shops, and Fair Trade Labelling Initiatives.

Producer Organisations: found in developing countries, they produce a large variety of marketable goods.

Fair Trade Importing Organisations: they buy products from producer organisations, paying them a fair price, and assist them with advice in product development, skills and management. They offer additional support in difficult economic and social situations and often make advance payments. They act as

²⁰ Based on J.M. Krier: *Fair Trade in Europe 2001 - Facts and Figures on the Fair Trade Sector in 18 European countries* (EFTA, Maastricht, Netherlands, 2001); and EFTA: *Fair Trade: Let's go Fair. Fair Trade – History, Principles and Practice* (EFTA, 2001), 15 pp.

wholesalers or retailers in their home countries. They often market through specialised shops (called “world shops”), local groups and representatives, and also increasingly try to sell goods through traditional market channels such as commercial stores, supermarkets, etc. They organise campaigns to raise consumer awareness and lobby for changes in trade policy of industrialised countries to increase access to their markets by producers in developing countries.

World Shops: these are specialist shops for fair trade products. They are often run by dedicated people (mainly volunteers) who organise their activities in a business-like way but provide information and education to their customers. In most countries, these shops have formed national associations.

Fair Trade Labelling Initiatives: they aim to expand the market for fairly traded products by bringing them into mainstream sales outlets such as supermarkets. They offer commercial importers three things:

- a register of monitored producer groups;
- a set of criteria on how to do fair trade business;
- a label that clearly distinguishes fairly traded products from others.

6.2.3 Basic elements of the partnership between southern and northern organisations

a. The Southern partner

The enterprise of the Southern partner or producer organisation must meet the following criteria:

- The activity must be sustainable (economically, environmentally and socially);
- Workers, in particular women and disadvantaged groups, participate in the decision-making process; their cultural identity is respected;
- They provide acceptable working conditions and must contribute to the development of the community whenever possible, creating jobs where possible;
- In the case of plantations or industrial production units, they respect the basic ILO standards;
- Export production does not jeopardise local food security;
- Producer organisations seek to establish a balance between accessing local markets and an export market for their products. This is to avoid excessive dependence on international markets;
- Producers process the product as far as possible before it is exported, in order to have a higher return on sales and at the same time improving technical skills.

b. The Northern partner

Alternative trading organisations operate on the following principles:

- They agree to provide regular feedback to producers on market trends, fashions, and health and safety regulations so that producers might adapt their products;
- They provide finance (advance payments of 40–50 per cent);
- They provide training aimed at strengthening management capacity, improving production techniques and developing new product lines;
- They respect the Code of Conduct for NGOs;
- They take part in education and advocacy campaigns to promote fair trade and the creation of an international trade structure that benefits producers.

To sum up: advantages for producers in developing countries lie in access to new markets, more favourable sales price, advance payments and access to training and technical support. There is also an indirect effect: being able to sell part of the products on the fair trade market often strengthens their bargaining position with regard to local traders. Being a member of fair trade networks also offers opportunities to learn from the experience of others.

6.2.4 Women in fair trade

Women's issues are gaining in importance in the fair trade movement. Up to 80 per cent of "world shops" volunteers are women, and women's organisations produce a significant part of fair trade products. Increasing respect for the role of women is a basic criterion for all partners. According to agents of the fair trade movement, the main problem is that many women's groups propose the same products, such as traditional handicrafts, jams, etc. Since the market for these goods in Europe and the United States is limited, there is a need to diversify the product range.

6.3 Market information

Information on international markets can be obtained through your country's embassies abroad or through foreign embassies in your country. Chambers of Commerce also have plentiful information about importers and exporters in their respective countries.

The International Trade Centre, based in Geneva (Switzerland), regularly publishes its "Market News Service", a bulletin giving information on current production levels, prices and imports on the various markets for spices, fruits and vegetables, hides and skins, etc.

6.3.1 Regional markets

In most regions there have been significant efforts to liberalise trade within the territory concerned. As a result, developing trade relations within a particular region becomes more attractive, when those relations are based on complementary products.

For example, the creation of the Common Market for Eastern and Southern Africa (COMESA) offers considerable opportunities for companies in countries such as Kenya and Ethiopia to export to their neighbours.

6.3.2 Traditional export markets: Western Europe and the United States

Markets in Europe and the United States have a different structure from local markets in developing countries. Consumer tastes, buying preferences, market channels may vary substantially. In addition to differences of a general nature, markets might also differ according to the product and the sector. It is therefore important to collect detailed information about a particular market.

Such information can be obtained from a number of sources, including:²¹

- Centre for the Promotion of Imports (Netherlands);
- International Trade Centre, Geneva (Switzerland);
- United Nations Conference on Trade and Development (UNCTAD), Geneva (Switzerland);
- Artisan Enterprise Network, USA;²²
- KOMPAS – this is a series of directories of producers, importers, traders for a very large list of products and countries;
- GTZ (Germany), which has published studies on the interest for organic food products on the European and American markets.²³

6.3.3 New export markets: Eastern Europe and developing countries

Globalisation and the liberalisation of international trade are making it easier to export to a large number of countries that were traditionally less easily accessible. Eastern European markets have shown interest in exotic products, traditional handicrafts and a wide range of consumer products from Asia and Africa. One of the means for selling products to industrialised countries is through the Internet, exploiting the available technology. However, the organisations assisting women's groups would need to have reliable computer facilities and websites at their disposal to be able to input the marketing information for them, particularly if the women's education and literacy levels do not allow them to use the technology and manage information on their own.

Imports from Asia into Africa are expanding. Asian products can easily compete with those traditionally imported from Europe. In addition, some Asian products such as textiles are exported to Africa for further processing. As finished products, they then benefit from easier access to European markets within the framework of the ACP trade

²¹ See the list of addresses at the end of the Guide.

²² CraftsNews No. 47, Artisans Enterprise Network, Spring 2001, p. 11. The full text (+2000kB) can be downloaded from www.artisanenterprisenetwork.org/toolbox.htm by clicking on "US Product Trends" and "US Market Update".

²³ One such study is GTZ: *Export of Organic Products - Part A: The Market for Certified Organic Products & Part B: Planning and Realization of Exports* (GTZ, Eschborn, Germany, 2001), 205 pp., available on www.gtz.de/organic-agriculture/files/marketing_manual_en.pdf

agreements. For African producers, the Arab markets are also important, especially for food products such as meat, fish, etc. Women's groups and communities in developing countries could exploit emerging economic opportunities in the fast expanding international market, to take full advantage of the upside of globalisation.

6.4. Practical issues

6.4.1 Price calculation

The export price can be calculated in different ways, but the price must in any case: (1) cover the costs; (2) meet the sales target; and (3) be competitive.

Exercise: Calculating costs of exporting

Check with all participants what additional costs are involved in exporting the products (as compared to selling on the local market).

For example: transport costs will be higher (air or sea freight), as will be the cost of insurance (to cover transport); there are additional costs for packing (maritime packing); various documents (publicity, contracts, invoices, etc.) have to be translated; communication with the customer is more costly; interest has to be paid on late payments; customs procedures are expensive, etc.

Discuss with women producers where they can find additional information about the costs of exporting.

6.4.2 Terms of sale

The sales price of the goods will depend on the terms of trade that have been negotiated. These determine which costs will be covered by the seller and which ones by the buyer. There is a standard set of rules known as "INCOTERMS". The most common are the following:

- **Ex-works:** the buyer assumes all costs from the moment the goods leave the exporter's door;
- **FCA (free carrier):** the exporter bears all the costs to the place of export (airport, seaport) and arranges for export clearances in order to transfer the goods into the custody of the carrier named by the importer. The importer covers all other risks and costs. This is very similar to FAS (free alongside ship) or FOB (free on board).
- **CIF (cost insurance freight):** the exporter pays for the shipping and insurance to the port of import.

-
- **DDU (delivery duty unpaid):** the seller covers all costs and risks to the point of import clearance in the buyer's country. When, in addition, the seller pays the duties, it becomes a DDP (delivery duty paid).

6.4.3 Packing for export

Since international transport can be long and hazardous the goods must be packed properly, or they might be damaged and the buyer might refuse to pay for them.

Some examples of proper packing:

- Large quantities can be packed in containers;
- Machines and larger objects should be packed in wooden cases;
- Fragile objects need to be well protected with foam, straw, etc.;
- Bulk products can be packed in large volumes. Wine can be transported in barrels and bottled on arrival.

In addition to these practical requirements, customers in importing countries might have different or more sophisticated tastes than local consumers and could demand better packing. Should additional information be printed on the packaging of food products? Do customers abroad appreciate higher quality plastic and printing?

All these additional costs have to be taken into account when planning for export.

6.4.4 Financing²⁴

Since the seller rarely accompanies the goods and since it is difficult to go after foreign clients who do not pay their invoices, some specific payment systems have been developed to facilitate international trade.

- **Cash in Advance:** On the one hand, the exporter is relieved of collection problems and has immediate use of the money. On the other hand, advance payments create cash-flow problems and increase risks for the buyer, who thus may refuse to pay until the goods have arrived.
- **Drafts and Letters of Credit:** A third party (e.g. a bank) acts as an intermediary to satisfy both buyer and seller that each side is keeping its end of the bargain before goods or money are exchanged. Documents such as shipping and insurance forms must be presented to the bank to ensure that conditions of the sale are met. This proof enables the bank to pay the seller on the spot or at a later date (30, 60, 90 days) according to the payment conditions specified in the sales contract and letter or credit or draft. To speed up communication, two banks are usually involved, one in the exporter's and one in the buyer's country.

²⁴ Based on *A Basic Guide to Exporting*, compiled by U.S. Department of Commerce (1989), p. 148.

The issue of **exchange risks** should also be addressed: International transactions between countries with different currencies involve an “exchange risk” since the exchange rate might fluctuate between the moment the sales contract is signed and the moment the goods are delivered and paid. This means that if the transaction is in a foreign currency the seller might receive a higher or lower amount in his own currency than initially envisaged. Banks have developed financial techniques (selling or buying currency at term) that reduce this risk.

Part 7 Analysis of the macroeconomic context (Economic literacy)

This part of the Guide aims to explain in simple terms some basic concepts related to macroeconomic changes that might affect economic activities undertaken by women's groups and communities in developing countries. Like Part 6, it is optional, and can be used when the assisting organisation needs to explain, using simple language, the impact of the government's macroeconomic and financial policies and programmes on the economic lives of poor women, women's groups and communities. Such a need is possibly being increasingly felt given the growing debate in the civil society on the multidimensional effects of globalisation. People in developing countries, especially women and the poor, usually see globalisation as having only negative effects. It is important to keep in mind, however, that globalisation has brought benefits to many people, especially those in emerging economies: the countries of East Asia, for instance, have been able to make great strides in the development process precisely by taking advantage of expanding international trade and financial systems. However, world economy still faces the challenge of making the overall globalisation process more "poor-friendly" and "equitable" by helping poorer developing countries to close the gap between them and the more advanced, industrialised countries, and by establishing fairer international economic and financial systems.

Women entrepreneurs and groups see changes in their economic environment and hear about economic development, inflation, devaluation, regional integration and globalisation, but often do not understand how these changes affect or might affect their businesses. "Economic literacy is about understanding the national, regional and global economy and our places within it."²⁵

7.1 How does "economic change" affect our lives and businesses?

The process of raising the awareness and understanding of economic processes should start from the women's perception of the changes that affect their businesses.

Exercise: Impact of economic change on women's lives and businesses

Phase 1: Ask the participants to give examples of how "economic change" affects their lives and businesses.

Make sure they cover most (not necessarily all) of the following aspects:

- Inflation leads to price increases; how does this influence their sales?
- Cuts in government staff and low salaries have a negative impact on the purchasing power of many (potential) customers in communities with a large public sector. How important would this be for the

²⁵ WIDE: *Women in the Market - A Manual for Popular Economic Literacy* (2000), p. 5.

women's business? Do they expect sales of cheaper products to rise (as compared to those of more expensive goods)?

- Devaluation of the local currency has pushed up the prices of imported products and inputs. How will the higher cost of inputs affect their production cost?
- Due to liberalisation of imports, there is more competition of imported products against domestic products of a similar kind. What will be the impact of greater competition on their business? What was or will be the impact of "informal" imports?²⁶
- Due to privatisation of large government enterprises and market liberalisation, the prices of many products and commodities are no longer stable: how will the women adapt their decision-making process when prices fluctuate? How will they monitor market and price changes?
- Regional integration means that there will be lower import taxes (or no taxes at all) on products from countries belonging to the same regional union than on those imported from outside the region.
- Since the market is the dominating force, prices of many products are no longer stable; they vary according to supply and demand, and not as a result of a government decision.
- Cheaper imports mean more competition for locally produced goods.
- Selling goods abroad becomes easier; there are fewer formalities at the borders and fewer bribes to pay.

Annex 11 analyses the impact of trade liberalisation on women.

7.2. Different types of economy

In a number of countries, particularly in Eastern Europe and some parts of Asia, there has recently been a shift from a planned economy to a market economy. The following are the main characteristics of these two systems:²⁷

In a centrally planned economy:

- Work is organised by the government;
- The government centrally plans the production;
- Benefits are distributed according to planned allocations or rations;
- The government lays down the rules and oversees production through a vast bureaucracy.

