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RAFAO'S CONTRIBUTION TO THE ECONOMIC DIMENSION OF GENDER:

- Women's Entrepreneurship
- and the Informal Sector

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OUTLINE

INTRODUCTION

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For most African countries, reaching the MDGs is still a challenge to pick up. African economic indicators present some great reasons for hope, as many African countries have experienced some improvement in their **economic performances** in 2005. This has been made possible thanks to a favourable context marked by reasonable commodity prices, by the reinforcement of international aid and debt remissions and the implementation of reforms that have started to pay off.

THE GEOPOLITICAL CONTEXT OF THE ECONOMY IN AFRICA

The Continent's macro-economic stability has been, in the main, been preserved despite the increase in the prices of fuel oils and foodstuffs. Mobilization for reforms has also contributed to the return of optimism, together with the growing support of the international community, and the additional impetus spurred by the Commission on Africa and the Gleneagles G8 Summit Meeting.

For a large number of African countries, the perspectives are more favourable than they have been recently. But people's safety is still seriously affected by the failure of African governing bodies, conflict, and vulnerability engendered by pauperization. As a consequence of that, investors have been disheartened and the integration of African countries into the world economy has been balked.

However the first of the meetings planned by the African Peer Review Mechanism, organized in January 2006, testifies to the African leaders' commitment to improve governance in the Continent. African countries with large natural resources have to seriously invest in the development of their human resources and infrastructures so as to ensure short-term and long-term development.

The transportation infrastructures issue in Africa, their poor condition and the bad services entailed increase business activity prices and handicap the development of the private sector. For the last ten years, attempts at modernizing these infrastructures and incentives destined to encourage the private sector to get more involved in the process, have shown all their limits. African governments and donors have to take more innovative initiatives with a view to getting additional private-sector and public-sector resources so as to provide the peoples of Africa with better transportation facilities/infrastructures.

2005 has been labelled the 'Year of Africa'. Many African countries have made great steps on the way to re-structuring their national economies. In a great number of countries democracy is gaining ground, which makes the participation of the **Civil Society** in the framing of public policies more determinant. With the support of the New Partnership for Africa's Development (NEPAD) and under the auspices of the **African Union**, much headway has been made regarding regional co-operation. One is under the impression that part of the international community is willing to give Africa '**a nudge in the right direction**'.

I- ECONOMIC CHARACTERISTICS

1. PUBLIC DEVELOPMENT AID

The Monterrey Conference on development financing has stated that Public Development Aid (PDA) has steadily increased in real terms. According to the OCDE Public Development Aid Committee, PDA has increased by 18 per cent in real terms, i.e. an annual mean increase slightly higher than 5 per cent since the years 2001-2004. In 2004, 79.5 billions dollars have been given out. Nevertheless, this recent PDA increase seems less impressive when one relates it to the CAD member countries' GNIs. The ratio PDA/GNI has increased from 0.22 per cent in 2001 to 0.26 per cent in 2004, an increase lower than prior averages (0.33 per cent during the 1980-1992 period) and also lower than the UN target rate (0.7 per cent)

Much of this increase has been made possible by debt remissions, especially through the Heavily Indebted Poor Countries (HIPC) Initiative. To this day, **28 countries, of which 24 from Africa**, have benefited from debt remission programs (a total of 38.2 billion dollars representing debt service). In addition to the HIPC Initiative and an additional bilateral debt remission, all HIPC countries should see all their debts altogether remitted at the end of the Initiative by the IMF (The International Monetary Fund), the International Development Association of the World Bank (IDA), the African Development Fund, and within the framework of the Multilateral Debt Remission Initiative decided upon after the July 2005 G8 Summit Meeting. An agreement has been reached to substantially reduce the debt of Nigeria, the most populated country in Africa.

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1.1 Increase of Aid to Africa

Africa's share in the total PDA has risen to 46 per cent in 2003 and 2004 – after falling down to 36 per cent in 1999. These growing figures for Africa are essentially due to debt remission initiatives and to emergency aid, representing respectively 19 and 11 per cent of the total PDA, thus tripling that share between 1999/2000 and 2003/2004. Emergency aid from CAD countries, the WFP, the European Commission and the HCR (The High Commissioner for Refugees) has been affected to rescue activities and to reconstruction activities in areas hit by natural catastrophes and famine, in particular in Southern Africa, and in post-conflict zones, in the Great Lakes Region and in Angola, mainly. According to first-hand estimates, emergency aid has also increased in 2005, thanks to interventions taken to thwart the food crisis in Niger and to handle other food security problems in Southern Africa in October 2005.

