





# Micro-entrepreneurs: Women's Role in the Development of Africa

## 21.1 Introduction

Hassana lived in a small village in West Africa. She was a widow with five children. With so many mouths to feed, she often lacked money to buy clothes and school supplies for her children. She had no money saved in case someone got sick. Sometimes even buying food was difficult.

But Hassana had an idea for a small business, or **micro-enterprise**. She wanted to bake bread and sell it in the local street market. Hassana borrowed money from an organization set up to help women start businesses. She used the money to buy an oven. With her earnings from selling bread, Hassana was able to repay the loan. She was also able to slowly grow her business and take better care of her family.

Small business owners like Hassana are called **micro-entrepreneurs**. Entrepreneurs are people who start businesses. *Micro* means tiny. Micro-entrepreneurs are people who start very small businesses. Hassana's business may be tiny, but the effect that micro-entrepreneurs are having in developing countries is not so small. Hassana's story is one of many about women in Africa who are making life better by starting new businesses.

In this chapter, you will learn about some of the challenges faced by poor women in Africa. You will read how some women are pulling themselves out of poverty by becoming micro-entrepreneurs. And you will find out how these women, by helping themselves, are changing their communities.

### Essential Question

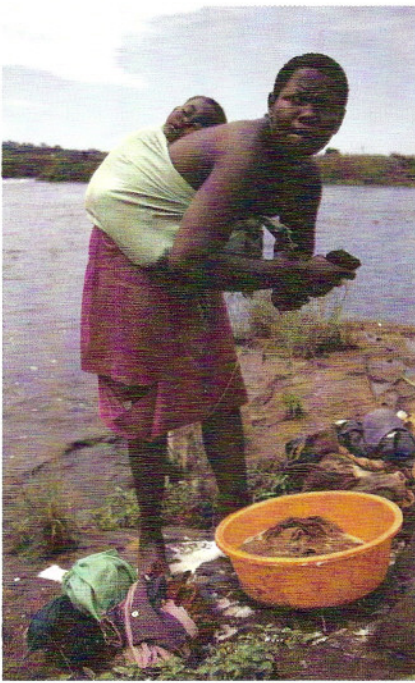
**How are women micro-entrepreneurs in developing countries changing their communities?**

Pictured in this outline of the continent of Africa is a micro-entrepreneur. She is one of many African women who have started their own businesses. These women are playing a growing role in the development of Africa. Keep this image in mind as you try to answer the Essential Question.

### Graphic Organizer







### Women Carry a Heavy Load

There is a traditional division of labor in Africa between men and women. Men hunt, herd, or work for wages. Women take care of the family. This often involves hauling firewood and water over long distances.

## 21.2 The Geographic Setting

In this chapter, you will visit three countries in Africa. All three are located south of the Sahara. Mali is in West Africa. Uganda is in East Africa. Botswana lies in the center of Southern Africa.

**A Developing Country** Most of Africa is made up of **developing countries**. Twenty-one of the world's 30 poorest countries are in Africa. Nearly half of the Africans in these countries live on less than \$1 per day.

Poverty makes survival a daily challenge. In 2004, an estimated 200 million Africans were **undernourished**. This means they did not get enough food to lead a healthy life. Lack of food has stunted, or slowed, the growth of about a third of all African children.

Disease is a serious challenge. Malaria, for example, affects people in many parts of Africa. Mosquitoes spread the parasite that causes this illness. Malaria can be deadly, especially to children. Health experts estimate that every 30 seconds, a child in Africa dies from malaria.

Natural disasters create other challenges. In recent years, **drought** has struck many African countries. The lack of rain has led to crop failures for farmers. For **pastoral nomads**, it has led to the death of their animal herds. The result has been severe food shortages.

War is another serious challenge. Many countries, like Rwanda, Liberia, and Angola, have been torn apart by **civil war**. A civil war is a war between groups living in the same country. Each of these conflicts has left hundreds of thousands of people dead.

**Women Face Added Challenges** These challenges affect most Africans. But they often weigh heaviest on women. One reason for this is Africa's traditional **gender-based division of labor**. This is the division of work in a society based on a person's sex, or gender.

Traditionally, men in Africa are the money earners. They earn money by raising cash crops or working for wages. Women are responsible for the care of the family. This often includes growing food on small plots of land to feed their families. As important as this work is, it does not earn money.