²⁶ "Informal imports" mainly refers to the illegal importing of products or smuggling. Since these products are not subject to import duties, they can be sold at much lower prices than officially imported products.

²⁷ WIDE: *Women in the Market - A Manual for Popular Economic Literacy* (2000), p. 3.

In a market economy:

- The bulk of work is organised for profit by private entrepreneurs;
- Workers are paid for the work they perform;
- The tools and equipment necessary for production belong to the entrepreneurs;
- The process of buying and selling is governed by competition, in other words by the “market forces”;
- Goods and services are distributed according to people’s ability to pay for them;
- The enterprises organise and plan the work; the government only establishes some rules of the game and monitors them;
- Care work, such as looking after children, the sick and the elderly within the household, which is important for keeping the society going, is rarely remunerated.

During the 1980s and the 1990s, the World Bank implemented economic reforms and Structural Adjustment Programmes in many developing economies in order to improve their economic and financial situation. As a result of those reforms and programmes:

- The market has clearly become the dominant force; many price controls, including those for essential basic commodities, have been removed.
- Many government enterprises have been privatised or are in the process of privatisation.
- Government budget management is stricter; the number of public service personnel has declined substantially; subsidies for food, housing, transport, etc. are being scaled down. Some activities such as waste management are being sub-contracted to private enterprises.
- User charges for social services (health, education, water supply, electricity, etc.) are rising.

Most developing countries are now integrated into the “global” economy:

- International trade has been liberalised, meaning that it is easier to export and import. More foreign products are being imported, and compete with locally produced goods.
- Financial transactions have been liberalised in many countries: foreign currencies are easily accessible but their rate of exchange fluctuates according to the international financial market.
- Many countries have joined economic unions such as MERCOSUR, COMESA or AFTA, leading to greater regional integration.²⁸
- New information and communications technologies are playing an increasingly important role.

²⁸ MERCOSUR is an economic union between Uruguay, Argentina, Paraguay and Brazil. COMESA is the Common Market for Eastern and Southern Africa (grouping more than 20 countries), and AFTA is the ASEAN Free Trade Area.

7.3 Inflation, devaluation and government policies

7.3.1 Inflation

Inflation is a general rise in the price level of products, caused by increased demand for goods compared to the overall supply in the market or by excess money supply. In the latter case, the government might have injected too much money in the economy in order to finance its own expenses. When government subsidies are withdrawn from basic commodities (e.g. petrol, rice, wheat, etc.), this also tends to have an inflationary effect. In general, as the economy grows there tends to be an inflationary pressure on the market. As a result, prices of most products will rise.

Exercise: How to cope with inflation

Discuss: How can enterprises protect themselves against high inflation?

Examples:

- Invest all available money in stock of basic materials;
- Avoid selling goods and services on credit without including an interest rate that is above the inflation rate. The money that the enterprise will receive in a few months' time will no longer be enough to buy the same amount of goods or services;
- Avoid saving in local currency unless the interest rate on savings compensates for the loss of value of the money over time, etc.

7.3.2 Devaluation and depreciation

The exchange rate is the comparison between the value of one currency as compared to another. If the local currency “depreciates”, it means that more of it is needed to buy a set amount of foreign currency. As a result, buying foreign products becomes more expensive.

The exchange rates to the US dollar and the euro are the most relevant. In many countries the exchange rate is fixed to an international currency such as the US dollar or the euro (previously to the German mark or the French franc). With the liberalisation of markets, currencies fluctuate according to demand and supply. If a

country imports much more than it exports, or when many people either take their money abroad because they do not trust the local economy or save in foreign currencies (e.g. savings in US dollars in Latin America), the cost of foreign currency might increase substantially.

“Devaluation” is a loss in the value of the local currency with respect to foreign currencies; it is a result of government intervention. Devaluation is an instrument used to regulate the financial market. “Depreciation”, as mentioned above, happens in

market economies as a result of changes in the demand and supply of foreign currency.

Exercise: Currency exchange rates

Ask the women to give the present exchange rate of the local currency compared to the US dollar and the euro and see how it has changed over recent years. Discuss how they can avoid losing money because of the devaluation or depreciation of the local currency.

Here are some ways of avoiding such losses:

- Save in foreign currency whenever possible;
- Fix the prices for exported products in foreign currency (not in the local currency);
- Do not delay payment of invoices in foreign currency. Putting off payments for imported material or inputs might mean that a higher amount of local currency will have to be paid later on.

7.3.3 Government policies and their impact

Associations of women entrepreneurs should try to influence the policies and budgets of the local and national government in favour of women-friendly activities.

Government budget

The government levies taxes on income in order to obtain income with which to cover its public spending. Its policies on taxes and expenditure have an impact on the economy. While it is known that the tax base in developing countries is relatively small, it is important that the citizens understand the need for efficient fiscal systems and the potential costs and benefits of various government fiscal policies. When tax systems do not work efficiently and the government does not have enough resources, it has to borrow from donor countries and international financial institutions to pay for its development (the impact of heavy national indebtedness will be explained below). Public investments in infrastructure development, for example, could stimulate economic growth and create jobs, etc. Some questions could be put to women's groups and communities to give them a better understanding of the impact of such government policies on their lives and business activities.

Exercise: Government income and expenditure

Phase 1: Ask the participants to indicate the sources of national and local (county, district, village) government's income. Make sure they mention the following: taxes on revenue from workers and companies, commercial taxes or value added tax (VAT), import duties, administrative fees, market fees, real estate tax, etc.

Phase 2: Ask the participants to indicate the various costs that governments have to meet: salaries, transport costs, subsidies, infrastructure (new, rehabilitation and maintenance), etc.

Income	Expenditures
National Government	
Local Government	

Phase 3:

Ask the women to indicate what kind of government spending (at local and national level) would help them to develop their businesses:

a. As clients

The way the national government and local authorities plan to use their income mainly determines the importance of the public sector as a client.

Some examples:

- The government purchase department might decide to buy local products rather than imported ones.
- It might purchase items produced by women's enterprises (furniture, curtains, office decoration, etc.)

b. As subcontractors

- The local city government can subcontract garbage collection to a

women's group.

- It might call upon local craftsmen to rehabilitate buildings and roads.

c. As providers of support to businesses

Government spending on infrastructure such as marketplaces, access roads, etc. also directly influences the viability of women's enterprises: access to clients becomes easier, transport costs drop, etc. Governments may decide to finance vocational and technical training programmes.

Ask the participants to indicate also which expenses (local and national) could have a negative impact on their enterprises. An increase in military spending is probably the best example because of the pressure on social budgets to be cut as a consequence.

Phase 4 (optional):

Invite a local government representative to explain:

- Infrastructure works that will be financed;
- Policies with regard to the local market;
- What new development projects will be launched;
- What tenders will be launched.

See also section 2.1 in the main text.

Note: Following the decentralisation process that has taken place in many developing countries, some responsibilities of the national government have been transferred to district or local councils, municipalities, etc.²⁹

Fiscal policy

In developing countries the taxation base is very limited, which means that only a small part of the population pay taxes on their income. If unemployment is very high, the government might lower the taxes of enterprises or sectors that could employ large numbers of workers. This stimulates job creation and has a positive impact on the economy as a whole. If the local government, for example, reduces taxes on local markets, this might attract many traders to the area, as well as additional services such as transport providers and banks.

On the other hand, the government might increase its spending in labour-intensive sectors such as infrastructure works or certain services.

²⁹ In this text "local" refers to the administrative and political level that is closest to the people and that has some financial autonomy (i.e. the politicians and public administration can decide themselves how they spend the financial allocations made available to them).

Monetary policy

In times of high inflation, the government might decide to raise interest rates so that it becomes more advantageous for the population to save, instead of spending their money. This reduces local demand and “cools down” the economy, but it might also result in higher unemployment. Women may face a greater risk of losing their jobs, and higher interest rates make it more difficult for them to obtain credit to develop their businesses. The government may adapt interest rates and the money supply according to the needs of the economy. The interest rate is the cost of money to borrowers and a reward for the people who save, and the former is higher than the latter.

Exercise: Changes in interest rates

Phase 1:

Ask the women what would be the impact of higher interest rates.

Phase 2:

If they consider borrowing money from a bank, what would be the best strategy to pay the least amount as interest?

Debt burden

Governments of developing countries borrow money for development from the World Bank, International Monetary Fund (IMF), regional development banks, as well as donor countries. However, since the loans are denominated in foreign currency, typically in US dollars or in euros, borrower countries may have difficulty paying them back when the local currency depreciates. Furthermore, because some of the poorest countries find themselves unable to repay loans within the agreed time period for various reasons (e.g. civil strife or natural disasters), they find themselves burdened with huge accumulated debts; this is why they are sometimes called "heavily indebted poor countries" (HIPC).

International financial institutions have been working on writing off the debt of those countries that are having difficulty repaying their loans. Heavily indebted governments are not in a position to provide adequately for social services such as health and education and this tends to have negative repercussions, particularly on women and children.

Exercise: Debt burden

Ask the participants to indicate what are, according to them, the causes of a high debt burden. Most of them will mention large infrastructure works, development projects, etc. Ask them what “debt burden” means to them. Ask the women what happens to them when they have taken out a loan and have difficulty repaying it.

Explain to them the consequences of debt burden at the national level:

- Less foreign currency available and therefore depreciation (= loss of value) of the local currency (see above);
- Less government spending on essential services such as education, health care, etc.;
- Less economic independence, since debtors might impose some conditions on the local economy.

Policies for promoting the private sector

As part of economic reforms and the accompanying liberalisation policy, the government is expected to liberalise and privatise government enterprises and sectors under government control. On the one hand, privatisation of public entities could mean retrenchment of workers in the sector due to downsizing and closures, especially in the short term. On the other hand, it could also mean more job opportunities in the private sector over the medium and long term. Under such a policy the assumption is that privatisation will bring about higher economic efficiency and productivity.

Exercise: Privatisation policies

Ask the participants to identify what the government has done to stimulate the private sector (in the field of regulations, laws, etc.), and small and micro-enterprises in particular.

Some examples of government measures:

- Simplifying company registration procedures;
- Establishing preferential credit lines for small enterprises;
- Granting tax relief to enterprises engaged in export;
- Making local Commercial Courts more efficient to deal with trade disputes;
- Rehabilitating roads and marketplaces;
- Making land available for installing small and micro-enterprises;
- Simplifying import and export procedures;
- Developing appropriate regulations for micro-finance, etc.

Governments typically also implement policies and programmes to provide incentives to create private enterprises through measures such as development of business service providers, granting special tax relief and benefits to new enterprises, extending special credit lines for small and micro-enterprises, etc.

Social policy

Government spending in the social sphere is of great importance for women entrepreneurs. Traditionally women play an essential role in caring for children and the elderly. Government expenditure on health care facilities and education as well as on services such as water supply has a direct bearing on the amount of time and money available to women for performing household tasks for the family.

The government can develop specific policies dealing with poverty, income inequality, gender differences, human rights, workers' rights, employment promotion, etc. These comprise measures impacting on women's and men's prospects on the labour market, including those on a regulatory framework influencing labour flexibility; active labour market policies dealing with vocational training, skills development and employment

Exercise: Government social policies

Ask the women's group about the measures the government has taken in recent years in the areas of employment and labour, health and sanitation, education, water supply, etc., and what impact those measures have had on their lives.

Some examples:

- Has the government introduced/implemented any vocational training or employment creation schemes in the community?
- Have any major poverty eradication schemes been introduced in the area (e.g. a micro-credit scheme for the poor, in particular women)?
- Has the government reduced school subsidies? Has there been an increase in school fees?
- Has the government increased/withdrawn subsidy for medical care? Has it introduced additional hospital fees?
- Has the government introduced any specific measures to assist those who are infected or affected by HIV/AIDS, or some other major disease/epidemic?
- Has the government provided any support for development of the water supply? Has it provided any water supply subsidies before, and what is the situation at present?
- What has been the impact of such policy changes and assistance measures on the lives of women and their families and their businesses?

promotion; providing social protection systems; poverty alleviation, etc. Labour policies also include promotion of gender equality at work, both in terms of equal remuneration for work of equal value and equal access to employment opportunities.

Health and education policies contribute to investment in human resources of countries, thus improving the supply side of the labour market.

Unfortunately, Structural Adjustment Programmes that were implemented in many developing countries during the 1980s and 1990s did not take full account of the social and economic consequences of reducing government social spending, namely that a lack of healthy and well-trained human resources could hinder economic growth. As a result, many countries suffered negative socio-economic effects of economic reform and structural adjustment. These effects were supposed to be short-lived, but as it turned out they persisted well past the adjustment period. What is more, even after the policies were fully implemented the situation remained largely unchanged. Consequently, the levels of poverty and unemployment rose, and in many cases economic growth that was supposed to come with “improved economic efficiency” failed to materialise.