Of the 14 African countries having terminated their HIPC Initiative, Ethiopia, Ghana, Mozambique, Tanzania and Zambia have seen their debts reduced by two thirds. Among the ten countries having reached the decision point of the HIPC Reinforced Initiative, the DRC alone represents 60 per cent of the total remission accepted in this respect (over 3 billion dollars per year between 2002 and 2004). Debt remission programs concerned basically poverty-reduction expenses which have increased in HIPC countries between 1999 and 2005, rising from 5.5 per cent to 8.7 per cent of their GDPs.

2. FOREIGN DIRECT INVESTMENTS

After the slowdown of 2002, the capital flows for Africa began again in 2003 (+39 per cent), and remained relatively stable in 2004 (18 billion dollars). Yet, Africa's share in the world Foreign Direct Investments (FDI) capital flow remains weak, at just 3 per cent. The increase in the prices of natural resources like copper, diamonds, gold and platinum, and mainly the soaring oil prices combined with the evident development of investment's profitability in natural resources, have boosted foreign investment in the region. 40 of the 53 African countries have seen their capital flow increase, whereas it has decreased in the remaining 13 countries. Angola, Morocco and Nigeria rank among the biggest FDI beneficiaries. International mergers/acquisitions in the mining sector have multiplied by three as compared to 2003. The first five countries providing FDI for Africa are France, the Netherlands, South Africa, the United Kingdom and the United States of America, assuring together half of the capital flow towards the region.

The noticeable development of FDIs in Africa in 2005 has been the result of a strong and steady demand of African raw materials, a stable political environment and the increasing participation of African multinational companies in the realization of infrastructure networks. In the short term, FDI flows remain positive, even though investment-promoting agencies appear to be more optimistic than foreign multinational companies. Experts and multinationals estimate that North African countries stand a better chance of attracting FDIs than Sub-Saharan countries. South Africa and China are the most frequently cited countries among those likely to provide potential FDI. For some years now, Chinese multinationals have developed their resources and manufacturing activities on the Continent. As for Indian companies, they have started to invest in IT services.

A relatively recent phenomenon, the increase in the flux of FDI (not to be mistaken for portfolio flows and **capital expatriation** that has reached **alarming levels**) has doubled in 2004. After purchasing the second biggest Italian Telecommunications operator in 2005, the Egyptian company Orascom joined the restricted circle of African multinationals, so far largely dominated by South Africa.

2.1. The NEPAD-OCDE Initiative for Investment in Africa

In many African countries, investment rates are very fable and international investment flows very limited. If there is no increase in investment rates, the GDP growth rate in most African countries will be high enough to enable those countries to achieve the MDGs.

The NEPAD-OCDE Initiative for investment in Africa launched in Johannesburg in November 2003 aims at mobilizing private investment in Sub-Saharan Africa by supporting the efforts made in the different countries with a view to establish an environment that is attractive to national and foreign investors alike, and capable of multiply the social gains of such investments.

It is true that many African countries have already created a favourable environment for investment, but this is not enough in itself. The main difficulties stem from the fact that fair regulations that can convince investors have not been put in place; transparency must be improved and equity of regulations applicable in the field of investment respected; integrity of the public sector and the market must be ensured; regional integration and the participation of the private sector in the realization of infrastructures has to be encouraged; policy implementation capacities must also be reinforced.

3. MACRO-ECONOMIC PERFORMANCES IN WEST AFRICA

3.1. Economic Growth

The economic growth of West African countries reached 4.4 per cent in 2005, a rate that is definitely lower than that of 2004, but that rate should rise up to 5.3 per cent in 2006 and to 5.5 per cent in 2007. Among West African Economic and Monetary Union (UEMOA) countries, i.e. Benin, Burkina Faso, Côte d'Ivoire, Guinea-Bissau, Mali, Niger, Senegal and Togo, economic activities are still suffering from the conflict in Cote-d'Ivoire, the country with the strongest economy. As for Senegal, its agriculture has definitely been set right, especially the groundnut sector. The other sector that has improved its activities is the chemical industry using phosphates. The economic slowdown noticed in Guinea Bissau- from 4.3 per cent in 2004 down to 2.3 per cent in 2005- negatively affects the average UEMOA GDP growth rate. But the good crops reaped in many countries after the 2004/2005 drought represent very good news. In addition to the good crops garnered in October 2005, Mali has benefited from good and sustainable gold market prices, which accounts for the significant increase in that country's real GDP growth rate, from 2.2 per cent in 2004 to 5.4 per cent in 2005. Among the other non-UEMOA member countries in West Africa (Gambia, Ghana, Guinea, Nigeria and Sierra Leone), Nigeria - yet by a long chalk the most advanced country in the region- only achieved a 4.4 % growth rate in 2005, that is to say half of the average growth rate obtained in the course of the previous two years. Forecasts for 2006 and 2007 are respectively 5.6 per cent and 6 per cent due principally to the soaring prices of oil. Guinea's performances remain comparatively poor (3 per cent), whereas Ghana and Sierra Leone are doing rather good with respectively 5.9 per cent and 7.5 per cent, thanks to very good results in cacao production and transformation.