Poor women who need to earn money face added challenges. One is a lack of education. In 2002, nearly half of African women over the age of 15 could not read. Few jobs are open to them.

Often the only place poor women can find to make money is in the **informal economy**. People in the informal economy exchange goods and services without much government control. They might, for instance, sell food in a street market or trade childcare for firewood. They do not have a license for their business. And they do not pay taxes on any money they might make.

For many African women, the informal economy has become an area of opportunity. In the informal economy, women can start a new business without a lot of money. In this chapter, you will meet some of these women micro-entrepreneurs.



## ► Geotermis

**gender-based division of labor** the division of work into two categories based on sex, or gender. The result is that men and women do different kinds of work.

**informal economy** the part of the economy in which goods and services are exchanged outside of government control. People who work in the informal economy often sell goods on the street or in a street market.

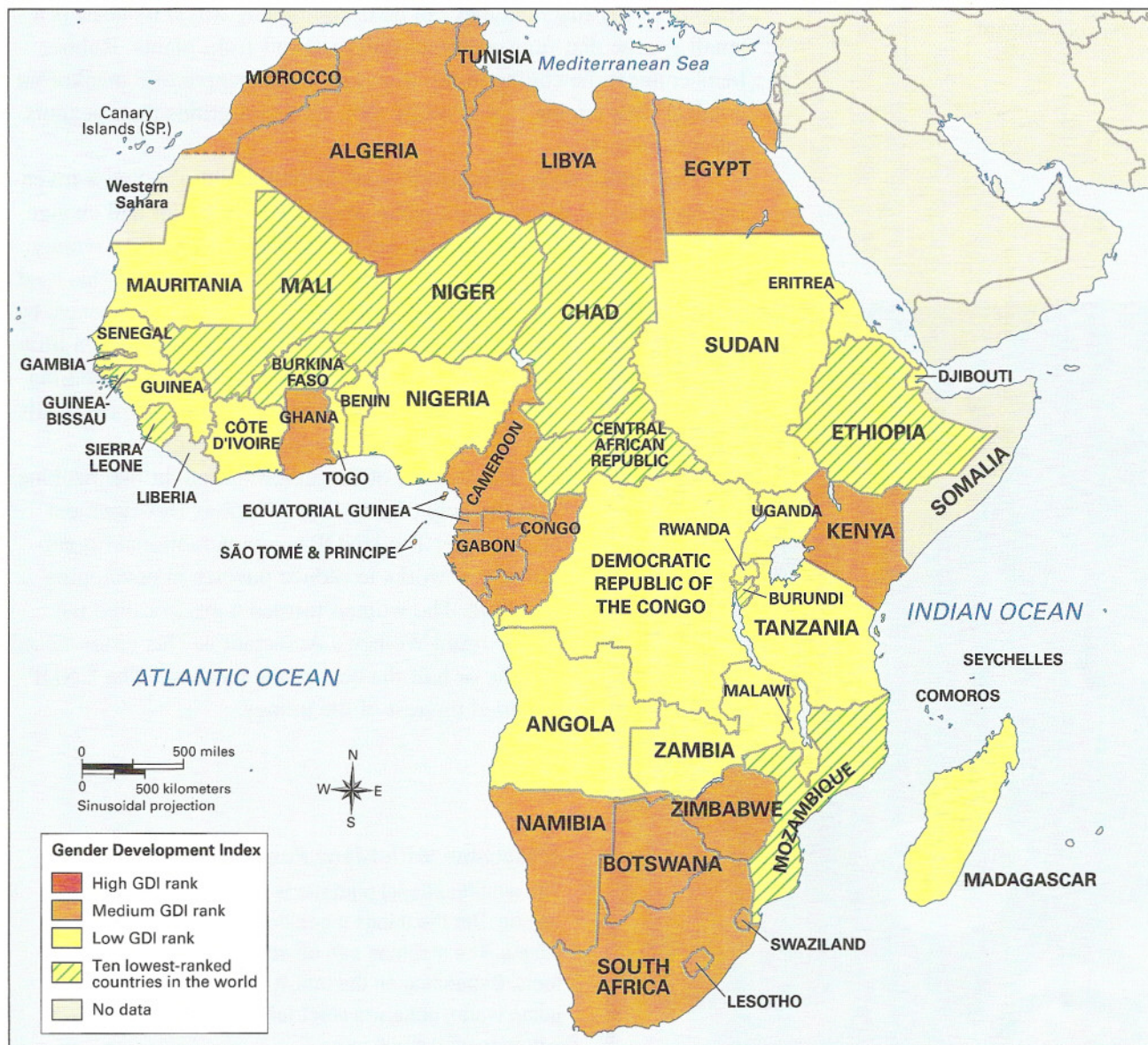
**micro-enterprise** a very small business with few or no employees