Annex 1 Constraints and choices facing women entrepreneurs

1. Introduction

Women's participation in small-scale economic activities has increased dramatically in the past two decades in many developing countries for various socio-economic reasons. The working poor, both women and men, have been further impoverished due to, on the one hand, the Structural Adjustment Programmes of the 1980s and 1990s, civil strife, and the HIV/AIDS pandemic in many countries of Sub-Saharan Africa and, on the other hand, the financial and economic crises in both Asia and Latin America. In the economic reform and adjustment process, the already small formal sector employment has been scaled down in many countries, particularly in the public sector, retrenching not only many men, but many women as well. In a number of countries the downsizing of the formal public sector employment has pushed many women and men into small-scale economic activities in the informal economy. Civil strife, especially in Sub-Saharan Africa, has caused the displacement of a large number of families, and many women have been left to fend for themselves and their families on their own. The pandemic of HIV/AIDS has also had a devastating impact on the most productive population age group, as well as on society and economy at large, leaving old women with the responsibility of taking care of surviving children, while millions of children have been orphaned.

The reasons for the high participation of women in economic activities are therefore extremely diverse:³⁰

- There are fewer and fewer opportunities for men to earn a “family wage”, and many households are no longer able to meet their economic needs with male wages alone;
- The disruption of family ties reduces the possibility for women to rely on male support, and the number of families headed by women increases;
- Increasing economic needs of the household push women into whatever market opportunity is open to them;
- Women are increasingly demanding access to an independent income as a means of overcoming gender subordination.

In many developing countries women tend to be less educated and trained than men, which limits their possibilities of being in wage employment or engaged in own-account activities in the formal economy. In some countries women are restricted in their movements because of traditional perceptions of family and society, which hinder their participation in economic activities outside or away from home. In most

³⁰ This text is based on ILO: *Start Your Business: A Guide for Trainers on Promoting Women in Micro-Enterprises* (ILO, Women in Development Programme, Geneva, 1993); and Linda Mayoux: *From Vicious to Virtuous Circles? Gender and Micro-Enterprise Development* (UNRISD, Social Development News, 1995), available on www.unrisd.org/engindex/publ/news/13eng/4.htm.

countries women have less access to assets, financial resources, services and markets than men. Moreover, given the fact that in most societies women are expected to do all the household work and to take care of the family, they tend to have less time for business activities than men. Generally, therefore, women have more restricted economic opportunities than men, as there are many constraints that limit their choice of economic activity.

Despite various constraints that women face, however, there are well-established traditions of female entrepreneurship, and women have succeeded in establishing business activities, even from their homes, in many developing countries.

2. Gender-related concepts

Sex and gender: In Gender and Development discourse, “sex” refers to universal biologically determined differences between women and men; “gender” refers to the social construction of different roles and relations between women and men, which are learned and changeable over time, and have wide variations both within and between cultures. These differences and relationships are socially constructed and are learned through the socialisation process. They are context-specific and change over time.³¹

Sex	Gender
<ul style="list-style-type: none"> - Biologically determined and given at birth - Unrelated to culture - Normally unchangeable 	<ul style="list-style-type: none"> - Socially determined - Culturally specific - Changes over time

“Gender roles” are learned behaviours and a set of social expectations of a person in a given society, community or social group, in which people are conditioned to perceive certain activities, tasks and responsibilities as attributed to either a male or a female. These perceptions may also be defined and influenced by age, class, race, ethnicity, culture, religion, and political ideologies, and by the geographical, economic and political environment. Changes in gender roles often occur in response to changing social, economic, natural or political circumstances, including development efforts, structural adjustment, or other nationally or internationally based forces, which may have an influence on different gender roles played by women and men. It is therefore important to be aware of the specific responsibilities and roles of each gender group as defined in their community.³²

Certain behaviours (manners of dress, type of employment, what women may do, etc.) in one culture and at a given time, may be considered fully “acceptable” by the given society. Yet, in another culture or society, the same behaviour is considered as unsuitable for women or as being “masculine”. For example, in many countries construction work is seen as a typically male job, while secretarial work is often a female occupation. In Sub-Saharan Africa, however, women’s participation in construction is considered acceptable. In Bangladesh, it is mainly men that undertake

³¹ Adapted from ILO: *Gender! A Partnership of Equals* (ILO, Geneva, 2000), p. 8.

³² Ibid.

secretarial jobs. Women's involvement in farming work varies from culture to culture: in some they are only involved in harvesting and processing of the harvest, while in others they do the planting, weeding and cleaning.

3. Multiple gender roles

a. Reproductive or human resources maintenance activities

Reproductive activities are those carried out to reproduce and care for the household and the community. They include child rearing and education, food preparation, health care and home maintenance. These activities are often viewed as non-economic, are generally not remunerated, and are usually excluded from national accounts. In many societies and cultures, this role is largely perceived as belonging to women.

b. Productive role

This includes all tasks that contribute economically to the household and community, for example crop and livestock production, handicraft production, small trade, running small businesses, and wage employment.

c. Community management role

This comprises activities undertaken at the community level and includes the provision and maintenance of scarce resources for public consumption such as water, education, and health care. Women may also play a major role in many social events (e.g. births, marriages and funerals).

4. Gender needs

The roles of men and women in existing societies and communities are generally different, and their needs vary accordingly. Two types of needs are usually identified:

a. Practical needs

Practical needs often relate to women's role as mothers, home-makers and providers of basic needs, and are concerned with inadequacies in living and working conditions related to food, water, shelter, income, health care and employment. For poor women and men, these needs are often linked to survival strategies. Addressing these needs alone only perpetuates the factors which keep women in a disadvantaged position in their societies, as it does nothing promote gender equality.³³

b. Strategic needs

Strategic needs are the needs required to overcome the subordinate position of women to men in society, and are related to the empowerment of women. They vary depending on the particular social, economic and political context in which they are

³³ Ibid.

formulated. These are the needs of women to promote gender equality, and involve such measures as promoting equal access to paid employment opportunities and training; equal pay for work of equal value; equal rights to land and assets; prevention of sexual harassment; and freedom of choice over childbearing. Addressing these needs entails a transformation of traditional customs and social institutions.³⁴

5. Access to and control over resources

To be able to understand the barriers to the development of women's businesses, it is important to understand the economic and social disadvantages of their position in society. In most societies women have limited access to and control over resources like credit and land. For example, while credit may be accessible both to men and women by law, reality shows that for a number of reasons women find it difficult to enforce their rights in this respect. Women also have less (or more limited) access than men to information, training, services and markets, due to persistent social disadvantages which are difficult to overcome and to change in a short time.

Similarly, since women normally do not hold assets under their own name to serve as collateral for credit and since they tend to lack technical and business management training, they often face problems in obtaining loans. Or they are simply not informed of business opportunities, training courses, advisory and other support services.

Women tend to have very little or no control over cash income within the household, and their scope for savings and investment in enterprises is extremely limited. Some women work hard but hand over all or part of their income to their husbands in order to avoid domestic tension. A woman might work in the field and be responsible for the weeding, planting, ploughing and harvesting of a particular crop, for example, but the decision on what is grown on that particular piece of land might be taken by somebody else in the family or clan, in particular by her father, husband or brother.

Different factors are therefore responsible for women's scant access to and control over different resources:

- Household resource allocation is very often controlled and dictated by men. Even when women have the right to manage some resources, they have to take account of existing gender norms regarding the types and levels of consumption for women and men. Women's own earnings are often integrated into this system, leaving little possibility for the women to use their own money for their own personal needs.
- In many societies, attempts to control women's sexuality and their movements outside the home restrain their autonomy, limit their access to markets, their ability to work alongside men or to gain important skills and knowledge.

³⁴ Ibid.

6. Contradictory effects of female entrepreneurship³⁵

Strategies for encouraging women's business activities may vary greatly depending on what social class the women belong to, or how poor they are. Some better-off women have developed conscious strategies for expanding their businesses. This often means that they diversify their activities and continue to rely on real or fictional kin to assist them in the business. A typical example is that of women traders of traditional textiles in Togo or the Maurer businesswomen in Mauritania.

This is mainly because women's relation to men generally defines their social status. They are often seen as dependants of men, and are subjected to the authority of their fathers, husbands, brothers and community leaders. In many cases, the women themselves have internalised ideas about their own subordinate social positions, and have very limited aspirations.

Some women set up a small business but realise that the costs in terms of reduced prestige and workload are very high and outweigh the income benefit. In some cases women start an enterprise, but this is later taken over by their husbands or male family members. At times women's income merely substitutes for men's spending, instead of meeting family needs, freeing men's income for their own luxury expenditure.

Male family members may support women's economic activities as long as some benefits come into the household and women continue doing domestic and reproductive work. However, they can be very hostile to women's efforts to have more control over income, unwilling to take on any increased burden of household duties, and very suspicious of any attempts by women to achieve greater independence.

Furthermore, women generally tend to be in a narrow range of low-investment, low-profit activities for the local market. Poor women also find it even more difficult than men to start small economic activities, even within the same industries and markets.

Apart from common problems caused by gender biases in society, which create barriers to development of women's entrepreneurship, there is also intense competition between women entrepreneurs themselves. Their enterprise strategies may involve alliances with their family members and other women, but many of the more successful enterprises could also be reliant on low wages of other women's labour.

These elements also cause a dilemma in getting women into entrepreneurship development, from the point of view of women's economic empowerment and promoting gender equality in the world of work in general.

³⁵ Ibid.

Annex 2 Resolving problems³⁶

Every group or a person who sets up an enterprise experiences problems. They differ from each group or person and you will deal with them differently. This section sets out some of the common problems and suggests some ways to handle them.

Common problems

Here is a list of some typical common problems for young women setting up and managing an enterprise. Read them and tick the ones that you think will affect you.

1. Lack of knowledge, skills and training
2. Not enough money
3. Lack of information about funding sources
4. Lack of advisory services
5. Payment of bribes
6. Lack of cooperation of the others in the group
7. The competition.
8. Lack of time
9. Family obligation
10. Child care needs
11. Relationship with husband, boyfriend or partner
12. Relationship with the parents
13. Relationships with other family members
14. Sexual harassment

Some suggestions follow about what you might be able to do in your culture to successfully operate the enterprise. When you go through this section, you might be able to come up with other ways to deal with a problem that is more suitable for you, your village, or community. Do what you think is best to cope with the problem.

For example:

Name of member	Family obligation
Meri	Collects children in the afternoon
	Cooks for elderly parents, etc.
Solution to the problem:	
Meri only works in the mornings	

³⁶ *Young Women in Enterprise – A workbook* (Commonwealth Youth Programme, Commonwealth Secretariat, 1999), pp. 58-63.

Lack of knowledge, skills and training

In every enterprise you will need skills to ensure success. As discussed in section 3.1, you will need to identify these, decide whether or not you have them, and if not, how to get them. If you are a group doing this exercise, you may decide that one or two members should get the necessary training.

You may need to seek advice about available training. A list of possible advice sources follows which will be different from country to country. You will need to think about whether or not you have similar types of people to help you:

- youth worker;
- religious and community leaders;
- government business development officer;
- teacher or school principal;
- women's development officer;
- expatriate volunteer.

You can add to this list. The most important thing to remember is whether it should be a person you trust.

Not enough money

If you plan the enterprise well and manage the finance well as you progress; then any money problems should be minimised. However, this does not guarantee that there will not be any problems. Money problems could include:

- debtors not paying their accounts;
- husbands or boyfriends demanding a share of the profits;
- parents demanding a share of the profits;
- contributions to family expenses;
- theft;
- fire.

List any others you can think of.

It is important to decide what to do about these problems before they happen. You should do this whether you are setting up an individual or a group enterprise. As a group, it is important that you meet to make these decisions.

Some of the possible decisions and solutions are:

- paying no money to husbands or boyfriends unless they provide labour;
- stopping credit accounts that are not paid by the end of the month;
- banking a certain percentage of profits in case of fire or theft

-
- taking out insurance to cover theft and natural disasters. (In some countries and some enterprises you may need to carefully look into how much insurance may be necessary. For some of you, deciding to put aside a percentage of your profits may be the easiest and most practical thing to do);
 - going back to the bank or funding agency for another loan or grant.

Lack of information about funding sources

Young women have more problems accessing funds than young men. The reasons for this may differ in each country, but usually it is because young women are not considered to be as important. You therefore need to believe in your value as a young woman or group of young women in terms of your contributions to your families, village or community and in providing for your children. This will give you the confidence to get information about where to obtain funds.

There are two types of basic funds available:

- a loan which may be obtained from a bank, the credit union or a money lender;
- a grant, which may be obtained from the government, aid agency or some other organisation.



To obtain this information you should again seek advice from someone you trust.

Write down each of the possible funding sources and discuss its advantage, and disadvantages. This will be a good basis on which to make a decision about which one you will use.

Lack of advisory services

Sometimes young women find that they cannot get reliable and good advice to help them succeed with their enterprise. This may happen for a variety of reasons such as:

- your parents, husband or boyfriend will not allow you to travel out of the village or community to make the necessary visit;
- you are not allowed to talk to the government advisory officer because he is a *man*;
- you cannot access the office;
- you are unable to make contact;
- there is no transport from your village to the town where the advisory officer is based and s/he no longer makes rural visits;
- your parents, husband or boyfriend will not allow you to travel out of the village or community to make the necessary visits.

List any further reasons and then discuss what you can do about the lack of services.