3.2 Inflation

The region's average inflation rate has increased, rising from an already sustainable level in 2004 (9.8 per cent) to 12.6 per cent in 2005. In a lot of UEMOA countries, increase in foodstuff prices-caused by the drought that brought about a food crisis in the region - and in fuel oil prices, has engendered a rise in the average inflation rate which augmented from 1 per cent in 2004 to 4 per cent in 2005; that is to say, beyond the target of a common rate for all UEMOA countries set by the Central Bank of West African Countries. The UEMOA currency being dependent upon the Euro, UEMOA countries have had a much lower inflation rate than West African Monetary Zone countries that have each inflation rates higher than 5 per cent.

In Guinea, the inflation rate raised from 17.5 per cent in 2004 to 26.3 per cent in 2005. Nigeria had a 16.4 per cent rate in 2006, against 15 per cent in 2004. Ghana is still going through a very high inflation rate. As a consequence of that, July 2005, the date set for WAMZ countries could not be respected. Only the Gambia and Sierra Leone can pride themselves on having markedly reduced their inflation rates between 2004 and 2005. Forecasts for 2006 say that inflation rates would remain approximately the same, especially as regards Guinea and Nigeria

3.3 Public Finances

The budget balances of nine countries of the region deteriorated in 2005. The situation is worse in guinea Bissau than anywhere else. The budget deficit was 14.4 per cent in 2005, against 8.4 per cent in 2004. The situation of five countries have improved in 2005, Guinea and Nigeria singling themselves out with an increase of about 4.5 points. Forecasts for 2006 and 2007 announce a stable situation or some improvement in budget balances in most countries. For Nigeria, however, the present excess level - very high - is not expected to remain unscathed; a decrease is expected to happen in 2006 and 2007.

3.4. Monetary Poorness

The first target consists in reducing by half the proportion of the population living in extreme poverty so as to have at least 1 dollar a day. In North Africa, the extreme poverty rates have slowly evolved between 1990 and 2001, but five countries (Algeria, Egypt, Libya, Morocco and Tunisia) are on the right track and are likely to reach that objective. In Sub-Saharan Africa, already holding the world poverty rate record, millions of people continue to live in utter indigence. To the only exception of Mauritius, any other Sub-Saharan African country will reach that goal if the present trends continue. To this day, 50 per cent of people in Burundi, the Gambia, Madagascar, Mali, Niger, Nigeria, the DRC, Rwanda, Sierra Leone, Chad, Zambia, Zimbabwe, to name but a few, live in extreme poverty.

4. ERADICATE DISPARITIES BETWEEN THE SEXES (GOAL 3 OF MDGs)

The Goal 3 seeks to promote equality between the sexes, and to help women to gain their autonomy in three areas: education, employment and participation in the political lives of their different countries. Parity in primary education should be reached preferably before 2005, but Sub-Saharan Africa countries still display important **disparities between girls and boys.** However, there are a few countries that have already filled in the gap between boys and girls at the primary and secondary education levels: South Africa, Algeria, Botswana, Cape Verde, Mauritius, Namibia, Nigeria, Sao Tome and Principe, Seychelles, Swaziland, Tunisia, Zambia and Zimbabwe.

Eradication of disparities between the sexes in the field of exam results has been more successful at the primary education level, with satisfactory result rate of 71.7 per cent. However, at the secondary level, only 37.7 per cent of the results concerning the girls are satisfactory.

On the other hand, in many African countries, much remains to be done to ensure full participation of women in the economic and political lives of their respective countries. When one examines the percentage of women MPs in Africa, one realizes that a handful of African countries have reached at least 20 per cent of women ((South Africa, Eritrea, Mozambique, Namibia, Uganda, Rwanda, Tanzania and Tunisia). With **48.8** per cent of its Parliament seats occupied by women in 2005 (against 17 per cent in 1990), Rwanda has almost achieved its parity goal.

