
**GENDER DIMENSIONS OF ACCESSING BUSINESS LOANS FOR MICRO AND
SMALL BUSINESSES: A CASE STUDY OF CHIPATA DISTRICT IN THE
EASTERN PROVINCE OF ZAMBIA**

**By
Clement Mukosha**

Supervisor: Professor Julie Stewart

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Abstract

This dissertation explores solutions to failing micro and small businesses of informal women traders in the Chipata District of the Eastern Province of Zambia even though they receive the benefit of business loans. Although micro-finance providers exclusively target women traders in the informal sector, the researcher primarily uses the women's law approach (WLA) to reveal that the failure of women's businesses flows from numerous interrelated factors which impact negatively on their businesses which operate within a very challenging and sometimes hostile environment. The WLA is used in conjunction with other complementary methodologies such as the grounded, human rights and actors and structures approaches in a gender sensitive way in order to investigate the legal, socio-cultural and economic challenges which constrain women's entrepreneurship potential. The methods used for data collection included desk research of the relevant literature, policy and law. Focus group discussions were conducted with women traders while in-depth interviews were carried out with government and NGO officials and financiers. The researcher finds that micro-finance institutions (whose only interest is in ensuring their loans are repaid) typically force women into group finance schemes in line with the outdated Grameen Bank model which does not address the needs and interests of Zambia's emerging business women. He exposes as false the commonly held opinion that simply because women are poor their potential to succeed in business is negligible. This erroneous attitude justifies the granting of only small loans to women for small income generating (IGAs) projects which he shows is inadequate. He also finds that the needs of micro and small businesses in the informal sector have not been met and their active role in economic development has been ignored by government and NGOs in their policy formulation and implementation. He suggests the following solutions to the three main legal, socio-cultural and economic challenges that constrain women's capacity to develop their businesses: (1) Providing in particular emerging business women with mentoring and networking support from experienced women entrepreneurs; (2) Access to subsidized day care centres to allow young business women to balance their business activities and family responsibilities. Sensitising and encouraging husbands to support their wives' business activities. (3) Providing in particular emerging business women training and entrepreneurship skills in their particular business activities supporting. Further recommendations include enshrining socio-economic rights in the Zambian Constitution and making them justiciable and taking steps at every opportunity to stop limiting women's potential by stereotyping them as poor and only capable of running small subsistence type projects which only require small loans.

Declaration

I, Clement Mukosha, sincerely declare that am the author of this dissertation and this piece of work is mine (original). I also declare that the works of other authors have been dully acknowledged to the best of my knowledge. I further declare that this work has not been presented anywhere else for any other thesis.

Author's signature.....

Date.....

Dedication

This dissertation is dedicated to my beloved late Dad, Smart Kango Mukosha, for his love, care and consistent guidance in my life as a small boy. I also dedicate this piece of work to my mother, Enelesi Kabamba Chisenga, for struggling in the midst of financial difficulties to provide for my school requirements whilst in secondary school and to my wife, Sophia, for her encouragement and support. Also not to be forgotten is my cousin, Fredson Kango Yamba, for being a source of inspiration to me.

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List of abbreviations and acronyms

CEEA	Citizen Economic Empowerment Act
CEEC	Citizen Economic Empowerment Commission
CEEF	Citizen Economic Empowerment Fund
FINCA	Foundation for International Community Assistance
FSA	Financial Systems Approach
GNP	Gross National Product
IGA	Income Generating Activity
ILO	International Labour Organization
MDCDSS	Ministry of Development and Community Development and Social Services
MF	Microfinance
MFI	Micro-Finance (Credit) Institution
MLFZ	Microloan Foundation of Zambia
MSE	Micro and small enterprise
MSME	Micro, small and medium enterprise
NATSAVE	National Savings Bank
NGO	Non-governmental organization
TV	Television
SGL	Small Group Loan
YWCA	Young Christian Women Association

List of international human rights instruments

Convention on the Elimination of All Forms of Discrimination against Women, 1979

African Protocol on Women's Rights, 2003

Transforming our world: The 2030 Agenda for Sustainable Development

List of national policies

Micro, Small and Medium Enterprises Policy (Ministry of Commerce Trade and Industry),
2008

National Gender Policy, 2014

List of national legislation

Citizen Economic Empowerment Act, No. 9 of 2006 (CEEA)

Constitution of Zambia (Amendment), No. 2 of 2016

Small Enterprises Development Act, Chapter 425

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Executive summary

This dissertation explores why despite women traders in the Chipata District in the Eastern Province of Zambia being provided with business loans the end result is failure. Micro-finance (MF) providers exclusively target women traders in the informal sector for group finance. The informal sector constitutes economic activities, that is, the production and distribution of goods and services, which are not registered and regulated by the state or local authority in the context where similar activities are regulated (Brown, 2006). Micro-finance providers require women, particularly those in the informal sector, to form groups to access business loans. This practice is implemented by the three micro loan providers he visited in Chipata. These include the Foundation for International Community Assistance (FINCA), the Microloan Foundation of Zambia (MLFZ) and the World Vision Fund (Zambia), Chipata. Government and NGOs have a limited vision of women's involvement in business. Their thinking is that women are the poorest of the poor and all they need are income generating activities (IGAs). The problem is that even though women have the potential to run large concerns in the country, the stereotypical thinking of the government and NGOs towards women is not changing. The notion that women need to form groups to access small loans and grants promotes gender stereotypes as women's businesses continue to be viewed as small, less profitable and only provide little potential for contributing to the national economy. Women's business activities are usually characterized as small and lacking the capacity to grow. This characterization of women's business in a way suggests that women's business activities are merely for IGAs and are not worth the attention in terms of programs and incentives that promote genuine business development (Mariwo, 2008).

The author reveals this state of affairs between availability of micro-finance (capital) and business failure by using the Women's Law Approach in his research. This approach enabled him to harness other complementary methodologies such as the grounded, human rights and actors and structures in a gender sensitive way so as to investigate the legal, socio-cultural and economic challenges (factors) which constrain women's entrepreneurship development. The methods used for data collection included desk research of the relevant literature and law. Focused group discussions were conducted with women traders while individual interviews were conducted with, MFIs, some women traders, government and NGO officials. The observation method allowed him to collect data in natural settings. With the in-depth

method (using questionnaires), he finds that the group finance schemes implemented by micro-finance providers follow the Grameen Bank model. Despite women being provided with micro-finance the end result of their business efforts is usually failure. It is assumed by micro-finance providers that giving women money for IGAs is enough when in actual fact it is not. He also finds that the needs of micro and small businesses in the informal sector have not been met and their active role in economic development has been ignored by the government and NGOs in their policy formulation and implementation.