**micro-entrepreneur** a person who starts and runs a very small business

### Gender Differences in Africa

This map compares the relative condition of men and women in Africa. It is based on a ranking system called the Gender Development Index (GDI). This index rates countries by comparing men and women in three areas: education, income, and life expectancy. In all three areas, women fare worse than men in Africa. As a result, the GDI rankings of African countries are low.

### Gender Equality in Africa, 2000



Source: *The Penguin Atlas of Women in the World*, by Joni Seager, New York: Penguin, 2003.





### The Country of Mali

Mali is a large country in West Africa. The Sahara covers the northern half of Mali. Grasslands spread across most of the southern half.

## 21.3 Grinding Peanuts in Rural Mali

The sound of wood hitting wood is common in many villages in Mali. It is the sound of women preparing two of Mali's most common foods for cooking: grains and peanuts. It takes a lot of energy to grind these crops to the point that they can be made into meals.

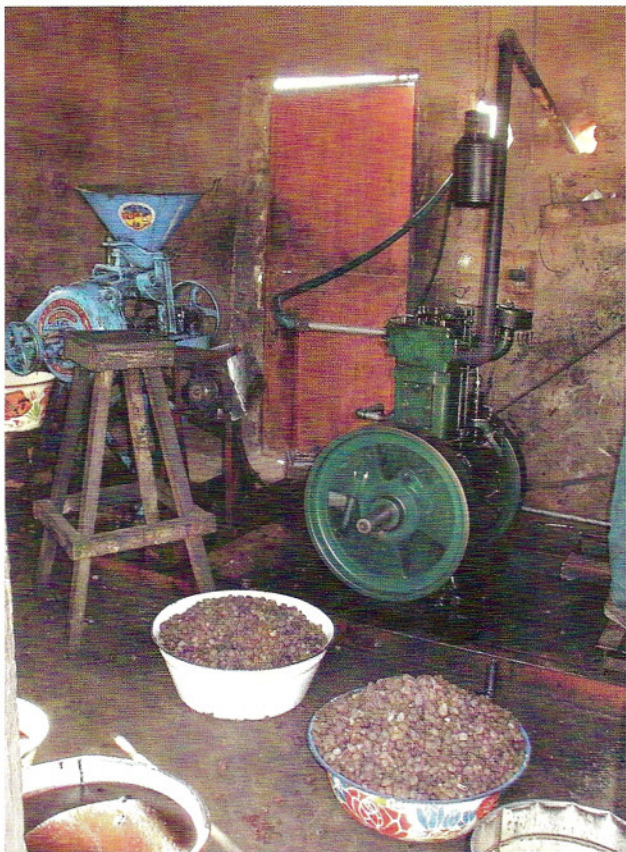
Mali is one of the poorest countries in the world. Much of its population lives in rural villages. Women work especially hard. But things are changing in some villages in Mali. And women micro-entrepreneurs are leading the way.

**A Machine Changes the Way Women Work** In the village of Sanankoroni in Mali, a machine grinds peanuts so the village women do not have to pound them by hand. The machine grinds the peanuts much faster. It also does a better job.

Grinding peanuts is just one of the things that this machine, called a *multifunctional platform*, can do. The multifunctional platform is a simple, sturdy machine that can be used in many ways. Its heart is a small engine that runs on diesel fuel or on oil from plants. Rubber belts connect the engine to different tools. The people of Sanankoroni connect their engine to a grinding tool. This tool grinds their peanuts into peanut butter.

The multifunctional platform was the brainchild of a Swiss inventor. He believed that it would make women's lives easier and change entire villages. He was right. His invention has changed how women like Biutou Doumbia spend their time. Doumbia used to spend three days grinding 100 pounds of peanuts by hand. Now the machine grinds that amount in a little more than an hour. Doumbia uses some of the time she has gained to grind extra peanuts. She then sells this peanut butter in the local market.