II- MICRO-FINANCE AND WOMEN'S ENTREPRENEURSHIP

1. AFRICAN INITIATIVES

1.1. Initiatives in the Women's Entrepreneurship Area

Economic activity in African countries is still characterized by a very much developed informal sector in which stakeholders are income generating activities (IGA). Companies constitute a minority.

When it is a women's company, the **minority** becomes a **rarity**. This is the reason why almost all the countries in our sub-region have set up mechanisms and institutional devices for supporting and promoting companies, especially **companies created and managed by women**.

The strategic objective assigned to the structures by the different States is enable women to create, manage and develop stable and formal companies that are able to significantly contribute to engendering national wealth thanks to a greater added value.

1.2. Initiatives in the Field of Micro-Finance

In our African countries, the great majority of people are excluded from the classical banking system collecting and distributing financial resources.

This is the reason why alternative financial systems called decentralized systems or micro-finance systems have tremendously developed. As women are the number-one victims of this traditional exclusion banking system, they were the first ones to reinforce traditional mutual help and solidarity systems which have been gradually transformed into more formal systems.

This is the reason why, today, women are highly concerned with micro-finance and access-to-credit issues.

Today, micro-finance institutions deal with billions of savings and credit money on the Continent. This has compelled the States to monitor and support these institutions through legal and statutory provisions, and then to devise national policies destined meant for this sub-sector.

This is how several African countries have set up institutional apparatuses for supporting women in the process of company creation (and the creation of income-generating activities). The main objective being to help them have access to credit and to other banking and financial services.

III- INFORMAL ECONOMY IN WEST AFRICA

Due to the structural adjustment programs in the 1980s and their consequences on the employment issue in Africa, African societies have had what could be called **Personal Initiatives** and **Self-organization upsurge** meant to address the lack of good articulation in the economic and social system. This is why the informal sector and self-employment have become important in the African private sector.

- The situation of African women remains, in the main, alarming, even catastrophic
- In Sub-Saharan Africa, 3 people in 4 work in the informal sector,
- 93% of non-agricultural jobs created in Sub-Saharan Africa have been created by the informal sector.
- 41% of the region's non-agricultural GDP comes from the informal economy,
- Working conditions are particularly difficult in the informal economy sector (no working contracts, too many working hours, no social security, etc).

To bring to light women's difficult access to credit and other banking and financial services, let us take the example of Senegal where women represent 52% of the population and do 85% of agricultural activities, whereas they get just 1% of the money available in the agricultural sector, which means a real marginalization.

Diagnosis

It helped identify a certain number of constraints and Assets.

- Constraints :
  - Difficult to have access to economic and business information;
  - Management and training deficiencies ;
  - Shorting of Support and Advisory structures and uneasy access to their services;
  - Uneasy access to finance ;
  - Difficulties pertaining to socio-cultural realities.

- Assets:
  - The political will that has been translated into the setting up of an institutional mechanism for the promotion of women's entrepreneurship. In addition to that financial resources have been made available to women. (See below),
  - The opportunities offered by regional markets (West African Monetary and Economic Union, the ECOWAS) and international one (the AGOA),

- The Involvement of donors and development partners (The European Union, the Canadian Initiative, etc).

IV- WOMEN IN A POOR SOCIO-ECONOMIC ENVIRONMENT

To establish a link between the peace in our sub-region and the sub-region's economic integration, one has just to understand that **integration** is a form of political, economic and social development.

Taking into account the fact that specialists label conflicts in Africa as **'atypical'** because of their very complex nature, one can however notice that even they have **economic, religious, ethnic, borderline, land management** causes, they always have basic economic grounds due to the scarcity of resources in Africa.

If one notices also that for the last decades Sub-Saharan Africa has obtained the worst results in the struggle against poverty, the relationship between **conflict** and **poverty** becomes quite obvious. According to estimates, 80% of those poor people are women. In Sub-Saharan Africa, women represent 60% of people working in the non-saturated sector. It is in this respect that the informal sector represents 41% of the GDP in Sub-Saharan African countries. The state of poverty hitting the continent shows very impressive statistical data.

03 billion people receive only 1.2% of the world income, whereas 01 billion people living in the rich countries receive 80% of the global income.