The author finds three things that constrain women's capacity to business development and these are: Constitutional and legislative provisions. Secondly, the socio-cultural factors (marital issues, lack of business training and entrepreneurial skills) and thirdly, economic barriers (high interest rates and stiff completion). The study suggests that the way around these problems of failure lies in the following: Mentoring and networking where experienced women entrepreneurs can provide much needed support for new and emerging women entrepreneurs. Secondly women must be provided with subsidized day care centre facilities to enable them balance business activities and family responsibilities. To resolve marital conflict where husbands interfere with the wives' businesses, the only way out of this is through sensitization, educating the men on the importance of supporting women's business activities. Thirdly, women not only need credit for business but also business training and entrepreneurship skills.

To further improve the situation of business women in the informal sector the author recommends the following: Enshrine socio-economic rights in the Zambia Constitution and make them justiciable. In its mandate to promote and support gender equality in terms of accessing, controlling, owning, managing and exploiting economic resources to targeted citizens, the Citizen Economic Empowerment Commission (CEEC) should clearly state whether targeted citizens belong to the informal or formal sector. The Small Enterprises Act, Chapter 425 must also seek to promote and support micro and small scale business activities for women in the informal sector by creating a legal environment for them to demand their right to entrepreneurship development. The Micro, Small and Medium Enterprises Development Policy (Ministry of Commerce and Industry-2008) objectives should provide measures at facilitating the creation and development of viable MSMEs in the informal sector so that they can contribute to Gross Domestic Product (GNP) by 2018. For programs to be successful, women must be involved at every stage in decision making, conceptualization,

implementation and evaluation of policies and programs initiated by government and NGOs. There is also a need to stop stereotyping women as poor and needing small amounts of money only for income generating projects.

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CHAPTER ONE

1.0 INTRODUCTION AND BACKGROUND TO THE STUDY

1.1 Introduction

The notion that women need small amounts of money for income generating activities (IGAs) constrains or hinders their capacity to venture into big and genuine business development. The unsustainability of women's projects goes back to the small loans and grants provided at the start-up stage. I observed that in Zambia, particularly in Chipata, where I did my research, micro-finance providers limit the amount the amount they lend to low income citizens in the informal sector. Women are required to form groups in order to access small business loans. The thinking is that women are poor and that all they need are income generating activities (IGAs) and not activities that facilitate genuine business development. Micro-financing has been seen as a way to launch women's IGAs and is defined as the provision of financial services to low-income citizens who do not have access to formal banking services (Chibamba, 2009).

Similar schemes like the Bangladesh Grameen Bank model have influenced micro-finance provider's approach and are implemented across all ten provinces of Zambia. Women micro and small businesses have become key target groups for micro-loan programs. Providing access to micro-finance is not only considered a precondition for poverty alleviation, but also for women's empowerment. Despite the proven positive impact of providing microfinance services to female entrepreneurs in the informal sector, microfinance is just one tool among others used to tackle the multiple causes of poverty, unemployment and social exclusion (ILO, 1996).

In my study I focused mainly on the micro and small (businesses) enterprises as defined by the government policy. The Micro, Small and Medium Enterprises Policy of 2008 (Ministry of Commerce Trade and Industry-Zambia) defines *micro* and *small enterprises* as follows:

A *micro enterprise* (business) is any business enterprise registered by the Registrar of Companies whose sum total of investments, except for buildings and land, is less than K80,000 (US\$7,273) with an annual turnover of less than K150,000 (US\$13,637) and employs up to ten people; while a *small enterprise* (business) is any business enterprise registered with the Registrar of Companies whose entire investments, excluding land and buildings, is below K80,000 (US\$7,273) in the case of manufacturing, and below K150,000 (US\$13, 637) in the case of trading and service provision enterprises and whose yearly turnover is between K151,000 (US\$14,000) and K300,000 (US\$27, 273) and employs between 11- 50 people.

My study focused mainly on the micro and small enterprises (businesses) (MSEs) in the informal sector, because these are in a precarious situation also because most of these businesses are owned and run by women. The study by Chiumya (2006) reveals that women are marginalized both socially and economically. From an economic point of view they have less access to limited productive resources than men which limits their income earnings. Also women face more disadvantages than men with regard to access to and control of productive resources and benefits from development processes (Chiumya, 2006).

The question that needs to be asked is, *Are women in the informal sector moving ahead or progressing in business?*

The paper seeks to unearth why there seems to be a notion that women only need small amounts of money for income generating activities (IGAs) and to access money they are required to be in groups. I was motivated to write on this topic based on the observation I made of micro-finance providers who insist on women forming sizeable groups in order to gain access to their finance. The paper also seek to examine and explore legal, socio-cultural, economic and other related factors that have contributed to women's business failure, then it recommends policy, legal, socio-economic measures which can be taken in order for women to enjoy a level playing field in entrepreneurship and business development.

1.2 Statement of the problem

The majority of micro and small entrepreneurs are in the informal sector. The informal sector constitutes economic activities, that is the production and distribution of goods and services, which are not registered and regulated by the state or local authority in the context where similar activities are regulated (Brown, 2006). Women constitute the majority of the

population and are important to economic growth since they generate employment and contribute to the social development of their families and the nation at large.

In Zambia the rate of growth of the informal sector is increasingly posing a big challenge and dilemma for the government, social partners and non-governmental organizations (NGOs). The rise of the informal sector has seen increasing numbers of women joining it and by 1997 it was 72% (Lim, 1996). The lack of access to both formal and informal credit to MSEs in the informal sector, however, has proved to be a major constraint to their success. The lack of capital, particularly in the start-up stage, is time and again reported by MSEs to be their number one reason for the lack of success and the problem is more common and harsher for women than for men (Lim, 1996). Sometimes women resort to informal sources of finance for borrowing. They include money lenders (shylocks) or loan sharks, rotating savings funds and friends and relatives all of which are easy to access. These informal sources are thought to be easy solutions to the finance problem since they provide affordable small loans with flexible repayment periods and they do not require collateral security. However, such informal sources of finance can be costly and discriminatory (ILO, 1996).