The women of Sanankoroni bought the machine with the help of the United Nations Development Programme. The UNDP is an international organization that works to reduce poverty in developing countries. The women formed a group called the Sanankoroni Women's Association. This group raised \$2,000, or half the cost of the machine. The UNDP provided the rest of the money.



### A Machine with Many Functions

The multifunctional platform is built around a simple engine. But the things it can do are anything but simple. The machine can be attached to different tools. Depending on the tool, it can grind grains, pump water, generate electricity for lights, charge batteries, and much more.



**Earning While Learning New Skills** The Sanankoroni Women's Association has started a peanut-grinding business with their multifunctional platform. Customers from Sanankoroni and nearby villages pay a fee to use the machine to grind peanuts. The women earn money by running the machine for their customers.

The new business owners have learned many new skills. They have learned how to run the machine and keep it in good repair. They have learned how to set up schedules for their workers and customers. And they have learned how to handle the money they earn so that they have enough to buy fuel and to pay their workers.

**Improving the Quality of Life** In Mali, 300 villages now have a multifunctional platform. The quality of life in these communities has improved as a result. For example, families in Sanankoroni have more time together now that women do not spend all day grinding peanuts by hand.

Attitudes toward education have changed. Before the machine came, only 9 women in this village of 460 people could read and write. A year after the machine arrived, more than 40 women were attending classes to learn how to read. Girls who used to stay home to help with chores are now going to school.

The machine has improved the lives of men as well. The Sanankoroni Women's Association hired several men to work as mechanics. Their job is to maintain and repair the machine. "It's better than farming," says one mechanic.

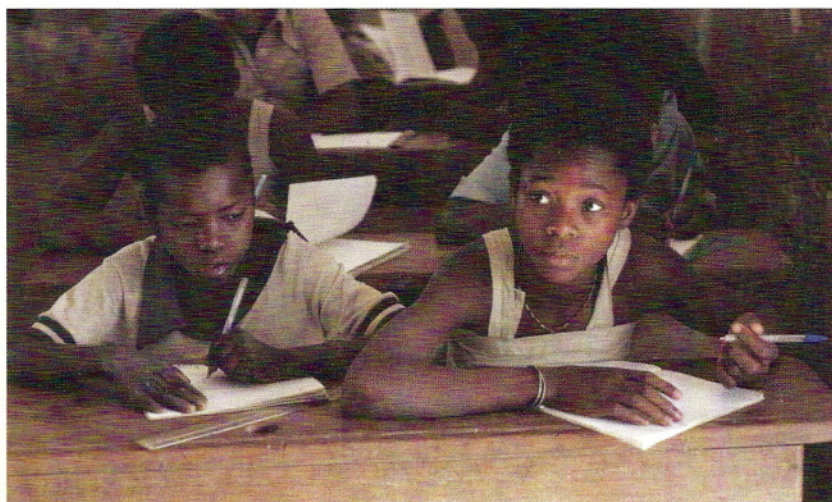
In the village of Mountougoula, women bought an electrical generator to connect to their machine. A generator is used to produce electricity. They also set up a lighting system in their village to use electricity produced by their generator. The lights have made the village safer at night. Storeowners are making more money now that people can shop after dark.

One man in the village is teaching his daughters to read at night. He has seen for himself that women can change the world. All they need is education and encouragement.



### Grinding Peanuts

This woman is grinding peanuts using a multifunctional platform. Despite their name, peanuts are not true nuts. They grow in the ground rather than on a tree. For this reason, they are often called *groundnuts*. Peanuts are raised both to eat and to press for their oil.



### A Machine Brings Change

The multifunctional platform has changed the lives of many people in Mali. More girls are attending school because they no longer need to stay home and help with chores like grinding. Women are hiring men to repair and run the machines. Families have more time to be together.



## 21.4 Selling in Uganda's "Poor Man's Market"



### The Country of Uganda

Uganda is a densely populated country in East Africa. Its capital, Kampala, lies on the shores of Lake Victoria. This is Africa's largest freshwater lake.

### Open-Air Markets Are Popular

Much of the buying and selling in Uganda goes on in outdoor markets like this one. Some micro-entrepreneurs build stalls. Others sell their goods and services in the open. Such markets are part of Africa's informal economy.

