

CHAPTER 2

Statement of Issues

The opening speech of welcome by Mr. Egbert Pelinck, Director General, ICIMOD, and the summary presentation by Dr. T.S. Papola, on the emerging trends and issues facing women entrepreneurs in the HKH region, provided a general overview of the subject and set the agenda for discussions. Dr. Papola's presentation was based on the major findings of the studies completed so far by ICIMOD, particularly those relating to the involvement of women as entrepreneurs and workers in enterprises.

THE PREMISES

The opening speech by Mr. Egbert Pelinck, the Director General of ICIMOD, provided an overview of the background to the workshop. ICIMOD has been engaged in research, demonstration, documentation, training, and advisory services for the promotion of sustainable development of mountain areas in the Hindu Kush-Himalayan region of Afghanistan, Bangladesh, Bhutan, China, India, Myanmar, Nepal, and Pakistan for the last 16 years. The people in these mountainous and often inaccessible areas have lived for a long time on the margins of the development that has taken place elsewhere. Since its establishment in 1983, ICIMOD has been working to promote poverty alleviation and environmental conservation in the region. The main concern of the Centre's activities has been improving the livelihoods of people living in these areas through the promotion of diversified economic options and eco-friendly activities with a comparative advantage. The role and status of women has been an important and integral part of the whole programme.

Poverty reduction and gender-balanced development, together with sustainable management of mountain commons, constitute the thrust areas of ICIMOD's current four-year programme, the Second Regional Collaborative Programme (1999-2002). The programme activity related to women entrepreneurs aims to contribute

to the capacity building of mountain women to enable them to participate fully in and benefit from the process of transformation of mountain economies from subsistence-based farming to enterprise-based production. It combines the objectives underlying the two thrust areas of poverty reduction and gender-balanced development.

Women are the backbone of household economies in mountain areas, although their contribution is mostly invisible and, therefore, remains unrecognised. The skill, industry, and perseverance with which they provide their families' sustenance offer an immense potential for more visible, remunerative, and enterprising activities that can alleviate poverty and raise living standards. Larger and more visible contributions to the family economy are also likely to result in an enhanced role for and empowerment of women in terms of household decision-making. Enterprise-based activities, however, involve access to and mobilisation of productive resources, new technologies, and inputs from outside the household production system, as well as access to marketing information and markets. Women, in particular mountain women, are often not able to take up these activities as a result of such handicaps as lack of ownership and control over productive resources like land and capital, and thus lack of access to credit; lack of time to acquire inputs and services as a result of time spent in household and farming activities; restrictions on social mobility resulting from tradition; and lack of education leading to lack of exposure to markets and access to market information.

Some women have been able to shed their shackles and overcome the constraints and obstacles, and they have become pioneers demonstrating exemplary efforts to run and promote enterprises. It is hoped that the experiences of such women and of organizations that have successfully promoted women entrepreneurs can be built upon to develop policies, strategies, and programmes that are favourable to promoting women's entrepreneurship in mountain areas. The participants were asked to focus on ways and means to improve the capabilities and access to productive resources of mountain women through the creation of an appropriate policy environment, on the one hand, and developing organizations of women producers and entrepreneurs for accessing markets, on the other. In this way women would be able to participate in, and share the benefits of, the emerging economic opportunities on an equal footing with men.

STATUS AND TRENDS

Dr. Trilok S. Papola, the Head of ICIMOD's Mountain Enterprise and Infrastructure Division, summarised the trends and issues in the development of women-run enterprises in the mountain areas of the HKH region. The paper was based on the results of a series of case studies on micro-enterprise development commissioned by ICIMOD in different areas and on different aspects and programmes over the last two years (Annex 4). The studies show that enterprise development in mountain

areas is generally constrained by lack of accessibility to inputs and markets and the limited, and often fragile and environmentally sensitive, resource base. Enterprise development in mountain areas can only be based on products offering a comparative, if not unique, advantage; but, even then, the inadequate infrastructure and uncertainty about the availability of food at affordable prices pose constraints to enterprise-based economic diversification.

The scale of most enterprises is small as a result of the limited availability of material, lack of capital and access to institutional credit, and lack of energy supplies and modern technologies. Small enterprises everywhere have problems in marketing their products, but for those in relatively inaccessible and remote mountain areas these problems are particularly marked. Mountain enterprises thus face the disadvantages of both size and location; and women entrepreneurs suffer from a 'triple disadvantage' with the addition of the constraints they face as 'women'. These specific women-centred constraints include the need to combine household and enterprise activities, social constraints to mobility, and the lack of access to and control over resources.