The competition

Competition does not disappear whether you are the only enterprise of your kind in the village or community or whether there are 20 others that are the same. Review the competition work that you did in Part 5. You may find it useful to go through the same process again.

Payment of bribes

Some of you will have experienced paying bribes and sometimes bribes are a normal part of your local practices. But all bribes influence what happens to the enterprise and how you manage it. You will need to identify these payments and decide how you will deal with them. Talk about it - with other people and as a group. Sharing this experience is one of the best ways to deal with how bribes make you feel.

Payment of bribe: to whom, what for	How we wil deal with with it
Person:	
For:	

Lack of time

At some stage of the enterprise; you will find that you do not have enough time to do everything. This has happened because you have not used your time effectively. Here are some easy steps to follow to use your time well and improve your time management.

- Work out how you use your time every day;
- Work out how you waste your time and what takes your attention *away* from what you are supposed to be doing;
- do not leave things until the last minute;
- stop finding excuses to leave tasks unfinished;
- make sure that you work towards goals; and
- make sure that you have time to rest, relax and enjoy your work.

If you are working in a group; each member should go through this exercise. This is important if some of you feel that others are not putting in enough time. It will also help each of you to see how you spend the hours and minutes of the day. When you have this information, you need to compare it to the enterprise tasks, start to organise yourselves and focus on:

- your goals;
- how much time you spend on the enterprise; and
- how much time you can spend on other activities.

Family obligations

All of us have family obligations. These include contributing to household expenses and family gathering, collecting wood and water, child care, caring for the sick and elderly, preparing for bride prices and dowries, and working in the family garden or plantation. You might be able to add other obligations to this list. If you are a group, it is important to identify all family obligations because these may vary from one member from another.

Each member of the group should write down the family obligation that will affect their involvement in the enterprise and the group should discuss how to deal with them. It is useful to write down the groups' decisions as part of the guidelines to manage the enterprise. The young woman working by herself must still go through this process.

Relationship with husband, boyfriend or partner

For some of you, your relationship with your husband or partner will also affect your involvement in the enterprise. He may want to know why you are spending so much time outside the house or with other members of the group; he may get jealous because you are talking to other men/people; and he may want to have your money or at least some of it. There is no easy or correct way to handle this, but it is important that he support your involvement right from the very beginning, otherwise you may either have to leave the group or the two of you will move apart from each other.

Here is a guideline to follow to help ensure that he supports you and the enterprise, if he is interested to know more about what you plan to do:

-
- From the time that you decide to be part or to develop an enterprise, tell your husband or boyfriend and ask for support;
 - Explain the enterprise goals;
 - Explain what your role will be;
 - Talk about meetings – where they will be held and when;
 - Explain what the group has decided to do with money raised through the enterprise.

This may not work for everyone but keeping him informed, you may be able to prevent some of the potential problems.

Your lesbian women will need to go through the same process, if their partner is not involved in the enterprise with them.

Relationship with parents

Like your husband or your boyfriend, your parents can create problems. They may not want you to be involved in the enterprise because you are spending too much time away from your responsibilities as a daughter or daughter-in-law, or you are meeting too many unsuitable males who may damage your reputation before marriage; or they may want to have access to the services that your enterprise provides without having to pay. The process you used with your husband or boyfriend is also useful to obtain and keep the support of your parents.

Relationship with other family members

Again go through the same process as you did for your husband or boyfriend and parents.

Child care

For some of you, this will be a problem because you will not have family support. If you are a group, you need to discuss this problem and reach an agreement on what to do. Some alternatives are:

- group members taking turns at child minding;
- setting up a child care centre. This could be the enterprise;
- paying one of the local women to mind your children;
- taking the children with you to the enterprise.

List the alternatives and discuss the advantages and disadvantages.

Now it is time to take a decision!

Sexual harassment

Sexual harassment is:

- being told that you can get what is needed for your enterprise if you are prepared to sleep with the money lender, bank manager, government officer or supplier, etc. This is sometimes called being offered benefits in return **for** sex;
- indecent exposure, which is when a person exposes his or her sexual parts to you;
- having comments made about your sexual behaviour by the bank manager; advisory officer, money lender or customer;
- the deliberate display of sexually explicit posters and other materials in the offices or stores where you go for advice, finance or supplies;
- unwanted "touching" by advisers and suppliers, etc. This can include being patted or pinched on your buttocks or having your breasts touched;
- being asked out for lunch, dinner or to a dance or some other social function when you have clearly said no – these are unwanted invitations;
- being whistled and stared at, called out to or having rude gestures made at you, for example, a man who is thrusting his pelvic area at you.

All of these actions make you feel 'dirty' and 'unworthy' as a female and as a person. Sexual harassment violates human dignity and rights, and constitutes as an offence against a person, and rape in particular is a crime against a person.

There is no *easy way* to deal with these situations - even in a country where there are laws to protect you. However, here are some suggestions:

- seek the advice and support of your parents;
- seek the advice and support of either one or all of the women in your village or community and confront the person who is sexually harassing you;
- seek the advice of someone else whom you trust and then confront the person harassing you;
- do not go to see people on your own. Always take along your mother, aunt, elder woman in the village or community or some other person whom you trust;
- if the culprit is a customer, ban him from the store and tell him and anyone else why you are taking this action;

List some other possible solutions that you can think of as a group or an individual.

Every time this happens to one of you, talk about it and decide what action to take. Sexual harassment is not nice and you do not have to allow it to happen to you. Take action so that it does not happen again.

Being angry with each other

There will be times when you will be angry with each other for a hundred and one reasons, such as “Mary did not complete her tasks” or “Frances did not go to the gardens and help with the weeding” or “Elizabeth took more than her share”. This is normal - as a group, you do not have to like each other all the time. Here are some things that you can do when this situation happens:

- discuss it at your next meeting;
- wait until you have ‘cooled’ down and then talk about it; and
- if necessary, ask someone you trust to come and chair a meeting where you all talk about whatever is making you angry.

Talking about things is one of the best measures to find a solution to being angry to each other - you should not be embarrassed and ashamed to talk about how you feel. Find a solution that leaves everyone feeling good.

Summary

You have identified possible problems and how you to deal with them.

Annex 3 The best business form³⁷

What is the best form of business for a women's group? The choice should be made after careful consideration of factors including type of management, extent of liability, taxes, etc. Women business owners need creditor protection from liability claims arising out of the operation of their enterprise, professional malpractice exposure, and sometimes protection of assets from their spouses.

For women's groups the choice is mainly between the following:

- Cooperative or pre-cooperative
- Community enterprise
- Non-profit (or not-for-profit) organisation or foundation
- Corporation
- Limited Liability Company.

The main characteristics of each business form are given below:

1. Cooperative

Characteristics:

- An autonomous association of persons united voluntarily to meet their common economic, social and cultural needs and aspirations through a jointly-owned and democratically controlled enterprise;
- Based on the values of self-help, self-responsibility, democracy, equity and solidarity;
- Members participate actively in setting the policies and making decisions. Elected representatives are accountable to the membership. Members have equal voting rights (one person, one vote);
- Members contribute equitably to, and democratically control the capital of the cooperative. Members usually receive little compensation on capital. They benefit mainly in proportion to their transactions with the cooperative;
- Each member must subscribe to and pay for the minimum number of shares fixed by cooperative by-laws. Each member is financially liable for the debts of his/her cooperative. In some cases (see national legislation and by-laws), this obligation may exceed the value of the shares;

³⁷ Based on texts obtained from the following websites:

- www.ilo.org
- www.smallbiz.biz.findlaw.com
- www.hg.org/busstructure.html
- www.coop.org (website of the International Cooperative Alliance)
- www.copacgva.org

-
- Cooperative law differs from country to country and is often monitored by a Department of Cooperatives.³⁸

Since a cooperative is a separate legal entity, it has the right to contract debts and be party to lawsuits. In some cases, financial institutions might require a guarantee or mortgage before granting it credit.

A **pre-cooperative** is an organisation that is not yet fully registered with the Registration Authority for Cooperatives but already works according to the same principles.

Employment creation potential of cooperatives³⁹

Here are some of the reasons why cooperatives often have a strong impact on employment:

- **Economy of scale:** The cooperative organisational form enables independent entrepreneurs and workers in the informal economy to carry out joint economic activities at lower cost.
- **Economy of scope:** Joint production of goods and services facilitates division of labour and specialisation, thereby enhancing productivity.
- **Increased bargaining power:** Cooperatives combine the supply and demand of their members and thus increase their bargaining power.
- **Active member participation:** The active participation of members in the management of a cooperative reduces costs, enhances cost-effectiveness and facilitates capital mobilisation.
- **Membership value:** Cooperatives aim to boost self-employment opportunities of their members and therefore favour labour-intensive production processes.
- **Representation of interests:** Cooperative members can defend their interests much more effectively than individual producers and consumers.
- **Stability:** As a result of risk-sharing between members, cooperatives are generally more stable than individual enterprises.
- **Innovation:** Cooperative members learn from each other and innovate together.
- **Legal protection:** Joining a cooperative helps small-scale producers to obtain legal protection and to limit their personal liability to the amount fixed in the by-laws.

³⁸ See also H. Henry: *Framework for Cooperative Legislation* (ILO COOPREFORM, 1998); the document can be downloaded from www.coopnetupdate.org/cgi-bin/ver.pl?db=cupdate&mf=0009. The site www.natlex.ilo.org contains information about the cooperative laws in many countries. The full text of many cooperative laws can be found on the following website: www.oracle02.ilo.org/dyn/empent/cooplawsfulltexts

³⁹ See www.ilo.org. Please note that some of these advantages can also be obtained through other forms of collaboration. See also different publications by projects that support cooperatives and professional associations. For French-speaking Africa, the following publications are of interest: *Notes sur la constitution des organisations professionnelles de producteurs artisans – Le cas du Burkina Faso*, published by ILO project “BIT/BKF/91/M02/FRG”, 1998, 194 pp., and *Module de formation: Roles et fonctions des cadres et élus*, Projet NIGETECH FED No. 8-ACP-NIR011/exécution BIT, 37 pp.

2. Community enterprise⁴⁰

A community enterprise is a trading organisation which is owned and controlled by the local community and aims to create ultimately self-supporting and viable jobs for people within the area. Any profit made from its business activities goes into either creating more employment or providing local services to the community.

Characteristics:

- a. A community enterprise differs from other community organisations in that it is a trading business, which sets out to be self-sustaining and profitable.
- b. The business is owned by the community in an open membership and operates on the "one person, one vote" principle. Any resident is entitled to become a member. The community controls the business. The board of directors is elected by and accountable to the members.
- c. Trading profits are used for reinvestment in the enterprises, as a bonus for workers, or for community benefit.

3. Non-profit organisation

A non-profit organisation is a corporation set up to carry out a charitable, educational, educational, religious, literary or scientific purpose. A non-profit organisation normally does not pay income taxes on profits it makes from activities in which it engages in order to achieve its objectives.

Various types of groups – from artists and musicians to people active in education (vocational training), health and community services – opt to establish themselves as non-profit corporations. A non-profit status is often a requirement for obtaining funds from government agencies and private foundations.

Most non-profit corporations are exempted from paying income taxes,⁴¹ and donations made to them by individuals and organisations are in many cases tax deductible. Directors, officers and members of the non-profit corporation are protected from personal liability for the corporation's debts and other obligations. This means that anyone who obtains a judgment against a non-profit organisation can seize only the assets of the organisation itself, but not the bank accounts, houses or other property owned by the individuals who manage, work for or participate in the business.

⁴⁰ Based on www.clacksnet.org.uk, "Community Enterprises".

⁴¹ Check the legislation applicable in your country.

4. Corporation

A corporation is a type of business structure created and regulated by law. It is an independent legal entity, distinct from the people who own, control and manage it. In other words, a corporation is viewed by corporation and tax laws as a legal "person", meaning that it can enter into contracts, incur debts and pay taxes, acting separately from its owners. Another important feature resulting from the corporation's separate existence is that a corporation does not dissolve when its owners (shareholders) change or die. The owners of a corporation are not personally liable for the corporation's debts: this is called limited liability.

5. Limited liability company

A limited liability company, commonly called an "LLC", is a business structure owned by two or more people. The LLC itself is not a separate taxable entity; its owners report business profits or losses on their personal income tax returns.⁴²

All LLC owners are protected from personal liability for business debts and claims – a feature known as “limited liability”. This means that if the business owes money or faces a lawsuit for some other reason, only the assets of the business itself are at risk; creditors cannot reach the personal assets (e.g. a house or a car) of the company's owners.

⁴² This text is based on United States law. Please check the laws of your country to confirm that LLCs are not separate taxable entities.

Annex 4 Community profile survey

1. Population

- Total population
- Number of families
- Total labour force
 - Female (25-65)
 - Male (25-65)
 - Female youth (15-24)
 - Male youth (15-24)

- Percentage (%) of the unemployed
 - Female (25-65)
 - Male (25-65)
 - Male youth (15-24)
 - Female youth (15-24)

Major trends:⁴³

-
-
-
-
-

2. Geographical features

Draw a map⁴⁴ of the area, village or town indicating:

1. Main roads: indicate distances (in km) to the major towns and villages in the area.
2. Use of the land: rivers, lakes/seas, swamps, farming land, residential areas, forests, grazing land, etc.
3. Places of economic interest: markets, places/streets with many shops, industrial areas, etc.
4. Social infrastructure: hospitals, schools.
5. Administrative infrastructure: town hall, Chamber of Commerce.
6. Transport infrastructure: taxi and bus stands.
7. Services: availability of water and electricity.