Kalerwe market in Uganda is an amazing place to visit. From the center of the market, stalls stretch as far as the eye can see. Buyers roam the muddy, crowded lanes between the stalls. Sellers shout information about the food, goods, and services they have to sell. Kalerwe is known as the "poor man's market." But it attracts all kinds of people from nearby Kampala, the capital of Uganda. They are drawn to the market by its bargain prices.

Markets like this are common in Uganda and most other African countries. They are part of the informal economy. People can sell goods and services in these markets without having to get a business license. Often they can pocket the money they make without having to pay taxes. Many successful women micro-entrepreneurs got their start in such markets. Margaret Saajjabi is one of them.

**Soap and Drinks Fund a Micro-enterprise** Margaret Saajjabi runs profitable micro-enterprises in Uganda. She owns a quarter acre of land in Kalerwe market. She rents 27 market spaces to other people. Some of her tenants have built stalls in the space. Others sell their goods and services in the open air. Her tenants include hairdressers, electricians, vegetable sellers, and cooks.

Saajjabi was born into a very large family. She was in high school when her father told her there was not enough money for her to continue her education. She left school and worked for the police and then as a telephone operator. But Saajjabi wanted her own business.

She got her start by selling laundry soap and bottled soft drinks. Because she had no money to buy goods, she talked sellers into letting her sell their products. She got a small percentage of the money she took in from customers. Slowly she saved the money she earned. Eventually she had enough to buy land in Kalerwe market.







### An Outdoor Beauty Shop

Some of Africa's most successful micro-enterprises can be found in local markets. Many are owned by women. With the money they earn, women can send their children to school or build homes for their families.

Saajjabi has found many ways to use this land. In addition to renting out market spaces, she has set up a water-selling business there. She sells water in large cans to local people. She also created a parking lot that holds 50 cars. People who come to Kalerwe pay to park there.

Saajjabi found that women face special challenges in business. One challenge is getting the money needed to start or expand a business. Men in Uganda are able to borrow start-up money from other men. But few men will loan money to women. To get around this problem, Saajjabi created a savings club with several other women. The women in the club help one another save their money. And when they need a loan, they borrow from other women in the club.

**Supporting an Extended Family** Margaret Saajjabi is a good example of how one woman's success can benefit many others. In her case, the people who benefit the most are members of her large family. She supports 6 children of her own. She is also helping to raise 19 nieces and nephews.

Most of these children are in school. Saajjabi believes that both girls and boys need a good education. She also believes that all children should learn the value of work. Her children, nieces, and nephews all come to Kalerwe market to work during their school holidays.

**Creating New Economic Opportunities** Saajjabi's success has rippled outward and helped others in her community. She has hired six guards for her parking business. She has plans to build more shops and to hire young women to work for her. In addition, the people who rent space from her now have a way to make money for their families.

Saajjabi encourages other women to start their own businesses. "You have to be confident," she says when asked for advice. "Develop the skills of your trade. Don't beg off and say, 'I'm just a woman.'" If Saajjabi had thought that way, she would still be selling someone else's soap and soft drinks.

### A Micro-entrepreneur at Work

Margaret Saajjabi has built a successful business from very small beginnings. She once sold soap and soda. Now she rents out space to other micro-entrepreneurs.







### The Country of Botswana

Botswana is a thinly populated country in the center of Southern Africa. Gaborone is its capital and largest city. The city is located on the border between Botswana and South Africa.

## 21.5 Cooking Up Comfort Food in Botswana

Kgosi lives and works in Gaborone. This busy city is the capital of Botswana, a country in southern Africa. But Kgosi grew up in a rural village. At lunchtime, he used to long for a hot dish of *stampa* (shredded beef) or *papa* (mixed corn and beans). These are “comfort foods” that he grew up with. But the only restaurants near his workplace in Gaborone were fast-food chains.

One day Kgosi looked down the street and saw a colorfully painted caravan, or trailer. The sign above it read “Mama’s Fast Food.” Wonderful smells were drifting out of the caravan. Kgosi knew at once that the foods of his childhood were cooking inside.

**A Used Trailer Becomes a Street-Side Restaurant** Kgosi is typical of many people in Gaborone. They grew up in the country and then moved to the capital to find work. Most eat breakfast and lunch near their workplaces. This has created an opportunity for many women in the city. These micro-entrepreneurs have opened restaurants in caravans. The caravans are similar to vacation trailers that families in the United States might use to go camping.