Even so, women participate significantly in enterprises, both as workers and as entrepreneurs. About one-third of enterprises are run by women; and women provide a similar proportion of employees and family workers. In activities like weaving with handlooms, handicrafts, and garment production, women constitute the majority of workers and entrepreneurs. In some areas, with the transformation of subsistence agriculture into commercial vegetable farming, women not only participate in on-farm activities, which they were mainly responsible for previously as well, they also now transport and market the produce. In Western Sichuan, China, women farmers participate actively in large numbers in the rapidly growing activities related to non-timber forest products, including the collection and processing of medicinal plants and herbs. Many women also work as employees and executives in plants processing these products, and some have become entrepreneurs in units engaged in the primary production and processing of agro- and forest-based products.

Women entrepreneurs are, however, by and large engaged in low-earning and slow growing activities, while the more remunerative and dynamic enterprises are mostly run by men. Women entrepreneurs are also mostly engaged in activities that are carried out at home—often on a contract basis—and often receive only a small return for their labour and enterprise. Lack of mobility and the need to combine enterprise activities with household work limit women's options in choosing product lines. Female-run enterprises also tend to be relatively small in terms of invested capital and manpower. The average capital investment in enterprises run by women is only one-tenth of that in ones run by men; and the average number of people employed is only three compared to eight in enterprises run by men. The small investment requirements may appear to be an advantage, but they also imply low productivity

and output and indicate clearly the limited access of women to capital. Most women entrepreneurs are keen to expand their enterprises, but see capital, followed by markets, as the most important constraint to their plans for expansion. Hardly any of the women micro-entrepreneurs studied had been able to gain credit directly from commercial banks. Yet enterprises run by women do no worse than those run by men. The majority of enterprises in female-dominated areas have grown relatively fast, and at least as fast as those run by men.

The special problems and needs of small and micro-enterprises have been recognised over the past two to three decades in different countries, and special promotional programmes involving credit, marketing, and training have been launched by governments and non-government agencies to assist in the development of such enterprises. A host of credit programmes has been launched by banking systems at the behest of governments and with the support of donors, and these programmes are being implemented either by banks themselves or by non-government organizations, quite often through community groups. Quite a few of these programmes on training and credit are meant to cater to the requirements of women entrepreneurs either exclusively or up to a minimum percentage. There are, however, hardly any programmes that focus specifically on mountain enterprises or women entrepreneurs in mountain areas.

Micro-credit programmes have improved women's access to credit to a significant extent. Over one-half of almost half a million beneficiaries of various micro-credit programmes in Nepal are women. A nation-wide credit-cum-subsidy programme in India stipulates that 40 per cent of beneficiaries should be women. In Pakistan, NGO programmes like the Aga Khan Rural Support Programme (AKRSP) have a special focus on women and women's groups in their micro-credit programmes. But the focus of most micro-credit programmes has been primarily on poverty alleviation and the development of women's organizations around credit and savings. In general there has been no focus on enterprise development. The amount of credit available to an individual has been too small to start and run an enterprise of the minimum viable size on a sustainable basis. The capital requirements for even a micro-sized enterprise are much larger than the average amount of loans provided under these programmes. Further, the programmes do not have any special focus on hill and mountain areas and, as a result, most programmes have concentrated on more easily accessible areas in the plains where there is a greater potential for success. Most important, these credit programmes generally do not include the provision of other inputs and support necessary to run an enterprise. Mountain entrepreneurs feel the need for such services and support for technological upgrading, product selection, activity related infrastructure, and marketing much more than do those operating in areas in the plains with a better infrastructure and connections. This need is still more acute in the case of women entrepreneurs in the mountains because of their lack of mobility and access to information on technology, services, and marketing. Thus credit programmes have

contributed little to enterprise development in mountain areas, and even less to the promotion of women entrepreneurs.

Credit supply programmes have little potential for the successful promotion of income generating enterprises for women in mountain areas, unless potential activities with a comparative advantage in the specific location are identified before the credit programme is launched and market linkages established at the same time as the credit is made available. In many cases, substantial amounts of funds accumulated through group savings and credit schemes have remained idle as a result of the lack of identification and planning of development of productive investment opportunities. Even when appropriate activities are identified and started with credit from accumulated savings or from outside, the enterprises find it difficult to gain sufficient returns because there are no proper marketing arrangements or only exploitative marketing mechanisms for the sale of their products. Production and marketing of vegetables and fruit by women's marketing organizations, as promoted by the AKRSP in the Northern Areas of Pakistan, and collective marketing of handicrafts by the Handicrafts' Association of Nepal (HAN) and other members of the Fair Trade Group (FTG) in Nepal, are among the few successful experiments identified. These programmes could be studied and emulated in more areas and for more products.