Formal or regular banks are unfriendly and unwelcoming to female entrepreneurs in the informal sector. Issues of collateral, long loan application and pay-out procedures, resources necessary to visit the banks and even discriminatory banking culture practically exclude women in the low income bracket as clients (ILO, 1996). The majority of MSEs claim that they are incapable of providing collateral of suitable and acceptable value and they attribute this to their failure to access business loans. MSEs have become the key target group for micro-loan programs. Providing access to micro-finance is not only considered a precondition for poverty alleviation, but also for women's empowerment. Women are preferred to men as clients as they tend to be better borrowers.

Micro-finance (credit) institutions (MFIs) play a big role on the Zambian money market and a significant number have sprung up and spread to all provinces of the country. They serve to offer financial services (providing loans) to individuals and MSEs that are excluded by the regular financial institutions. MFIs are easily accessed and do not need the collateral that is demanded by regular banks. Despite the benefits of MFIs for MSEs (Chibamba, 2009) and individuals they do not, however, promote genuine entrepreneurship development. It is true that through them women can access collateral free loans and can enjoy less paper work in

terms of their documentation and short loan application bureaucratic procedures. As to what extent MFIs actually contribute to the improvement and expansion of MSEs remains, however, a big question and their role in the success/failure of MSEs seems to be raising more questions than answers. As a result of their having access to MFIs, are MSEs actually able to grow and generate employment opportunities and sustain household livelihoods?

It is common practice for microcredit institutions to request women to form groups to access their loans. This practice is implemented by the three loans institutions I visited in Chipata. These include the Foundation for International Community Assistance (FINCA), the Microloan Foundation of Zambia (MLFZ) and the World Vision Fund (Zambia).

Government and NGOs have a limited vision of women's involvement in business and their thinking seems to be that women are the poorest of the poor and that all they need to improve themselves are income generating activities (IGAs). The problem is that even though there are some women who do well and run large firms in the country, this erroneous thinking on the part of the government and NGOs is not changing. They seem to be stuck in their old traditional ways of promoting business development. Government and NGOs have the habit of thinking about women as being less able than men to succeed and the programmes they present in their attempts to help women are infected with this thinking. For example, the notion that women need to form groups to access small loans and grants promotes gender stereotypes. This is because women's businesses continue to be viewed as small, less profitable and with only a little potential for adding to the national economy. Women's business activities are usually characterized as small and lacking the capacity to grow. This characterization of women's businesses seems to suggest that they are no more than small IGAs which do not warrant the attention of programs and incentives that promote genuine business development (Mariwo, 2008).

The government's notion that women only need IGAs is reinforced and seen in their policies and programs which exclusively target women. Government and NGOs support programs like village banking (group savings) and livestock rearing such as poultry. Women are provided with small amounts of money in the form of small loans and grants to venture into IGAs. All these are mainly centred on promoting or encouraging IGAs and such programs only serve to perpetuate dependence and poverty. They promote a sense of dependence on government handouts.

1.3 Objectives of the study

The study aims at changing perceptions and the stereotyping of women's economic activities at a small level, i.e., seeing them as only needing small amounts of money to do operate small businesses. I seek to argue that women do not only require small loans and grants; they also need entrepreneurial skills and business training so that they can mobilise their capital in the best possible way given their skills and opportunities. All they need are business operations, incentives and opportunities that serve to promote and expand their business development. If women are given the right incentives and opportunities they are capable of developing into valuable entrepreneurs who can contribute meaningfully to the social and economic development of the country.

The study exposes the inappropriateness of some of the policies, laws and programs implemented by the government and NGOs to advance and promote the growth of the entrepreneurial potential of women in the informal sector. Women have the right to access and control productive resources which they have been denied for a long time. The provision of sustainable access to financial services and entrepreneurial skills should be the main focus in the promotion and support of MSEs. The Government, NGOs and civil society should be encouraged to move away from designing laws, policies and programs for women SMEs from an impersonal global perspective; rather women, their needs and their lived realities as owners and managers of SMEs in their different economic contexts should constitute the first and continual reference point for the designing, implementation and evaluation of any laws, policies and programs which are genuinely intended to benefit them.

1.4 Research assumptions

In the process of data collection I was guided by the following assumptions:

1. The conceptualization of women's business capacity is influenced by gender stereotypes.
2. Women do not usually go to regular banks to obtain loans.
3. Women's business activities are more likely to be in the informal sector.
4. Micro and small scale size businesses are less likely to have access to formal finance than big companies.

5. The Government and NGOs have programs but they are gendered in terms of activities and pre-conditions.
6. Women involved in exclusively micro and small-scale businesses need to form groups in order to have access to credit.
7. Forming groups has restricted women's capacity to borrow viable loans for viable businesses.
8. Women cannot repay loans owed to financial institutions.
9. Training is gendered within a neutral policy.

1.5 Research questions

In gathering data for my research I was guided by the following research questions:

1. Do gender stereotypes influence the conceptualization of women's business capacity?
2. Do women usually go to regular banks to obtain loans?
3. Are women's business activities more likely to be in the informal sector?
4. Are micro and small scale businesses less likely to have access to formal finance than big companies?
5. Are government and NGO programs gendered in terms of activities and preconditions?
6. Do women involved in exclusively micro and small scale businesses need to form groups in order to access credit?
7. Has forming groups by women restricted their capacity to borrow viable loans for viable businesses?
8. Do women fail to repay loans to financial institutions?
9. Is training gendered within a neutral policy?

CHAPTER TWO

2.0 LITERATURE REVIEW

2.1 Introduction

This chapter will review the literature relating to the historical development of the concept of micro-credit (finance), where it developed, how and why it was developed. The second part will look at the introduction of micro-credit schemes into Zambia; the third part will link micro-finance and Sustainable Development Goals (SDGs). The fourth and last part will present the legal and policy frameworks of the study.

2.2 The historical development of micro-credit (finance)

Micro-credit and micro-finance are terms that will be used interchangeably in this paper as they mean the same thing. Microcredit or finance is used to refer to small loans provided to those on low incomes and are excluded from the formal banking sector (Chibamba, 1999). It is a component of the larger microfinance industry, offering not only credit, but also savings, insurance, and other basic financial services to the poor. It is important to note that the word ‘micro’ stems from the relatively small amounts of money that are being borrowed or saved. MFIs are organisations that offer loans to low income populations. They include non-governmental organisations (NGOs), community-based organisations, like village banks, savings and credit cooperatives, expert government banks and commercial banks (Chibamba, 2009).