A woman must do several things to open such a restaurant. First she needs to buy a caravan. Most are purchased in neighboring South Africa. Because of the cost of the caravans, women often have to borrow money from parents or family members. Others have to save money for years before they can buy one.

The caravan must then be converted into a restaurant. Most come with a small stove and a cooler already installed. The women hire someone to build shelves for dishes and racks to hold the gas tanks needed to fuel the stove.

### Caravans Dish Up Popular Food

Most street-side restaurants seat people outside. Some caravans are big enough to seat people inside. Here diners can enjoy a tasty meal of “comfort food.”





Finally, a woman must find a place to park her caravan. Any place where many people work and shop is a good location. After choosing a good spot, the owner removes the caravan's wheels. The result is an instant street-side restaurant. At most caravans, people eat outside under a canvas canopy. They sit on plastic chairs at plastic patio tables to enjoy a meal that reminds them of home.

**Creating Jobs Along with Food** Successful caravan owners make enough money to repay their loans and expand their business. Some save up enough money to buy a small truck. This makes it easier to buy supplies in South Africa, where prices are usually lower.

As their businesses grow, some women are able to hire workers. Most are family members who help cook, clean, and transport supplies. Some micro-entrepreneurs also create opportunities for other women who want to start their own business. For example, a restaurant owner might prepare “box lunches” for another woman to sell in a different part of the city. The arrangement benefits both women.

The families of micro-entrepreneurs receive many benefits. Some relatives get jobs. Many women use the money they make to send their children to school. Some have been able to buy land and build a home.

The people of Botswana also benefit. Street-side restaurants allow them to buy a traditional meal for low prices anywhere in the capital. As one customer put it, “They are dishing up African culture for city folks who like to eat what they grew up with.”

## 21.6 Beginning to Think Globally

In this chapter, you learned that women in Africa face many challenges. Poverty is widespread. However, gender-based division of labor makes it hard for women to earn money. You have met micro-entrepreneurs who have started small businesses in the informal economy. Through their micro-enterprises, these women are helping to pull their families and communities out of poverty.

Women micro-entrepreneurs can be found in every country. Most face similar problems. One problem is finding the money needed to start a business. Often the amounts are small. Still, banks are generally unwilling to make loans to the poor.

Many groups have been formed to make small business loans to poor people. The average loan is usually less than \$100. Because the amounts are so small, these groups are called *micro-credit organizations*.

Micro-credit organizations often make loans to groups of women. No one in the group can take out the next loan until everyone's first loan is repaid. The group makes sure each woman repays her loan. As you look at the map of micro-credit organizations in the next section, think about how these loans can change lives.



### Open for Business

Many women in Botswana have set up restaurants like this one. Often these restaurants are parked illegally on public streets.



## 21.7 Global Connections

The map shows where micro-credit organizations make the most loans worldwide. You can learn about these loans in the table under the map.

**In what parts of the world are micro-credit organizations most active? Why might this be so?**

Micro-credit organizations are most active in Africa, Asia, and Latin America. Most banks in these regions do not make loans to poor people. Micro-credit organizations have stepped in to help poor people get start-up loans. More than 500 million people in developing countries own small businesses. Many of these micro-entrepreneurs got their start with a small business loan.