⁴³ See examples in section 2.2.

⁴⁴ The map need not be perfect but must rather reflect the women’s perception of their physical environment.

3. Educational and training facilities

Type	Name of establishment	Numbers enrolled		
		Boys	Girls	Total
Pre-school				
Elementary school				
High school				
Vocational training				
College				

Skills

Do people (both women and men) in our area have special skills that could be useful for a business?

-
-
-
-
-

Note: Take into account traditional skills and the skills of young people (including both girls and boys who are older than 15 years).

4. Credit sources for small enterprises

Name	Location	Conditions
Inside the area		
Outside the area		

5. Social organisations assisting small-scale businesses

Name of organisation	Location	Type of support

6. Raw materials and input supply

Think of what is available in your area that could be made into useful products without harming the environment. Natural resources include materials from soil, agriculture, forest, mineral, desert, water, etc.

1. Crop production

2. Livestock

3. Fishing

4. Forestry

5. Wild produce

6. Waste products

7. Present sources of income – Existing enterprises

Sector	Retailers	Manufacturers	Wholesalers	Service providers
Agriculture and livestock				
Food products				
Crafts				
Clothing/textiles				
Mining				
Services: Transport / Construction				
Others				

Which factories in the area employ large numbers of people?

Name	Type of production	Total number of employees	Number of women	Number of men

Which business attracted us? Why?

-
-
-
-
-

Which business discouraged us? Why?

-
-
-
-
-

In which activities were women very active?

-
-
-
-
-

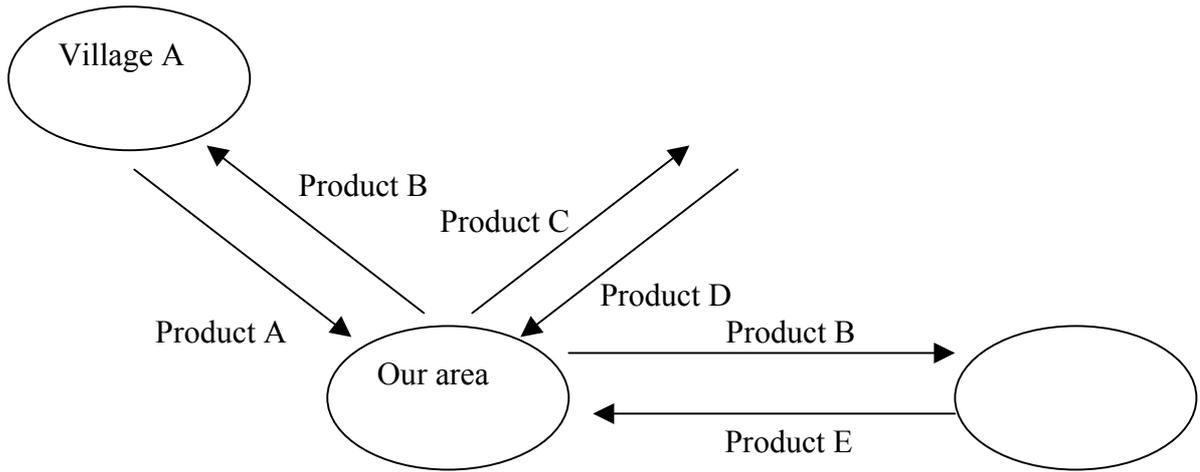
What did we learn from the views of owners/workers about running a business?

-
-
-
-
-

8. Flows of goods and products

Indicate which goods come into the area from neighbouring villages or towns (i.e. “imported” products) and which ones leave the area (i.e. “exported” products).

Draw a circle for our own area and one for each of the neighbouring towns and villages. Indicate what goods transit from one area to another.



Comments:

Which flows of goods or products have existed for a long time?

-
-
-
-
-

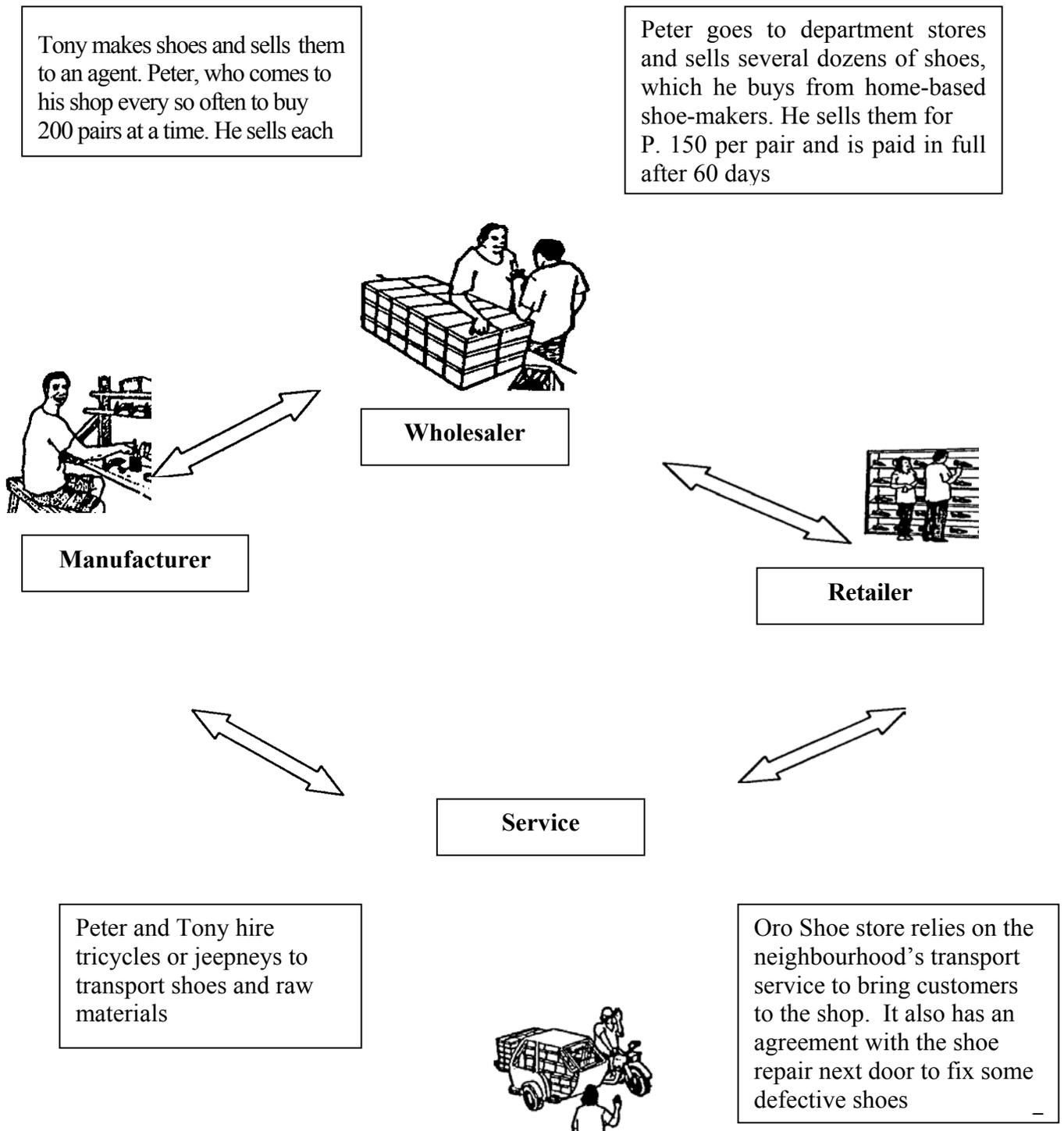
Which flows of goods are expanding?

-
-
-
-
-

Which flows of goods are decreasing?

-
-
-
-
-

Annex 5 Manufacturer/wholesaler/retailer/service⁴⁵



⁴⁵ ILO: *I-WEB Action Manual – Improve Your Work Environment and Business for Micro Manufacturers* (ILO South-East Asia and the Pacific Multidisciplinary Technical Advisory Team, Manila, 1999), p. 1.1-5.

Annex 6 Visit to your local business area⁴⁶

Another way of discovering good business ideas is to look around your local area. Find out what type of businesses are already operating there and see if you can identify any gaps in the market.

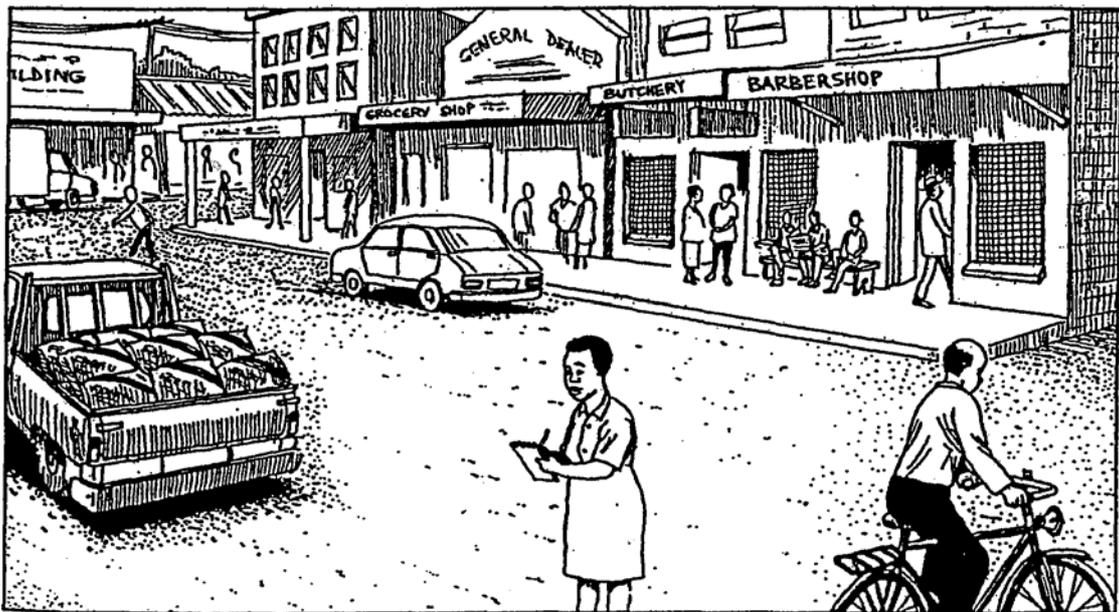
This will be much easier to carry out with a partner or friend. If you live in a village or small town cover the whole town. If you live in a city visit the industrial area, market area and shopping areas.

Ms. Mandaza's experience

Ms Mandaza is trying to come up with a good business idea. She collects information about the small town where she lives and wants to start her business. Ms Mandaza visits:

- the local industrial areas
- marketplace
- shopping centres.

She also talks to the franchise association and checks the phone book for additional businesses being advertised. Then she prepares a list of all the businesses in Mbanatown.



⁴⁶ ILO: *Start Your Business: Generating Business Ideas – A Workbook for Potential Entrepreneurs* (ILO, Harare, 1998), pp. 37-41.

Businesses in my area: Mbanatown			
Retailers	Manufactures And small Farmers	Wholesalers	Service providers
15 kiosks 27 or more fruit and vegetable roadside vendors 8 used clothing roadside vendors 23 or more small item roadside dealers 4 furniture shops 3 petrol stations 2 grocery stores 1 fruit and vegetable shop 1 clothing and shoe shop 4 hardware and farm supply stores 2 electrical goods and supplies stores 3 farm supply stores 2 farm machinery store 1 stationery store 1 pharmacy 2 bakeries 3 dry goods stores (mixed retail) 1 school uniform shop 8 butchers	1 beer bottlers 1 soda bottler 11 furniture and wood fittings makers 6 tailors 7 craftspeople (baskets, drums, curios) 1 weaver 3 mat and wall hanging makers 2 soft furnishings makers 2 cement block makers 9 brick-makers 4 sign makers 25 charcoal makers/vendors 16 poultry-egg farmers 18 small dairy product farmers 30 vegetable farmers	1 feed, fertilizer and farm goods 1 plastic sheeting, ropes, and sacks 1 grains: maize, barley, wheat 1 timber 1 iron sheet, hardware, cement	2 doctors/1 clinic 1 bank 8 vehicle repair shops 3 electrical and radio repair shop 1 building and office cleaning service 2 security firms 1 equipment maintenance firm 8 nursery schools 5 transportation companies 1 message service 23 bars 9 roadside restaurants 5 permanent restaurants 3 bicycle repair services 7 knife sharpeners 6 hotels 1 engineering firm 6 building contractors 5 plumbers 3 electrical servicing agents 1 water engineering firm 1 accounting agency 1 printer

Ms Mandaza makes the following general observations about Mbanatown:

- People do not have a lot of cash at any one time - they use kiosks and there are no luxury or leisure shops.
- Farming is the main economic activity in the area.
- Many people visit the town; there are a lot of hotels and bars.
- The number of young people seems to be rising. There are many nursery schools.
- This is probably a growing town; there are a number of building contractors and supplies for construction.