Micro-finance (credit) schemes have existed in different forms for many years, meaning that the concept is not really new. It has existed over a long period in Asia, where unofficial (informal) lending and borrowing dates back hundreds of years. Poor members of the community have forever had their own traditional monetary arrangements. These include moneylenders (loan sharks), and the concept of microcredit as a development intervention measure is not new at all (Chiumya, 2006). Modern micro-finance is believed to have been born in the mid 1970s in rural Bangladesh during the time of acute food shortages (Seibel, 2005). Initially micro-finance focused on offering credit to the poor in order to reduce poverty and bring about social change. This process was promoted by NGOs and it earned the name the ‘microcredit revolution’ (Chiumya, 2006). The concept of microfinance is now

associated with Muhammad Yunus and the beginning of Bangladesh's Grameen Bank. Due to large donor support and media publicity, Grameen Banking System has become the latest model of microcredit. The originator of the concept became the prophet of the microcredit movement (Chiumya, 2006). The promotion of microcredit came with the acknowledgment that poor people could gain many benefits from being able to access a wide range of previously inaccessible financial services, particularly savings. Microfinance currently includes other financial services such as payment for services, remittances and insurance (Chiumya, 2006 and Seibel, 2005).

According to Maimbo, (2000) the idea behind the establishment of microfinance industry is to take on board the poor. The poor have the ability and capacity to venture into income generating activities (IGAs) but what limits them is their lack of access to capital. This is the case because the financial sector is underdeveloped and has not taken them into account. Also the commercial banks are less open and unwelcoming to the poor due to collateral arrangements and discriminatory banking practices that discriminate against them. Another factor is that the informal (unofficial) financial sector is not adequate enough to be able to respond to the challenges of development. Microfinance programs reach out to the poor and prevail over the problems of asymmetric information and high transaction expenses, collateral requirements, lengthy procedural or bureaucratic loan applications, disbursement procedures, the time and resources necessary to approach banks and discriminatory banking practices which exclude them (Mphuka, 2014).

Microcredit institutions were initially promoted as vehicles for poverty alleviation, but later the focus shifted from NGO models towards promoting a sustainable industry that could offer financial services to the poor at reasonable prices while providing a realistic return for business investors (Mphuka, 2014). Many big banking institutions are now in the industry and these include Credit Suisse, Deutsche Bank and Citigroup. Towards the end of 2008, about US\$15 billion worth of foreign investment had been pumped into micro-credit institutions. Much of the money came from the World Bank and private and commercial sources (Chiumya, 2006). Loan methodologies have also diversified, and the original model of supportive group loans pioneered by the Grameen Bank, have become more complex and adapted to local realities. Currently, products such as micro-insurance and micro-savings, which previously took a back-seat to micro-credit, are seeing their popularity increase.

What has been described above is referred to as the poverty approach to establishing microfinance as it focuses on reducing poverty through credit (loans). Another approach is called financial systems approach (FSA). Micro-finance is seen as the only way MFIs can achieve the main goal of reducing poverty among the poor (Murdoch, 2005). FSA focuses on big scale outreach of micro-finance to the poor but viable. These are economically active people, they are both borrowers and savers. Even if financial services are considered to be a form of help to micro and small businesses, they are at the moment taken as a form of enterprise in themselves (Mersland, 2008).

2.3 An overview of microfinance in Zambia

In order to understand Zambia's money market in relation to the study, it is important to identify and understand the key players involved in the money market in the country. One of the most important players is Zambia's Central Bank, the Bank of Zambia. It performs various functions including the printing and issuing of bank notes and coins. It also provides savings as the banker for the government and is responsible for administering the country's monetary policy (Mphuka, 2014). A number of commercial banking services are also offered across the 10 provinces of country. These commercial banks are responsible for carrying out the functions of taking deposits and offering loans to deserving customers. There are also a number of MFIs doing business under the supervision of the Bank of Zambia. MFIs comprise agents and organizations who engage in business in order serve the poor, particularly low income households, MSEs and small-scale farmers (Mphuka, 2014 and Chibamba, 2009). MFIs are characterized by the provision of small business transactions (at market based interest rates) in the form of small loans, insurance, credit for business activities, collateral free loans, for poor/low income groups especially women.

In the 1990s the new government in Zambia introduced radical economic reforms aimed at promoting private sector development and shifting the economy away from state control. These reforms included the decentralization, privatization and liberalization of the financial sector (Chibamba, 2009). Several banks collapsed resulting in the closure of loss-making rural branches and the closure of Government-owned financial institutions established to provide for the poor or less wealthy. Bank charges were introduced and this resulted in a financial system that centred on the needs of the corporate sector and elite working class. As a result, a huge section of the people was excluded from the formal banking sector

(Chibamba, 2009). The collapse of government controlled financial institutions like Credit Union and Savings Associations (CUSA), Cooperative Bank, Lima Bank and many others meant that the majority of the Zambian population was denied access to financial services and credit provision to the poor decreased significantly (World Bank, 2001).

The increase of MFIs resulted in part from an identification of a gap in the money market and the necessity and urgency to fill this financial gap (Maimbo, 2000). Micro-finance primarily linked to the offering of financial loans to poor households mainly within the informal sector with the aim of improving their welfare. Between 1996 and 2005 about 67% MFIs were available in Zambia. The MFIs were established in the 1990s because the international donors and development agencies' recognition of MFIs as very useful tools for poverty alleviation (Chiumya, 2004).

2.4 The link between microfinance and Sustainable Development Goals (SDGs)

The Sustainable Development Goals (SDGs) have given the development community the task of improving the wellbeing of the world's poorest population. The international donor community is duty bound to orient their programs around achieving the SDGs by 2030 and micro-financing is a critical tool that can help in achieving the 2030 Agenda for Sustainable Development. Currently micro-finance (MF) has been widely accepted and recognized as one of the most important tools to fighting poverty. It has the capacity to play one of the most important roles in achieving the ambitious targets set by the globe community to change the world by 2030. SDGs have been framed as tangible outcomes in the areas of nutrition, education, health, gender equality. Murdugh *et al.* (2003) argue that microfinance and its outcomes or results go beyond business. The financial services the poor access from MFI is not only for investment in micro and small businesses but also in other diverse areas such as education, health, household requirements and other areas of need that urgently require to be met. A variety of these services vary from business loans, savings, insurance, transfer payments, and even micro-pensions.