**Which gender gets the most micro-loans? Why might this be so?**

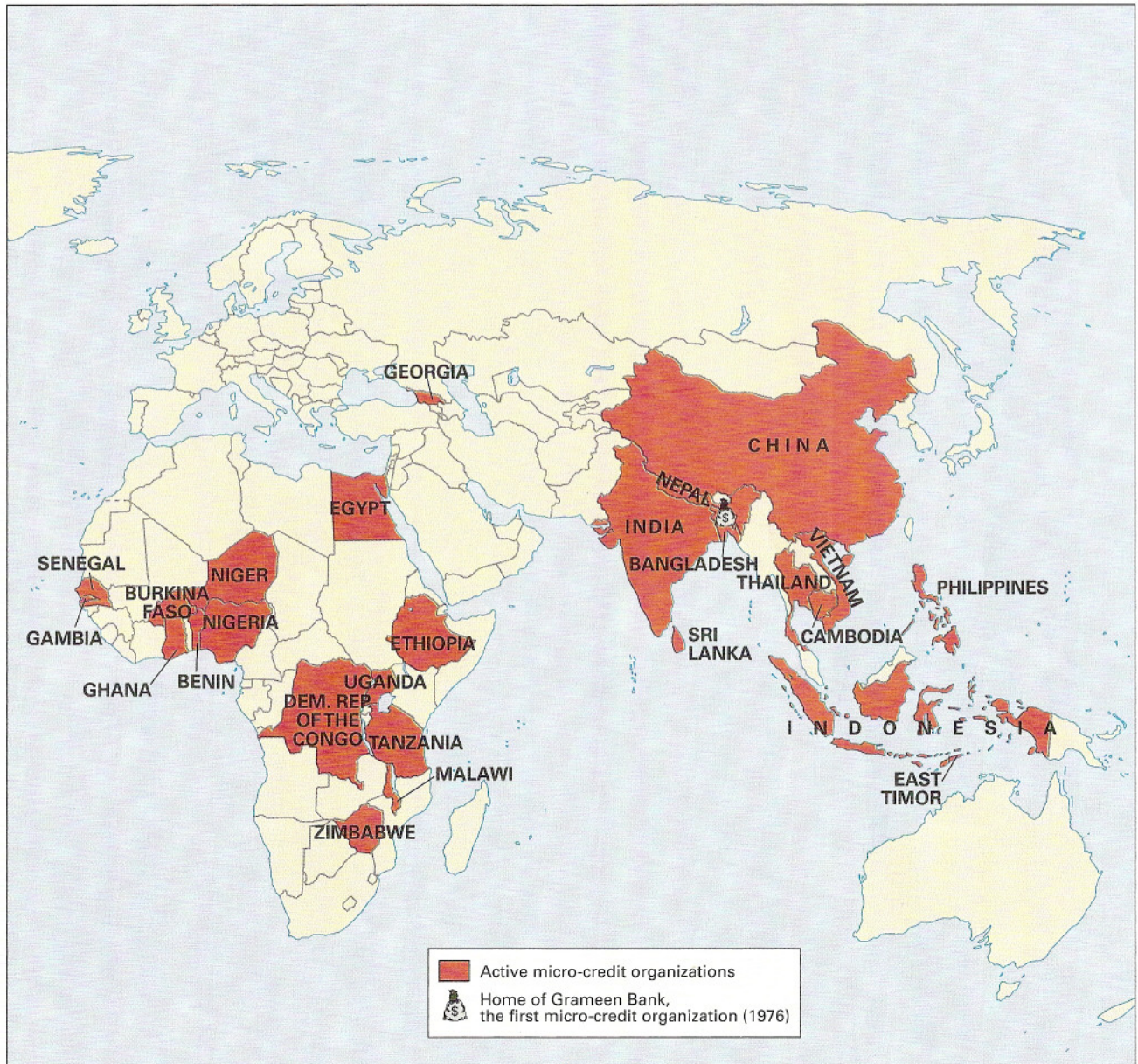
More than 80 percent of small loans are made to women. In part, this is because women need the most help. The majority of people living in poverty are women and their children. Micro-credit organizations have also learned that women are a good risk. Ninety-five percent of women who get small loans pay the money back. Also, women are more likely than men to invest their earnings in their families and communities.

**How do micro-credit organizations help women change their communities?** Micro-credit organizations help people help themselves. When women begin to earn money, they can send their children to school. They create jobs and opportunities for other people in the community. In some countries, more than half the people who get micro-credit loans are able to rise out of poverty within 10 years.

Micro-credit Organizations Around the World, 2000







Source: *The Penguin Atlas of Women in the World*, by Joni Seager, New York: Penguin, 2003.

### Fast Facts About Micro-credit

More than 500 million people in developing countries run micro-enterprises.

Less than 3% of micro-entrepreneurs obtain loans from banks.

About 3,000 micro-credit organizations served 80 million clients in 2003.

More than 95% of micro-entrepreneurs who get loans pay them back.

More than 80% of micro-loans are made to women.

More than 90% of the income earned by women from micro-loans is used to support their families.

About 40% of the income earned by men from micro-loans is used to support their families.

In some countries, more than 50% of micro-credit clients rise out of poverty within 10 years.