Ms. Mandaza then makes a list of businesses that do not operate in Mbanatown and which might be good business opportunities.

Possible business in Mbanatown			
Retailers	Manufactures	Wholesalers	Service Providers
Children's toy & clothing store	Knitwear maker Children's toy maker		Advertising agency dry cleaners
Household goods shop (bed sheets, kitchen goods) craft & curio store Second-hand clothes shop	Tile making Ceramic making Jewellery making Card making Carpet making		Catering service Beauty salon Funeral home Cinema Employment agency Optician
Bookstore Jewellery shop Knitwear store Hunting & fishing store	Leather goods Take-away fast food Candle making		Garbage collection Private tutoring Maternity home services for the elderly Services for AIDS patients
Sport store Music store Solar energy lighting			Interior decorator Architect Bridal and fancy dress rental shop

From this list Ms Mandaza selects a few to add to her own ideas lists. She chooses businesses which she can picture herself doing and that people in her town might need. These include:

- a catering service delivering lunches to offices
- a funeral service provider
- a tile-making business
- a candle-making business
- an agency for home-based care of AIDS patients
- a second-hand clothes shop
- a garbage collection service
- a cinema.

Activity

Follow the steps below to collect information about existing businesses and potential new businesses in your local area or the place where you want to start your own business.

1. Walk around your area and use the form below to write down the different types of businesses, and how many there are of each different type. For example, count the kiosks, the grocery stores, petrol stations, the banks, estate agents, the tailors, the restaurants, and home-based businesses.

Existing businesses in my area			
Retailers	Manufactures	Wholesalers	Service providers

2. Study the list and try to find answers to the following questions:

- Which businesses are many? Which are few? Why?
- What does your list tell you about your local market and the way people spend money in your area? Write down at least five observations about your local market.

1. Is there room for more businesses? Do you think there is a business opportunity for you? Write down in the box below some businesses that do not exist in your area.

Possible businesses in my area			
Retailers	Manufactures	Wholesalers	Service providers

2. Put your list away until the next day and then look at it again. Do a brainstorming session to think of other possible businesses that are not on the list.

- What other kinds of businesses do people in your area need? Write any possible business ideas for you on your ideas lists.

Annex 7 Comparative advantages and disadvantages of rural industries⁴⁷

Comparative advantages	Comparative disadvantages
<i>A. Access to rural markets and urban consumer markets</i>	
<u>Inputs:</u> <ul style="list-style-type: none"> - use of locally available raw materials e.g. <i>rattan</i> mats; - inputs with low transport cost (low volume inputs) as compared to transport costs of final products (high volume) for rural consumption (high volume <i>pito</i> beer produced low volume millet). 	<ul style="list-style-type: none"> - use of more sophisticated raw materials that require specific handling e.g. plastic bags, aluminium products.
<u>Machinery, production processes (technology):</u> <ul style="list-style-type: none"> - Use of simple tools and equipment; - production processes where no high technology alternative exists; - production is based on traditional skills, e.g. basket weaving. 	<ul style="list-style-type: none"> - production processes that require the use of electrical machinery, e.g. embroidery in Senegal; - production processes where the use of machinery significantly increases the products quality, e.g. manufacture of agricultural tools.
<u>Products:</u> <ul style="list-style-type: none"> - high volume products for local consumption, e.g. furniture; products that can easily be assembled in the village; - products sold in small quantities, e.g. local soaps; - products with specific characteristics that can not be produced on a large scale, e.g. school uniforms, cult objects; - products for 'traditional' households, e.g. pots for open fire; - non-perishable prepared food products; - less quality sensitive products. 	<ul style="list-style-type: none"> - 'luxury' products, nicely packed; - fashionable products e.g. women's dresses; - products for modern households, e.g. pots for gas cookers; - perishable prepared food products; products requiring after-sales service.

⁴⁷ IFAD: *Analysis of the Evolving Composition of Demand in Rural Areas of Sub-Saharan Africa* (IFAD Synergie, Antwerp, Belgium, 1994), pp.78-79.

Comparative advantages	Comparative disadvantages
<p><u>Services:</u></p> <ul style="list-style-type: none"> - available on short notice (repairs, agricultural work); - high volume products that require processing, e.g. rice hulling, grain milling, production of bricks; - qualifications are 'rural specific' e.g. tractor repairs; - low transport costs; - services related to work on the land (which is 'location specific'). 	<ul style="list-style-type: none"> - requiring advanced machinery, e.g. car repairs; - requiring specific expertise.
<p><u>Client/producer relations:</u></p> <ul style="list-style-type: none"> - advance payments or deposit of materials; demands the trust of the client and possibility to control the progress of the work, e.g. furniture; - producer should have specific skills and characteristics, e.g. production of cult items. 	<ul style="list-style-type: none"> - ready-made products so that the quality of the work can be judged on sight; - sales for which specific information is required and where personal contacts are important.
<p><u>Place of purchase:</u></p> <ul style="list-style-type: none"> - sold at the local market; - easy access to urban market; - sufficient competition among middlemen/women; - Large concentration of production in the village attracts traders. 	<ul style="list-style-type: none"> - sales at an urban (saturated) market; - big distance to the urban market; - products which have high storage costs when unsold at urban markets; - strong competition of rural producers who live closer to the urban market.

<i>B. Sales to larger industries</i>	
<ul style="list-style-type: none"> - products on the basis of available raw materials (e.g. agro-processing industries); - production processes that require less quality control; or where the quality of the final product can be easily controlled (e.g. humidity of agricultural products); - products for which regular supply is not vital. 	<ul style="list-style-type: none"> - products which require knowledge about new technologies and materials; - big orders which require large capital investments or important investments in raw materials; - standardised products and production processes where quality control by purchasers is important; - strict time-frame for deliveries (frequent deliveries depend on the availability of regular transportation possibilities); - formal contacts and Western-style business are considered important.
<i>C. Sales to government services and projects</i>	
<ul style="list-style-type: none"> - decentralised decision-making process; - less formal procedures (administration, registration); - advance payments or production with low capital requirements; - regular local delivery of small quantities. 	<ul style="list-style-type: none"> - centralised decision-making process (information shortage); - complicated tender procedures; - registration is required before participating in tenders; - works requiring technical expertise; - large orders that need to be executed short period.

Annex 8 Personal assessment exercise⁴⁸

Before you begin coming up with business ideas, you need to find out if you are suited to running a business of your own. The following exercise will help you to understand the qualities of a successful entrepreneur and enable you to assess your ability and your potential to run your own business.

Personal assessment exercise

Column A and Column B contain a similar statement.

- If the statement in Column A is true for you put a 2 in the box in Column A.
- If the statement in Column B is true for you then put a 2 in the box in Column B.
- If neither statement applies to you, put a 0 in both boxes.

Be honest in your assessment. This exercise is only for you, and will help you find out if you have the skills, experience and personal characteristics to successfully run your own business.

1. Motivation for starting a business			
A			B
	I have a job.	I do not have a job.	
	I had a good job before I decided to start my business.	I did not have a good job before I decided to start a business.	
	I learn something from every job that I have. I find work interesting.	I only work to earn money. There is not much that is enjoyable or interesting in work.	
	I want to make my business my career.	I want to be in business because I do not have other options.	
	I want to own a business so that I can provide a better lifestyle for my family.	I want to be in business because I want to be successful. Rich people own their own businesses.	
	I am convinced that my success or failure depends mostly on my own efforts.	A person needs lots of favours from others to succeed in whatever they do.	
	TOTAL COUNT	TOTAL COUNT	

⁴⁸ ILO: *Start Your Business: Generating Business Ideas- A workbook for Potential Entrepreneurs* (ILO, Harare, 1998), pp. 9-17.

2. Risk-taking abilities			
A			B
	I am convinced that to advance further in life, I must take risks.	I do not like taking risks, even when there is a chance of big rewards	
	I think there are opportunities in taking risks.	If I have a choice, I prefer to do things the safest way.	
	I take risks only after evaluating the advantages and disadvantages.	If I like an idea, I take risks without thinking of the advantages and disadvantages.	
	I am willing to accept that I may lose the money I invest in my business.	I find it difficult to accept that I may lose the money I invest in my business.	
	In whatever I do, I do not always look for complete control over a situation as long as I have enough control over it.	I like to be in total control of whatever I do.	
	TOTAL COUNT	TOTAL COUNT	

3. Perseverance and ability to deal with crisis			
A			B
	I do not give up easily even if I am faced with terrible difficulties.	If there are many difficulties, it is not really worth fighting for something.	
	Setbacks and failures do not discourage me for long.	Setbacks and failures affect me badly.	
	I believe in my ability to turn the tide of events.	There is only so much a person can do himself or herself, fate and luck play a big part.	
	If people say no to me, I take it lightly. I try my best to change their minds.	If people say no to me, I usually feel bad and drop the issue.	
	I keep calm in a crisis situation and work out the best response.	I get confused and nervous when a crisis situation develops.	
	TOTAL COUNT	TOTAL COUNT	

4. Family support			
A			B
	I will involve my family in business decisions which will affect them.	I will not involve my family in business decisions which will affect them.	
	My family will understand that I am not able to spend so much time with them because of my business commitments.	My family will be upset, if I am not able to spend as much time with them because of my business commitments.	
	If my business is not very successful at first, my family will be willing to put up with financial hardships it may cause them.	If my business is not very successful at first, my family will be very angry about the hardships it may cause them.	
	My family will be willing to help my business at difficulties times	My family will probably not be willing or able to help in my business difficulties.	
	My family thinks it is a good idea for me to start a business.	My family is worried about me starting a business.	
	TOTAL COUNT	TOTAL COUNT	

5. Initiative			
A			B
	I am not afraid of problems. I accept problems as a part of life. I try to find a solution for every problem.	I find it difficult to deal with problems. I worry about them or I avoid thinking about them.	
	When I have difficulties I tackle them with all my energy. Difficulties are challenges to me and I almost enjoy them.	If I have difficulties, I try to forget about them or wait until they go away.	
	I do not wait for things to happen. I try to make them happen.	I like to go with the flow and wait for good things to happen.	
	I always try to find something different to do.	I like to do only those things which I know I am good at.	
	I think all ideas can be helpful. I pursue as many ideas as I can to see if they will work.	People get many ideas but you can't do everything. I prefer to stick to the ideas I have.	
	TOTAL COUNT	TOTAL COUNT	

6. Ability to reconcile family, culture and business			
A			B
	I will take from my business only as much money as my business can afford to pay me and my family.	I will take from my business whatever money my family needs.	
	If my friend or family is in financial difficulty, I will help them only to the amount I have set aside for my personal expenses. I cannot take money away from my business.	If my friend or family is in financial difficulty, I will help them even though it may hurt my business.	
	I cannot neglect my business by using a lot of business time for family and social obligations.	My family and social obligations have a high priority - they have to come before the business.	
	My family and friends will have to pay for my products, services or use of my business assets, just like any other customer.	My family and friends will get special benefits and services from my business.	
	I will not give people credit just because they are my friends or family members.	I will usually give credit to my friends and family members.	
	TOTAL COUNT	TOTAL COUNT	

7. Decision-making			
A			B
	I can make decisions easily. I enjoy making decisions.	I find it hard to make decisions.	
	I can make difficult decisions on my own.	I get advice from many other people before I make difficult decisions.	
	I usually decide what to do as soon as a decision is needed.	I put off making decisions for as long as I can.	
	I think carefully before I make a decision, and consider all the options.	My decisions are based on my feelings and intuition. I just know what to do immediately.	
	I am not afraid of making mistakes because I can learn from them.	I often worry about making mistakes.	
	TOTAL COUNT	TOTAL COUNT	

8. Ability to adapt to business needs			
A			B
	I will produce only those goods and services which customers want.	I will produce only those goods and services which I enjoy producing.	
	If my customers want a cheaper product or service, I will examine how I can meet their requirements.	If my customers want cheaper products or services, they will have to go to another business.	
	If my customers want credit, I must examine the ways to provide them with credit at minimum risk to my business.	I will not sell my products or services on credit to anybody.	
	If by re-locating my business elsewhere I can get more business, I am prepared to do it.	I am not prepared to relocate my business. Customers and suppliers must come to me wherever I am.	
	By studying trends in the market, I will try to change my attitudes and ways of working to keep up with the times.	It is best to work the way I already know. It is difficult to keep up with how the world changes.	
	TOTAL COUNT	TOTAL COUNT	

9. Commitment to business activities			
A			B
	I work well under pressure. I enjoy challenges.	I do not work well under pressure. I like to keep my life calm and easy.	
	I like to put in many hours of work each day and don't mind using my spare time to work.	I think it is important to have time away from work. One should not have to work too much.	
	I am willing to spend less time with my family and friends because of my business.	I am not willing to spend less time with my family and friends because of my business.	
	I can put off my social commitments, leisure and hobbies if necessary.	I think it is important to have lots of time for socializing and hobbies, and plenty of time to relax.	
	I am willing to work very hard.	I am willing to work and do what is necessary.	
	TOTAL COUNT	TOTAL COUNT	

10. Negotiation skills			
A			B
	I enjoy negotiating and often get my way without offending anyone.	I do not like to negotiate. It is easier to do what other people suggest.	
	I communicate well with others.	I have difficulty in communicating with others.	
	I like to listen to other people's views and opinions.	I am generally not very interested in other people's views and opinions.	
	When I negotiate, I think about what is in my favour, and what is in the other person's favour.	If I negotiate, I prefer to play it by ear and see what happens.	
	I believe the best way to get what I want in a negotiation is to try to find a way for both parties to get what they want.	It will be my business so my opinion is the most important. Someone always loses out.	
	TOTAL COUNT	TOTAL COUNT	

Your score

This is an evaluation of strengths and weaknesses for running your own business. Many people are not suited to owning a business. They have other skills and characteristics which make them more suited to be a doctor, an accountant, an artist, a technician or a teacher. When you have chosen and marked the statements that are true for you, add up your scores in Column A and Column B for each skill or characteristic. Transfer these scores to the form on the next page.