Evidence from across the world of microfinance consumers suggests that access to financial services enables the neediest people to increase their domestic revenues, buy and build assets, and lessen their vulnerability in times of disaster (Murdugh *et al.*, 2003). Access to financial

services translates into better and improved nutrition and improved health outcomes. Access to flexible, suitable, and reasonable financial services empowers and equips the needy and vulnerable as they are able to make their own better choices and get themselves out of poverty in a sustainable way. Microfinance is the most exceptional of all development interventions. This is because microfinance provides the prospect of delivering the self-propelling cycle of sustainability and massive growth (Murdoch *et al.*, 2003).

2.5 Legal and policy framework

This section outlines the legal and policy frameworks in relation to the topic. It will focus on provisions relevant to the topic under international human rights law and Zambia's legal and policy framework in relation to promoting and supporting the economic activities of women in the informal sector.

2.5.1 International human rights instrument

The Women's Protocol (Maputo Protocol)

The Women's Protocol (Maputo Protocol) is binding on all African countries, including Zambia, that have ratified it. Zambia signed it on 3 August, 2005 and ratified it on 2 May, 2006. Under this treaty the Zambian government is obliged to promote women's economic activities. According to Article 13 (c) the government is duty bound to create conditions that support and promote economic occupations and activities of women in the informal sector. Article 19 (b), (c) and (d) place a burden on the government to make sure women participate at every stage in the conceptualization, decision making, implementation and evaluation of government development programs and policies. The government is also duty bound to ensure women's access to and control over productive resources like land. It also requires the government to promote women's access to credit, training and skills development. It therefore means that at least in theory women entrepreneurs in the informal sector have the right to enforce their rights under this treaty against the government (Mariwo, 2008). In other words, the government must not simply signify its promise to realise these rights in favour of women, they must actually do so through their actions, i.e., translate their sworn promises/obligations into actual implementation necessary for the benefit of women's business development.

2.5.2 National legal and policy framework

Constitution of Zambia (Amendment) No. 2 of 2016

Part II

National Values, Principles and Economic Policies

Basis of economic policies

Article 10(1) and (2) of the Constitution states that government shall create an economic environment which encourages individual initiative and self-reliance among the citizens, so as to promote investment, employment and wealth. The government shall promote the economic empowerment of citizens so that they contribute to sustainable economic growth and social development.

Citizen Economic Empowerment Act, No. 9 of 2006

The Citizen Economic Empowerment Act, No. 9 of 2006 (CEEA) serves to support the economic empowerment of targeted people, citizen empowered companies, citizen influenced companies and citizen-owned companies. It also provides for the promotion of gender-equality in accessing, owning, managing, controlling and exploiting economic resources. This piece of legislation encourages an increase in broad-based and effective ownership and meaningful participation of targeted citizens, citizen-empowered companies, citizen-influenced companies and citizen-owned companies. According to this Act, the term targeted citizens simply refers to citizens who are marginalized and disadvantaged in terms of access to economic resources and whose ability to develop has been hindered by factors like race, sex, status, disability, gender and many other such factors.

The CEEA gives powers to the Citizen Economic Empowerment Commission (CEEC) to promote and support gender-equality in terms of accessing, owning, controlling, managing and exploiting economic resources, encourage useful and meaningful participation of targeted citizens in the financial system so as to add to sustainable economic growth by ensuring that there are equal opportunities and special treatment to targeted citizens, citizen-owned firms, in terms of accessing contracts (procurement) of government institutions. It states that the CEEC shall, where necessary, promote the subcontracting of services, materials and equipment from targeted citizens, citizen-empowered companies, citizen-influenced companies and citizen-owned companies. It gives powers to the CEEC to build up entrepreneurship ideas and import entrepreneurship ideas from other countries and

communicate or convey such ideas to targeted citizens in order to encourage them to adopt such ideas in business ventures.

The Small Enterprises Development Act, Chapter 425

Financial services and incentives

Section 18 provides for (1) the identification of small entrepreneurs, institutions and projects which require financial assistance; (2) the dissemination of information on sources of finance for and the promotion of local investment for micro and small enterprises and (3) assistance to micro and small enterprises in the preparation of business plans, project proposals and other loan application documents with a view to promoting accessibility to financial resources. The Act also provides for the establishment of the Micro and Small Enterprises Development Fund for supporting the development of the small scale sector.

The Micro, Small and Medium Enterprises Development Policy, 2008 (Ministry of Commerce and Industry)

This Policy provides for the lively support and participation of all major stakeholders in Micro, Small and Medium Enterprises (MSMEs). The key feature of this policy is facilitating partnerships and creating an enabling environment. The Policy objective is to facilitate the creation and development of viable MSMEs that will contribute to Gross Domestic Product (GNP) by 2018. This Policy also aims at enhancing the value utilization and value addition of raw materials in selected areas and improving the productivity of MSMEs by the year 2018.

National Gender Policy, 2014

This National Gender Policy aims at ensuring the attainment of gender equality in the development process by redressing existing gender imbalances. It also provides for equal opportunities for women and men to actively participate and contribute to their fullest ability and equitably benefit from national development. The Policy examines situations in various sectors from a gender perspective in order to provide appropriate guidance, strategies and interventions for its successful implementation. Government will ensure that gender mainstreaming takes place across all sectors as a means to achieving equitable and sustainable socio-economic development. The Policy further acknowledges that education and skills development play a critical role in the socio-economic development of any nation. Education and skills development provide opportunities for employment, poverty reduction, productivity and personal growth. The promotion of gender equity and equality in education

means equitable access to quality education and skills development which will in turn translate into enhanced human capital for sustainable national development.

2.6 Conclusion

Micro-finance has existed for many years and it is not a new concept. The concept is associated with Muhammaad Yunus a Professor of economics and the origin of the Grameen Bank in Bangladesh. Due to maximum donor support and media publicity, the Grameen Bank system became the latest model of micro-finance (Chibabmba, 2009). The concept behind the establishment of the micro-finance industry was to take on board the poor out of the realization that even the poor have the ability and capacity to venture into income generating activities. Loan methodologies have since diversified and the original model of supportive group loans pioneered by Yunus and the Grameen Bank have become more complex and adaptive to local realities (Chiumya, 2004 and Chibamba, 2009). Today products like micro-insurance and micro-savings which previously took a back seat to micro-credit are increasingly becoming more popular. The provision of microfinance was seen by government as the only effective way to combat poverty and so it was introduced into the national economy in the 1990s.