Training for the development of entrepreneurial skills has been recognised as an essential input in enterprise development, particularly for small and micro-enterprises in rural areas; and many entrepreneurship development programmes (EDPs) are being conducted by government and non-government agencies. The need for training to impart entrepreneurial and managerial skills is more urgent for those entrepreneurs operating or intending to operate in areas and environments with very little exposure to business enterprises, such as remote mountain areas, and particularly for women with much more limited exposure. There seems, however, to be very little recognition of the special requirements arising out of the specific environment in which people will be operating, in particular the requirements of mountain entrepreneurs. Thus, in general, EDPs take no account of these needs, even though a significant number of trainee entrepreneurs from mountain areas participate in these programmes. Most programmes have paid special attention to potential women entrepreneurs. Some organizations only conduct EDPs for women, and others organize some exclusive programmes for women and also have a significant proportion of women participants in their general programmes. Women comprised around one-third to one half of trainees in the EDPs run in, or for entrepreneurs from, hill and mountain areas in India and Nepal.

Women trainees, however, seem to show a lower success rate in terms of starting a business enterprise after training: about 30 per cent of women and 45 per cent of men started a business after training. There are exceptions, the success rate for women trainees was 58 per cent in one of the programmes conducted in north-east India, primarily because most of the trainees belonged to societies dominated by

women and based on similar products. Demand-induced training programmes integrated with credit and marketing services also showed better results, as shown by the AKRSP programmes in the Northern Areas in Pakistan.

Markets and marketing of products evidently constitute major constraints in the emergence and expansion of enterprises run by women in mountain areas. The products mostly have limited, often only local, markets, and the women have limited exposure to non-local markets and limited access to information about them. As a result, they are not able to obtain a fair price for their products and, when they themselves do not engage in marketing, they have no access to or control over the income from the enterprise. Even so there has been a number of encouraging examples of success. In some areas, women have gained substantially from vegetable cultivation and livestock-related activities by participating both in production and marketing. In some cases they have carried out marketing through their own organizations. Projects and programmes have also helped in the marketing of products like *allo* (a nettle species) in Nepal, and handicrafts and natural fibre-based products in India. Systematic linkages with processing and marketing organizations have helped women to achieve higher prices for medicinal plants and other forest products in Sichuan, China. In addition, marketing organizations concerned with 'fair trade' have been instrumental in expanding markets and obtaining better prices for handicrafts produced by women in various parts of Nepal.

ISSUES

Summing up, the following issues emerge as the most important from the findings of the various studies.

First, mountain enterprises have the best chance to survive and compete when they deal in product lines with a 'niche' in these areas, generally by virtue of their being based on unique natural resources. Within the range of potential products, the most suitable for women to develop are those with which they are familiar and in which they possess traditional skills. Careful selection of products is essential for the successful operation of women-run, or indeed any, enterprises.

Second, while production can be undertaken economically at small, micro-, and household levels, marketing must be done on a larger collective scale to make the enterprises viable. It is important to identify and promote those marketing arrangements that have the best chance of realising remunerative prices from among the various forms such as direct retail sale to consumers, sale to traders, link-ups with large companies, and marketing organizations of producers. It is also necessary to obtain feedback from the market on the demand—in terms of quantity, quality, and variety of products. Direct participation by women entrepreneurs in marketing through their own organizations gives them the added advantage of exposure to wider markets as well as a better return for their efforts.

Third, programmes for the promotion of enterprises in mountain areas, particularly those meant for women entrepreneurs, should not be minimalist, providing a single input or service like credit, training, technology, or marketing, but integrated, providing all-inclusive support from a single window.

Finally, social, institutional, and legal mechanisms need to be evolved and strengthened so as to improve women's access to and control over the resources that are necessary to start enterprises, as well as over those resulting from their efforts in running enterprises.

In conclusion, the participants were asked to use the forum of the Workshop to help them organize and network and build on successes, to identify elements of favourable policies and programmes and later lobby for their adoption by relevant agencies, and to advise ICIMOD on ways of supporting these efforts.