- If your score in Column A is 6 - 10, you have a strength in that skill or characteristic. Put a tick (✓) under "strong".
- If your score in Column A is 0 - 4, you are not so strong in that skill. Put a tick (✓) under "not so strong".
- If your score in Column B is 6 - 10, you are weak in that skill or characteristic. Put a cross (x) under "weak".
- If your score in Column B is 0 - 4, you are a bit weak in that characteristic or skill. Put a cross (x) under "a bit weak".

A high score in Column A shows that you might be successful at organizing and running a business.

	A		B	
Characteristic/skill	6 - 10 Strong	0 - 4 Not so strong	0 - 4 A bit weak	6 - 10 Weak
1. My motivation for starting a business				
2. My risk-taking abilities				
3. My perseverance and ability to deal with crisis				
4. My family support				
5. My initiative				
6. My ability to reconcile family, culture and business				
7. My decision-making abilities				
8. My ability to adapt to business needs				
9. My commitment to business activities				
10. My negotiation skills				
TOTAL SCORE				

- If your total score for Column A is 50 or greater, you have many of the personal characteristics of a good businessperson.
- If your total score for Column B is 50 or greater, you need to work on your weakness to turn them into strengths.

-
- If you do not have enough of the qualities and abilities necessary to open your own business, there are many ways to improve your business skills and alter your characteristics. You can:
 - talk to people in business so you can learn from them
 - get some training, do a course of study
 - get work as an assistant/apprentice to a successful businessperson
 - read books that will help you develop your business skills
 - read articles about businesses in the newspaper and think about their problems and methods.

You might want to think about finding a partner who complements your strengths and weaknesses, instead of going into business entirely on your own.

Often people have not had much experience or practice in a business situation. If your score in Column B is high, go through the personal assessment exercise again and try to understand how the attitudes and characteristics described in Column B affect the way a business is run. Try to develop the skills and attitudes described in Column A by applying them in your daily activities. For example:

- Practise discussing the advantages and disadvantages of any situation or idea.
- Enhance your motivation by making a plan for your future.
- Study successful business people and learn that your success depends mostly on your own efforts.
- Develop an ability to consider and assess a problem and take risks.
- Think about and learn how to act better to deal with crisis situations.
- Talk to your family about the difficulties of running your own business and persuade them to support you.
- Become more open to new ideas and other people's views.
- When things go wrong analyse what happened and improve your ability to learn from mistakes.
- Practise discussing the advantages and disadvantages of any situation or idea.
- Increase your commitment to work and realise that only hard work brings success.

Annex 9 Field research⁴⁹

By talking to customers, suppliers and members of the business community, you can gather information about the factors that affect your business idea. You can have discussions and make observations or you can arrange more formal visits and interviews. The visits take time, but by doing this field research, you are already starting to act like a successful businessperson and the contacts you make during these visits will also be useful to you when you start your business.

People to talk to

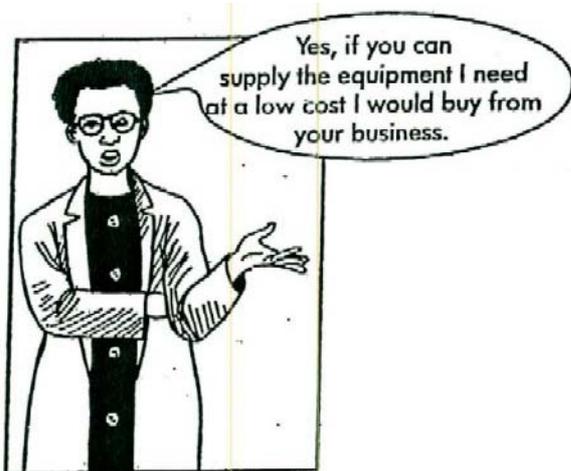
Who you talk to depends on the idea or area of investigation. If you are thinking of opening a retail shop, you need to talk to other shop owners - either your competitors or people who have similar shops. You may want to go to another town to talk to people, who would not be your direct competitors. You also need to talk to the suppliers of the goods you will use or sell to find out about prices, storage and transportation.

If you are thinking of making a product, you need to find out how it is made and what equipment and premises are necessary. You should talk to the people who supply the materials that go into your product and to the people that sell the tools or machines you will use.

No matter what your idea may be, you must be sure to talk to potential customers - their views are essential to knowing whether you have a good idea. The first question you need to ask yourself about your business idea is WHO would buy. Who would your customers be: young, old, rich, poor, men, women? From the urban or rural areas? Then, you must find some of your potential customers and talk to them. Try to get a good sample of customers by talking to different types of people. If your product might be bought by anyone, be sure to talk to both women and men, young, old, and middle-aged, the better off and the less well off. If you are going to sell to one certain type of customer, for example middle-aged women, try to find differences within that-group (different ethnic groups, different professions, and different neighbourhoods). Talk to at least ten customers. Don't forget to note down their details (age, gender, as estimate of their income bracket, etc.).



⁴⁹ ILO: *Start Your Business: Generating Business Ideas – A workbook for entrepreneurs* (ILO, Harare, 1998), pp. 57-60.



Key informants

Others who are useful to talk to are called “key informants” or “opinion leaders”. These are people who know a lot about the business you want to go into or know a lot about your potential customers. They could include buyers for big companies; or the administrators of institutions. They could include government agents - people in government who monitor a particular industry.

They could include managers of large companies who know about the market in general. Or they could include people who work for NGOs. If you can approach just one key informant, they might help you meet others.

Conducting your interviews

You are presenting yourself and your business idea as well as getting information. Describe your idea positively. Explain why you think it will be something customers want. This is your first chance to try to promote your idea.

- Carry some sheets of paper and a clipboard to write down what people say. Do not use a book or a large pad. Ask people if they mind you taking notes. If some people do not like you taking notes, try to remember what they say and note it down as soon as you can.
- Carry a checklist of possible questions to ask, but let the conversation go naturally. Let one subject lead to another. You never know what you might learn.
- Don't ask questions that can be answered with “yes” or “no”. Rather, ask open-ended questions using who? what? why? where? when? how? For example, don't ask “Are you satisfied with this product?” For a better answer ask “How satisfied are you with this product?”
- Don't be afraid to follow a question with a question.
- Only ask a question at a time. For example, ask “how much profit do you make on each order?”



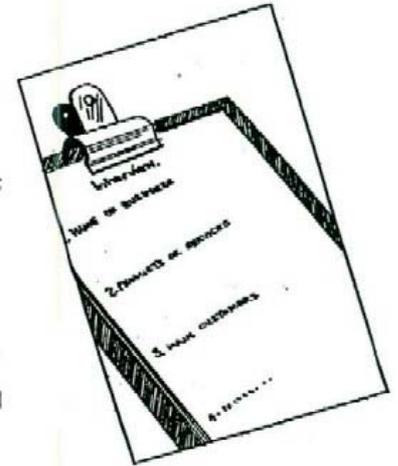
Don't ask “How much profit do you make and how much do you have to spend on transportation?”

- Repeat what people tell you to make sure you have correctly understood what they said.

What to ask customers

You ask different questions, if your product or service is new to the area: or if it already exists. For an existing product, your questions might include:

- Where do you buy this product or service?
- Where else could you get this product or service from?
- Why do you buy from x?
- How often do you buy it?
- What price do you pay for it?
- What do you think of the quality of your purchase/service?
- What do you think of the price?
- Is there any way you think it could be improved? (style, packaging, service)
- Do you know of anyone else planning to offer this product or service?



If it is a new product or service, you should ask if they would like to buy such a product or service, and how often. You also want to find out how much they would pay for such a product or service. You can ask them what factors would be important, such as:

- style
 - quality
 - packaging
 - timeliness of service (reliability)
 - location of purchase, or how the product is delivered
 - price
 - service.
- If you have a sample or a picture of your product, this could be very useful. You can ask people what they like, and what they don't like about it.
 - It is best to ask questions that make people think carefully. Instead of asking "Would you ever come to my take-away?", ask "Would you come to my take-away once a day, once a week, twice a week, once a month, or not at all?"
 - When asking about prices, offer a number of prices and ask which price the person thinks is most reasonable. For example: "What would be a reasonable average price for a take-away burger and chips meal? \$4 - 6?, \$7 - 10?, \$11-15?"

What to ask suppliers, wholesalers and competitors

If you are planning to start a retail store, you will need to talk to suppliers of the goods you want to sell. You can ask them:

- How easily can you get these products?
- Are they always available?
- What kind of quality is available?
- At what price?
- What kind of storage/packaging/servicing is necessary?

From wholesalers of materials, what you need to know is:

- How much would my materials cost at a given quantity?
- How reliable is the supply?
- Who else supplies these materials?
- Any special issues concerning storage, transportation, or use of the material?

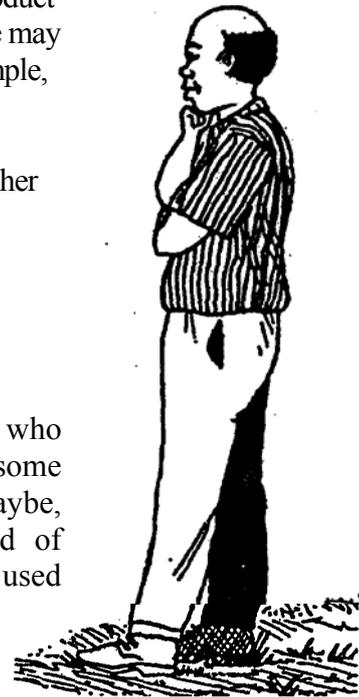
You can ask competitors the same kind of questions. Suppliers and large competitors often have a good overview of the market. You might want to ask them questions like these:

- How much/how often do you think people would buy a product like mine?
- How many other competitors are already supplying my product?
- Is the demand (the number of people buying) for my product constant, or does it change throughout the year? (People may buy more of a certain product at a certain time, for example, blankets in winter, luxury items at Christmas time, or fertilizer before planting season.)
- Are there aspects of the product that people want, but either can't get or only get with difficulty?
- What else do you think people would like to buy?
- What trends do you see coming in the future?

What to ask key informants

What you ask your key informants depends a lot on who they are. You have chosen them because they have some special knowledge of the market or the product. Maybe, they are major customers, as well. The same kind of general questions that you asked suppliers, can be used here.

- How will this business help people?
- How much do you think people need such a product or service?
- What aspect do you think would be most important to encourage people to buy? (e.g. quality, style, price, reliability, etc.)
- Do you think it is a business that could grow over time?
- What are the trends?
- Do people need this product all the time, or does the demand fluctuate throughout the year?



- Are there aspects of the product that people want, but either can't get or only get with difficulty?
- What else do you think people would like to have?

Activity box

Begin with just one of your three selected ideas, your favourite from the short list.

You want as much information as you can get about this type of business. Use the space below to make a plan for getting the information:

Business Idea

- What I need to find out:

- Who I will talk to:

- Questions I will ask:

Go and collect the information. Then make another plan for the second business idea. After checking out the second business idea, go on to the next. The work will go more quickly as you gain experience.

When you have gathered all this information, you will begin to see which idea is the best one.

Annex 10 Market opportunities survey form for producers⁵⁰

Village/Community:

District: Province:

Date of interview: Name of interviewer:.....

Producer: Product(s):

I. Unsatisfied demand of local consumers

A. What is your business' average volume of production for (type of product) per day/week/month /cycle?

_____ per _____

B. Unsatisfied demand for this product

Are there situations when you are not able to meet the demand of some of your current or potential customers for the product?

No.

(If respondent immediately answers “no”, ask him/her to think of the past few weeks or cycles. If the answer is still “no” or “not any more”, go to Section II);

Yes.

⁵⁰ Based on ILO: *Community Based Training for Employment and Income Generation, Module 1* (ILO-ITC, Turin, 1999), pp. 56-80.

Which of the following specific type(s) of demand(s) by the customers for your product are you not able to satisfy?

..... quantity asked;

..... level of quality;

..... design/style;

..... prices;

..... others (specify):

.....
.....

(If the respondent gives more than one answer, ask him/her to rank the answers from 1 to 5, with 1 as the most frequent.)