There is a close link between micro-finance and SDGs. The SDGs have provided the international development and donor community with the critical challenge to improve the wellbeing of the world's poor people. The donor community is orienting its programs around the nation's efforts to achieve its SDGs, organizing or mobilizing its resources in a bid to lessen hunger, poverty and diseases and to empower women. Evidence from studies across the world suggest that microcredit clients who access financial services are able to increase their domestic incomes, build or buy assets, and reduce their vulnerability in times of disaster (Murdurch *et al.*, 2003).

Zambia's legal and policy provisions do not apparently support the economic activities of women in the informal sector. The laws are not adequate in their current form.

CHAPTER THREE

3.0 RESEARCH FRAMEWORK: METHODOLOGIES, RESEARCH DESIGN AND DATA COLLECTION METHODS

This chapter discusses the study's methodological approaches and methods of data collection used to answer the questions posed by the research. Different methods were used to collect the data since no single method was used.

3.1 Methodologies

3.1.1 Women's law approach

Bearing in mind that this approach takes women as a starting point, I first had to figure out where women could be found since I was not looking for all women. I was particularly interested in women who would provide data relating to my topic. I had in mind a specific target group and this group was that of women in the informal sector accessing business loans and grants from MFIs, government and NGOs. Thinking critically I came up with strategies. One of them was to approach church pastor of a local church. Another strategy involved surveying the areas of study in order to determine and locate different types of trading activities carried out by women. These trading places included markets and streets.

Using this approach I worked on the assumptions that women do not usually go to regular banks to obtain loans. I further assumed women's business activities are more likely to be found in the informal sector and that forming groups by women undermines their capacity to get viable loans for viable businesses. Part of this assumption was that women cannot pay back loans they owe to financial institutions. What came out clearly was that women traders with small businesses, particularly those in the informal sector, do not usually go to regular banks. Issues of collateral, time and resources to visit the banks and the banks' lack of interest were some of the reasons they gave for not approaching banks. By using the women's law approach, issues that explained the possible barriers to women's business growth and expansion came out. Among the issues raised are a lack of adequate capital for recapitalizing their businesses, spending on luxuries, lack of entrepreneurial skills and high interest rates among others.

3.1.2 Actors in a structure

With this approach I engaged with officials in government departments, NGOs and micro-loan institutions to get their views about the programs and policies being implemented. I really wanted to know whether they had guidelines, that is, laws and policies to guide the implementation of the programs. In this respect, I had two assumptions. The first assumption was that government and NGOs have programs but they are gendered in terms of activities and pre-conditions. The second assumption was that the conceptualization of women's business capacity is influenced by gender stereotypes and the third assumption was that women in exclusively small and micro businesses need to form groups to access business loans.

My reasoning was that women's business activities focusing on trading (income generating) was a women's concept. However, as a result of my interaction with actors within the structures who were the officials in government departments, microfinance institutions and NGOs, I realized that micro loan institutions, government and NGOs tend prescribe and promote income generating activities for women. The programs and policies initiated are influenced by gender stereotypes. The notion is that the best way to promote women's businesses activities is to offer them small amounts of money. Government and NGOs have a limited vision of women's involvement in business. The thinking is that women are the poorest of the poor and all they need are some income generating activities (IGAs).

3.1.3 Grounded approach

When I employed this approach my concern each morning when I woke up was whether the people I needed to interview each day would welcome me. I worried about bureaucracy in both government and private institutions that would require me to make appointments for the interviews I had lined up. However, using this approach enabled me to constantly engage with the data I had collected. I was able to gather empirical data to define the problem and use the same empirical data to recommend suitable interventions to resolve the problem. I could tell that women are mainly in the informal sector as traders who do not only need small amounts of money for income generating activities (IGAs) but also entrepreneurial skills and incentives that promote genuine business development. I discovered that government and NGO programs focussing on income generating activities may be inappropriate in a way as they do not seem to solve what women face. Mostly programs are prescribed and do not conform to the real lived realities of women. They are imposed on women on the basis of the

perceived global image of micro and small scale business women who are poor (Mariwo, 2008).

I interviewed representatives of government, NGO and microfinance institutions as to why they (i.e., the women) are required to form groups to benefit from their programs such as grants and small loans. The view of women was noted. Also not to be forgotten were the bank officials in relation to financial services for micro and small enterprises.

3.1.4 Sex/gender approach

I embraced the experiences of both men and women. I wanted to understand factors influencing the choice of particular training courses they do. I interviewed women that had attended skills training to get their views of why they chose what they did. Again I wanted to find out why it was that only women were required to form groups and not men? Secondly why the Ministries of Gender and Community Development and Social Services and the YWCA promoted income generating activities among women but not among men? Thirdly why are women thought of only capable of doing income generating activities and not genuine business development?

To help me answer the above questions I interrogated relevant officials from the abovementioned ministries and NGOs in Chipata. They explained that women were more affected by poverty and more responsible than men. As to the issue of entrepreneurship or skills training, the National Gender Policy is neutral but the outcomes are gendered. Why is it that the outcomes are gendered despite the policy being neutral? Here again I had to interrogate the women and men who had attended skills training and entrepreneurship at skills training institutes and the entrepreneurial programs facilitated by government and NGOs. From my findings it became clear that the outcomes are gendered because women would want to pursue programs associates with women's activities and vice versa. Because of gender roles women do women related programs because that is what society expects them to do. It all revolves around the issue of socialization.

3.1.5 Perceptions of actors

With this approach I was able to ascertain the government's, MFIs' and NGOs' perceptions of women in the informal sector with businesses and needs (Mariwo, 2008). From the perceptions or views of the institutions mentioned above I was able to understand the reason

behind the implementation of programs that focus on promoting income generating activities. Government, microcredit institutions and NGOs like YWCA indicated a serious lack of knowledge of the real life experiences of women whose only need, they thought, were income generating activities.

3.1.6 Human rights approach

Despite the criticisms they receive, human rights provide a set standard of measures that help make people aware and informed about the minimum rights to which women are entitled. They stipulate that states are obliged as the holder and guarantor of women's socio-economic rights to ensure that they are realised or become real, substantive rights which benefit women (Mariwo, 2008). Women are finding answers to their various problems and challenges based on a rights based approach conceptualised and presented within the human rights framework. It places a burden on the state as the duty bearer of women's rights to be more inclusive in their conceptualization of their entitlements (Mariwo, 2008). Using this rights based approach it became very clear that the state as an actor under international law has an obligation to promote the rights of women by ensuring their access to credit, training and skills development. The government of Zambia is also obliged under international law to encourage and support conditions that serve to promote and support the occupations and economic activities of women in the informal sector.