- 8 million children die each year of poverty-related diseases,
- 150 million children suffer from malnutrition,
- 100 million children live in the street,
- 01 child die every 3 seconds due to poverty and our village finds this normal.
- Low basic social infrastructure ratio.
- Low exchange volume: 2.7% of the world total.
- Low Foreign Direct Investment: 1%
- Quasi absence of the private sector that produces the wealth of the globalized and competition world.
- Difficult access to financial resources, lack of guarantee
- Conflicts
- Migration

While in Africa most families are taken care of by brave women who represent 53% of the population, 24% of these women are heads of families and contribute 70% to the production of food crops.

- Numeric Importance
- Mobilisation capacity
- Unskirtable Social Relays
- Reliable Economic Actors
- Important props of the Islamic religion in Africa
- Peace and Community Stability Facilitators
- For Islam women are the depositaries of the education of the Children.

a) The Weight of Women in the Informal Sector in Sub-Saharan Africa.

(Examples of Benin, Cote-d'Ivoire, Senegal, Mali, Togo, Burkina and Niger) document: ILO.

Regional Seminar on Women's **Entrepreneurship**, July 2005

b) Women's Share in the Total Informal Sector Jobs

- In Sub-Saharan Africa:
    - The share of women in the informal sector is higher than the share of women in the total labour force: 51 % against 43 % (1991- 1996); women are close to their rate in the global population.
    - The informal sector represents for women more than **91.5% of job opportunities** outside the agriculture sector (against 70.7% for their men).
    - Women have less access to formal employment and to better-quality jobs.

c) Independent and salaried Jobs in the Informal Sector

- Independent jobs represent nearly **90%** of jobs available in the informal sector in Sub-Saharan Africa. (*against 49.4% in Latin America and 56.6% in Asia*)

- Paid jobs are very few : around **10%** of the total informal jobs available.

- In West Africa, most independent jobs in the non-agricultural sector have risen from **40%** in the 1970s to nearly **79.9%** in the 1990s. For women, that share has soared from **48% to 88.6%**

d) Women's Income in the Informal Sector

- Women more rarely get salaried jobs than men; when women have paid jobs, in general they rank among the employees with the lowest pays.

- In the 7 towns covered by the survey 1-2-3 (Abidjan, Bamako, Cotonou, Dakar, Lomé, Niamey, Ouagadougou):

  - Women earn on average **half of what men earn**
  - In terms of median earnings, women's share represents **1/3 of that of men**
  - Salary disparities are much higher among women.

e) Initiatives dans le domaine de l'entreprenariat féminin

Economic activity in African countries is still characterized by a very developed informal sector in which stakeholders just keep to IGAs. Companies are a minority.

When it is a women's company, the minority becomes a rarity. This is the reason why almost all the countries in our sub-region have set up mechanisms and institutional devices for supporting and promoting companies, especially companies created and managed by women.

The strategic objective assigned to the structures by the different States is enable women to create, manage and develop stable and formal companies that are able to significantly contribute to engendering national riches thanks to a greater added value.

African women are therefore particularly concerned with the Entrepreneurship and private sector issue.

RECOMMENDATIONS

- The improvement of production offers through the reinforcement of entrepreneurship among women;
- Market research for the transformation of local products (fruits and vegetables, sea resources, raw products);
- Study of projects that can help women work together in the ECOWAS region;
- The creation of a sub-regional fund exclusively meant for women is a must that will finance their activities;
- The development of statistical tools that can measure the contribution of women to GDPs and their activities in different areas;
- Take the required measures in order to improve women's working, health, safety conditions and their incomes in the informal sector;
- The elimination of constraints blocking the development of women's economic activities, among other things, the development of solidarity among women;
- The reinforcement of women's capacities (literacy programs, training courses, etc.) and the development of their networks based on their best practices ;
- To carry out an evaluation of micro-finance, its development and its impact on the economic situation of women;
- The duplication of best practices developed in a country in the other countries of the sub-region, or even in the rest of the Continent.
- To include micro-finance studies onto African school and university curricula.

CONCLUSION

To conclude, I would like to say that Africa is One and indivisible, as big as the United States of America, the EU, Argentina, China, Mexico and India, put together, that is to say 30.3 million square kilometres, 20% of the planet earth area, with 60% of her population being young. Despite 300 years of slavery and 200 years of colonization by imperialists, she should now think of taking her revenge on history by giving top priority to her **unity**, so as to defeat her Balkanization.

As one can easily notice it, the contemporary challenges facing Africa are the many and long-standing **conflicts**. Such conflicts have increased mortality rates, not among the military, but among civilians, and mainly women and children.

The economic consequence of this new plaque can have more devastating consequences than the slave trade itself.

This definitely requires the mobilization of women.

Thank you for your time.