C. Reasons for inability to satisfy demand

What do you see as the reason(s) for your inability to meet the demand of all your current or potential customers?

..... not enough implements to produce more;

..... lack of raw materials;

..... not enough sources to buy more;

..... lack of finances to buy more;

..... difficulty in transporting raw materials;

..... lack of tools/equipment;

..... outdated/old implements;

..... no sources to buy more;

..... lack of finances to buy more;

..... needs more workers (specify type):

.....
.....

..... outdated/inefficient technology;

..... low quality of products;

..... high cost of production;

..... design and/or style are inappropriate;

..... others (specify):

.....
.....

(If more than one reason is given, ask the respondent to rank the answers from 1 to 5, with 1, as the most important.)

II. Potential for expanding/improving production

A. Willingness to expand/improve production:

Do you intend to expand or improve your production?

No. (Go to Section III)

Yes (Go to B.)

B. Rate of increase, if production is expanded/improved

If you do expand/improve your production, by what percentage would you increase the level of your production per day/week/month/cycle?

_____ % increase in production per _____.

C. Action to be taken to ensure success in expanding/improving production

If you go ahead with expansion/ improvement of your production, what measures will you take to succeed?

1.

2.

3.

4.

5.

(Refer back to Section I-C, and review whether action to be taken matches with the reasons given for inability to supply demand. If no action is indicated for one or more of the problems mentioned in Section I-C, ask the respondent what s/he will do about these problems and add the answers to the list above.

D. Need for workers in case of expansion/improvement

If you go on and expand/improve your production, will you need:

..... additional workers;

..... to train your current workers;

..... no additional workers or training of current workers? (go to Section III)

If you hire additional workers, how many and what type of workers do you think you will need?

Number	Type of worker(s)
.....
.....
.....
.....
.....

If your current workers need training, what kind of skills do they need to learn and how many of them will be trained?

Number	Type of skills
.....
.....
.....
.....
.....

III. Sources of financial and technical assistance

A. Sources of financing

1. If you do not mind my asking, what are the sources of financing for your business?

(Ask about percentages only after respondent has mentioned all sources of business funding.)

%	Source	Location
.....	Self:
.....	Family:
.....	Friends:
.....	Coop:
.....	Rural bank:
.....	Others (specify):

2. (If more than one source of funds)

..... You have listed _____ as sources of finance. What is your estimate of the percentage each source contributes to the total funding of your business?

B. Sources of technical assistance

To improve your business operations, do you get advice from anyone?

Source	Location
1. Government agency:	
.....
.....

2. NGOs:

.....

.....

.....

3. Others

.....

.....

.....

.....

.....

.....

IV. Other producers of similar products

A. Estimated number of producers in the community

1. Are there other producers of your product in this community?

..... No

..... Yes

..... If “yes”, approximately how many?

2. If you know some of the producers, can you tell me the names of some of them and where they can be found?

Name of the producer	Location
.....
.....
.....
.....

B. Common problems of producers relative to inability to meet demand of local customers.

Earlier you gave some reasons why you are unable to meet all the demands of some of your customers. Which of the following do you think the other producers also have?

- lack of raw materials
- not enough sources
- lack of finances to buy more
- lack of tools/equipment
- not enough implements to produce more
- outdated/old implements
- not enough suppliers to buy from
- not enough finances to buy more
- need more workers (specify type):
-
-
-
-
-

..... outdated/inefficient technology

..... high cost of production

..... low quality of products

..... inappropriate design and/or style

..... others (specify):

.....

.....

.....

.....

.....

.....

(If more than one problem is cited, ask the respondent to rank answers from 1 to 5, with 1 as the most serious.)

V. Potential for using the unused or abundant materials

A. Suggestions for making use of unused or abundant raw materials

1. There are a number of unused or underused raw materials available in the community. In your view, what products could be made out of them?

Raw material

Potential product(s)

.....

.....

.....

.....

2. If you were to start another business, which two of the products you mentioned above would you make?

Product

Why?

.....

.....

B. Other new product(s) that can be profitably made?

Regardless of where the raw materials come from and/or where the market will be, what other new products could be made in the community?

Product

Why is it needed?

.....

.....

Annex 11 The impact of trade liberalisation on women⁵¹

The impact of trade liberalisation on women varies from country to country, between urban and rural areas, and between sectors of the economy. Women form a large majority in the informal economy in many developing countries. Measuring the exact impact of changes on the macroeconomic level has not been possible because the extent of women's participation in the informal economy has not been adequately documented.

In their endeavours to participate in the economy, women in developing countries are faced with a number of serious obstacles, including the following:

- The education level of women is often very low, or lower than that of men, and they lack appropriate work-related skills for many paid jobs in the formal sector;
- In many countries, their legal status is inferior to that of men;
- They have less financial resources and their access to credit is often still very difficult;
- Access to land and other productive resources is not guaranteed;
- Female work force is largely non-unionised;
- Sex-based discrimination continues unabated in many societies, etc.

Women also carry heavy domestic responsibilities (e.g. caring for children and other dependents) that remain largely unpaid. Macroeconomic policies that might affect basic human needs like health and education thus have a more significant impact on women's lives than on men's.

For example, the tightening of intellectual property rights restricts access to cheap generic drugs in countries affected by HIV/AIDS or other fatal diseases. Where education subsidies are reduced or withdrawn due to overall government budget cuts, girls could be the first to be taken out of school, especially among poor families.

Wages in the informal economy are on average considerably lower than in the formal economy. In addition, women are often among the poorest participants in the informal economy. In formal enterprises, women's pay tends to be considerably lower on average than that of men.

Rural women

Trade liberalisation offered some hope to rural women that cheap subsidised imports of food products from Europe and the United States would be stopped and local food production promoted. However, exposure to international trade has pushed net food

⁵¹ Based on G. Moon: *Free Trade: What's in it for Women?* (Community Aid Abroad, Victoria, Australia, 1995), pp. 42-48. This annex covers mainly the impact of trade liberalisation on women entrepreneurs, rather than on women workers.

importing countries, such as many African countries, to develop large-scale export cash cropping and to import cheap food products. This has led to the loss of much of the women's farming land to export cash cropping, which tends to engage more men than women and leaves less land available for local food production. This has inhibited women's ability to grow food crops, which has been their traditional role in a large majority of countries of Sub-Saharan Africa, including growing crops for the local market. In some countries many opportunities for small-scale trading activities, which used to offer women financial independence and flexibility, have disappeared.

Export cropping has often resulted in depletion of natural resources and environmental degradation. Fertilisers and chemicals may pollute local water, and local sources of timber may be logged or cleared for commercial purposes; for women this means having to spend more time collecting water and firewood.

Agribusiness has provided rural jobs, but their number is much lower than the number of women and young people seeking employment there. Much of the employment is seasonal and poorly paid. People have been forced to migrate to cities or abroad in search of work. This often entails greater poverty and loss of security for women who move away from their communities, in addition to weakening cultural and social networks.

Women in rural areas need much greater access to income or employment. They need appropriate technical support, producer services, training, and access to land and credit. Food security must be recognised as a legitimate and vital development objective.

Urban women

In Asia and Latin America there has been significant job growth in the formal sector, especially in manufacturing (e.g. textile, clothing and electronics sectors). Industrial employment of educated or skilled women has risen as a result of trade liberalisation and of allied export-oriented economic policies and practices. However, many women are not members of trade unions, in particular in Export Processing Zones (EPZs), which are off-limits to trade unions in most developing countries.

At the same time and in line with the overall trend of growing labour flexibility and decentralisation of production systems through sub-contracting, the informal economy is expanding in many countries, and an increasing number of women are engaged in part-time and industrial home work, which puts them in worse working conditions. Generally, women risk getting into a spiral of working more for less pay when competing with other women workers in other developing countries, and they may face the risk of becoming poorer and finding themselves in a weaker bargaining position.

Since women are employed in industries that are under pressure from increasingly tough international competition, many existing jobs for women could be lost as a result of developing countries having to lower their own tariffs and protections. In

Sub-Saharan Africa, for instance, competitive pressure from imported products has forced many existing industries to cut back their activities or to close down altogether.

Gender-sensitive macroeconomic policies⁵²

The following policies often have different labour implications for men and women:

Market-based economic growth policies: It is important that such policies include built-in provisions (such as social expenditures and fiscal policies that are more women and poor friendly and equitable) to ensure that not only they will not exclude poor working women from the benefits of economic growth, but also more importantly, to take their needs into consideration.

Structural adjustment and economic reforms: Women tend to be vulnerable to short-term impact and suffer most from the loss of protection in the labour market and reductions in social welfare.

Deregulation and privatisation: The price of labour and conditions of employment will be determined by the market in a deregulated labour market. Research has shown that women tend to get paid less than men (20-30 per cent) on average in developing countries and that their working conditions are often less favourable, due to the fact that women tend to cluster in jobs with lower pay, productivity and responsibility than men. Women also tend to be the last to be hired and the first to be fired, and a large majority work in the informal economy, which tends to expand under the deregulation process. They also work outside the ambit of labour law and protection, more often than men.

Human resources policies: Women who have a lower level of education and training than men on average are likely to benefit less from new measures and emerging economic opportunities that are expected to increase under the market liberalisation and economic reform process.

Sectoral policies: Certain sectoral policies could have more negative or positive impact on women. The government should pay sufficient attention to the sectors of the economy where women are well represented.

To improve the position of women in the economy, it is therefore necessary to:

- Incorporate gender, employment and poverty considerations in the formulation and evaluation of macro- and sectoral economic and social policies, and to monitor their consequences in terms of the differential impacts on women and men of different age groups, with particular attention to youth and older workers;
- Ensure that in the pursuit of economic growth there is an appropriate balance with the creation of jobs, including for those to which poor women and other disadvantaged groups could have access;

⁵² Adapted from L.L. Lim: *More and Better Jobs for Women - An Action Guide* (ILO, Geneva, 1996), pp. 57-59.

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- Review policies and programmes at national and sectoral level and ensure their consistency and coherence. Ministries should be encouraged to work together to develop programmes and measures that have a sustainable impact on improving women's economic position;
 - Monitor the impact of macroeconomic growth policies in terms of how men and women differentially participate in the economy and benefit from such growth;
 - Monitor the social consequences of economic reforms and particularly provide for policies and measures to ease the burden of workers that are already adversely affected.

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Addresses of Fair Trade Organisations

- International Trade Centre UNCTAD/WTO
54-56, rue de Montbrillant,
Geneva, Switzerland
Phone: +41 22 730 01 11
Fax: +41 22 733 44 39
E-mail: itcreg@intracen.org
Website: www.intracen.org
- European Fair Trade Association:
Kerkwegje 1
6305 BC Schin op Geul
The Netherlands
Phone: +31 43 325 6917
Fax: +31 43 325 8433
www.eftafairtrade.org
- **Artisan Enterprise Network**
The Crafts Center
1001 Connecticut Avenue, NW, Suite 525
Washington, DC 20036,
USA
Phone: +1 202-728-9603
Fax: +1 202-296-2452
E-mail: info@artisanenterprisenetwork.org
Website: www.artisanenterprisenetwork.org
- Fair Trade Federation, Inc. USA
1612 K Street NW, Suite 600
Washington. D.C. 20006
USA
Phone: +1 202-872-5329
E-mail: info@fairtradefederation.org
Website: www.fairtradefederation.com
- Fairtrade Labelling Organizations International (FLO):
Kaiser Friedrich Strasse 13
53113 Bonn
Germany
Phone: +49-228-949230
Fax: +49-228-2421713
Office e-mail: coordination@fairtrade.net
Website: www.fairtrade.net

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- International Federation of Alternative Trade – Secretariat
30 Murdock Road, Bicester,
Oxon OX26 4RF,
UNITED KINGDOM
Phone: +44 1869 249819
Fax: +44 1869 246381
E-mail: info@ifat.org.uk
Website : www.ifat.org
 - Network of European World Shops:
Rue Haute 139
1000 Brussels
Tel : + 32 2 213 12 33
Fax: + 32 2 213 12 51
E-mail : info@worldshops.org
 - Centre for the Promotion of Imports, Netherlands:
P.O. Box 30009
3001 DA Rotterdam
The Netherlands
Phone: + 31 (0)10 201 34 34
Fax: + 31 (0)10 411 40 81
E-mail: cbi@cbi.nl
Visitors' address: Beursplein 37, 5th floor, 3011 AA Rotterdam
Website: www.cbi.nl
 - Transfair USA, TransFair USA
1611 Telegraph Ave. Suite 900
Oakland, CA 94612 USA
Phone: +1 (510) 663 5260
Fax: +1 (510) 663 5264
E-mail: transfair@transfairusa.org
Website: www.transfairusa.org
 - Transfair Canada
323 Chapel St. 2nd floor
Ottawa, Ontario, Canada K1N 7Z2
Phone: +1 613-563-3351
Fax: +1 613-237-5969
Toll free: 1-888-663-FAIR
E-mail: fairtrade@transfair.ca
Website: www.transfair.ca
 - Interesting links on all issues regarding enterprise development, including marketing, globalisation, etc. can be found on www.enterweb.org
 - Information about EU trade policies:
http://europa.eu.int/comm/trade/index_en.htm