3.2 Research design

This section outlines the study sample and area and methods of data collection.

3.2.1 Study area

I carried out the research in the Chipata District of the Eastern Province of Zambia. Chipata is the provincial capital of the Eastern Province and is located about 600km from Lusaka, the capital city of Zambia.

3.2.2 Study sample

I made a careful selection of the respondents who would be helpful in providing valuable and useful information about the topic of study. The selection was done randomly and comprised mainly women as it is mostly they who participate in the informal sector and who are targeted by microfinance institutions, government departments and NGOs with their small loans,

grants and other empowerment programs. I also interviewed men in order to accommodate their views and ideas as well.

3.2.3 Sources of data

Data was gathered from different sources ranging from women traders in the informal and formal sectors, MFIs, and commercial banks. Others respondents included representatives from government departments (such as the Ministry of Gender and Child, the Ministry of Development and Community Development and Social Services (MDCDSS)), the CEEC, NGOs and the Traders Training Institute. The women who were part of the study included those who were young and old, married and unmarried and some were widows. Table 1 gives details of all the key respondents.

Table 1: Showing details of all the key respondents

Respondents	Male	Female	Total
Informal sector	18	90	108
Formal sector	3	8	11
MFIs	2	-	2
Commercial banks	2	-	2
Govt depts., etc.	5	1	6
NGOs	3	1	4
CEEC	1	-	1
Total	34	100	134

3.2.4 Data collection methods

Different methods of collecting data were applied as a single method could not apply to every situation at any given time. Situations were bound to change and therefore the method needed to suit the situation at hand.

3.2.4.1 Focus group discussions

Group discussions were conducted in market places where women conducted their trading activities. I had one group discussion at Kapata market with ten women charcoal traders, one at the Young Women Christian Association (YWCA) in Chipata near the Saturday market with fifteen women (a savings group), three group discussions in Jerusalem of Chief Maguya

in Chipata District, one with four women traders at VNT Guesthouse and one near Chipata police camp with five women dealers in second hand clothes.

I observed that each time I held group discussions, men would come but later disappear leaving only women in attendance. The attitude was the same everywhere I went. At one focused group meeting I had in Maguya only one man was present and he participated effectively in the discussions. One advantage with focused group discussions is that they created room for debates. They also allow for interaction and open discussions.

3.2.4.2 Observations

This method allowed me to collect data in the natural setting (environment) of the respondents. In this case things were happening as normal. Women and men were going about their daily business activities selling various items in make shift stores, in streets, shop corridors, permanent shops and in markets regulated by the local authorities. I could see that street vendors were constantly harassed by local authority officials for illegally trading on the streets. Most street vendors lost items through seizures by the council police officers. I could see that the majority of traders were selling similar or related items such as second hand clothes, shoes, alcoholic beverages and food items, like fritters, bananas and vegetables. At microfinance institutions I could see that the majority people visiting were women making inquiries about various issues.

3.2.4.3 In-depth interviews

Questionnaires were administered to two MFIs, two commercial banks and NGO officials in order to get their views about the micro-finance services they offer to women and the reasons for targeting women. Through the in-depth interviews, I was able to discover that commercial banks do not have micro-finance programs focusing on micro and small businesses owned and run by women in the informal sector.

3.2.4.4 Individual interviews

Individual interviews were conducted in government departments and NGOs' offices, homes and markets. Women, men and youths were randomly selected for interview. Table 2 shows the respondents who were individually interviewed.

Table 2: Showing the respondents who were individually interviewed

Respondents individually interviewed	Male	Female	Total
Chipata	13	12	25

3.3 Challenges

I encountered several challenges during my study tour. I could not carry out interviews at some institutions like Chipata Training Institute and other government concerns due to bureaucratic red tape. I was constantly referred to Lusaka to seek permission (authority) for the interviews. In some cases it took days to be allowed to carry out interviews. Sometimes the job I do affected my research as people upon discovering that I am a police officer would become reluctant to offer me interviews. Sometimes it worked to my advantage especially for people whose cases I had handled before.

3.4 Limitations of the study

In this study I am going to discuss the characteristics of group financing schemes provided by institutions such as MFIs, the government and NGOs to micro and small scale businesses in the informal sector. I will also discuss and analyze why many of women's businesses in this sector fail and the factors that contribute to their failure. The discussion will be held in the light of the government's obligations to support and promote the economic activities of women in the informal sector.

CHAPTER FOUR

4.0 RESEARCH FINDINGS

4.1 Introduction

In this chapter I will be discussing exclusively micro and small businesses in the informal sector and access to business loans. Findings indicate that the needs of micro and small businesses in the informal sector have not been met and their active role in economic development has been ignored by government and NGOs in their policy formulation and implementation. The important role of micro and small businesses is ignored because of the notion that women only need small amounts of money for income generating activities. Micro-finance has been seen as a way of launching women's income generating projects. The major contributing factor to this notion is attributed to NGOs and the government's policies and programs that are based on stereotyping women in the informal sector as poor.

The discussion considers the government's duty to promote and support the economic activities of women in the informal sector. It will also show that women's economic activities must be supported and given due appreciation. Providing small amounts of money as capital for income generating activities to women does not stimulate genuine entrepreneurial development; rather, it gives rise to stagnation and business failure.

4.1.1 Microfinance institutions (MFIs) and microfinance (MF)

Microfinance (MF) is mainly linked to providing financial services by micro-financial institutions (MFIs) to poor households in the informal sector with the aim of improving their welfare. Also on offer are business loans to micro and small businesses though some provide other services like savings. Some also accept deposits as a way of forced savings which are later used as security in case of default (Maimbo, 2000). According to Maimbo (2000) microfinance institutions are characterized by the following:

- Small business transactions
- Loans for business transactions
- Collateral free loans
- Target the poor/ low income households

- Target women
- Group finance scheme and gender

Microfinance has been identified as being able to improve the lives of the poor and vulnerable, especially women by offering them access to financial services that are currently not available (Mpambela, 2016). MFIs target women as clients because of the high female repayment rate as evidenced by the Bangladesh model. Initially most of the microloan clients of the Grameen Bank were men but because of their high default rates, the Bank shifted its focus to women (Morduch (2005). Apart from the Grameen Bank example, focus on women has also greatly been inspired by gender organizations such as the Women's World Bank (WWB) and NGOs (Mersland, 2009). For some time now, these concerns have advocated for an increase in focus on women for microfinance because of their large contribution to the nation's general economic activities, their reliability as clients and, therefore, their high loan repayment rates.

Within microfinance different lending schemes exist ranging from solidarity groups, village banking and individual lending (Sharma and Zeller, 1997). Group lending is exclusively a 'female method' where women agree to come together and form groups. Women that join a group organize themselves well in group meetings because they lack collateral (Mersland, 2009). Group lenders seek to reach poorer households, including women (Cull *et al.*, 2008). In group lending schemes, loans are more likely to be smaller due to demand issues. The majority of women are in small income generating activities and therefore require less capital. The argument again is that women are more risk adverse and hence less likely to ask for big loans that exceed their repayment capacity. Lack of collateral prevents MFIs from offering big loans to women (Morduch, 2009). The Grameen Bank concept and the increasing interest of the Women's World Bank (WWB) and NGOs in providing microfinance to women inspired MFIs in Zambia to start targeting women for microcredit.

In my study I looked at three different financing schemes provided to women and these are micro-finance offered by MFIs, the government and NGOs and their characteristics are as follows:

4.2 Conceptualization: Women are poor

Conceptualization of women's business capacity is influenced by gender stereotypes. Conceptualization refers to the ability to initiate ideas, concepts and programs (BusinessDictionary.com). Gender differentiates between biological sex (male or female reproductive body organs) and socially constructed sex. Socially constructed sex is as a result of socialization. The term gender can also be used to refer to things other than persons. Work and business can be gendered (Ahl, 2004). In terms of gender stereotypes, women and men occupy social roles according to the traditional gender division of labour (Ahl, 2004 and Ilyasova, 2005). In economic arrangements, the socially constructed traits distinguish the capacities of women and men in entrepreneurship and this is why economic scholars have espoused the concept of the masculine perspective of business whereby business people including entrepreneurs are constructed as men. In a Women, Commerce and the Law class of 2015 I got interested to learn that excellence in entrepreneurship is assessed using masculine characteristics such as: goal accomplishment, assertiveness, task achievement and self-interest, qualities which ignore feminine characteristics in small and medium enterprise performance.

In Simone de Beauvoir's (1949) discussion of 'the otherness' of women and their relegation to the position of the second sex, female entrepreneurs are viewed as 'the other' in terms of which the male entrepreneur is defined. In terms of the gender division of labour, men have always been expected to be providers and women caregivers. Scheiner made the argument of 'think manager, think man' since males are said to be task focused and strive to get the job done, while women are said to be concerned with welfare of others above everything else (Hine, 2009). Women are described mainly in relation to the family business and in terms of family roles.

For any business to move from one level to another, from the micro and small business level in the informal sector to big business in the formal sector, adequate finance is required to buy stock, to rent or erect a structure to operate from, to pay transport costs, to register the business, to pay wages, to market and advertise the product/service and to meet other costs.

Due to gender stereotypes women's business potential is taken or considered at a lower level. The thinking is that women are poor and that all they need are small income generating

activities and not activities that facilitate genuine business development. Micro-financing has been seen as a way of launching women's income generating activities. Women micro and small business owners experience gender stereotypes from financial institutions, government and NGOs' view of women particularly in the informal sector whose perceived image is that of poverty. There is a common presumption of women's failure and their inability to handle money (Mariwo, 2008). This is premised on the role of women which only encompasses family and household duties which are assumed to lessen women's entrepreneurial credibility. Women entrepreneurs are described mainly in relation to the family business and in terms of the family roles. It therefore follows that when coming up with programs for women empowerment in the informal sector relating to access to financial resources for business development, women are not involved in the formulation of these programs and policies. Projects are conceptualized on the basis of a poor woman who only needs income generating activities. One official from FINCA seemed to make this clear when he said:

‘We come up with micro-financing program for poor women in the informal sector. We concentrate on the informal sector and our targets are women as they are more vulnerable and poor. Our aim is to empower them. We came up with programs to empower women only.’

This statement clearly shows that the micro-finance programs are initiated without the involvement of women on the ground. They are initiated on the premise that all women are poor and vulnerable and require small loans to venture into small businesses. Similar sentiments were expressed by another official from World Vision Fund (Zambia) in Chipata. The targets are women and why they focus on women is because women are poor and vulnerable. They target women also on the premise that women are capable of providing for children in terms of their basic needs. The institution is committed to the poor and this was what was said during the interview:

‘When initiating the programs for our poor women, we first looked at the life of the child. We looked at the child accessing the basic fundamentals like food, clothing, health and shelter. The question is who between a woman and a man is capable of delivering? The woman is. If the business thrives the benefit trickles down to the child. We are committed to the poor. This is why we service our loans to rural areas with the view of transforming the life of rural poor. When the mother's business does well it trickles down to the poor especially children.’

This means that microcredit programs are implemented with the mindset that women and their children are poor and that as a poor woman's business thrives, the benefits automatically trickle down to her children. I discovered that similar views were expressed by the government and NGO officials. The picture that is painted of a woman is that of poverty. Programs are created with a poor woman in mind. For example the Ministry of Gender official said:

'The ministry has economic empowerment programs for women through grants. As a government department we deal with poor and vulnerable members of the community so that given the opportunity they are able to sustain themselves. We empower women so that they are up-lifted. We give grants of up to K30,000 (US \$2,727).'

Another official from the Department of Community Development expressed similar views when he said:

'As department we deal with poor but viable members of the community. We empower poor women so that they are up-lifted. We empower them socially through providing basic entrepreneurial skills and economically through grants and soft loans.'

The YWCA and Chisomo Community Programs target poor women. It is interesting to note that the views expressed by the two organizations are similar. Though interviewed at different times and dates, the views were much the same.

'Why we target women is because they are more vulnerable to violence and continue to live with perpetrators of violence due to poverty.'

The abovementioned views expressed by the government and NGO officials paint a picture of women as poor and vulnerable. Therefore when conceptualizing programs for empowerment they have a poor woman in mind. This is the main reason why both government and the NGO sectors promote small businesses for women through providing small loans and grants. The nature of business encouraged and promoted for women is essentially hand-to-mouth. A woman is painted as poor and that what is best for her is a small income generating activity which will simply help her to survive.

4.3 Lending methodology

Within microfinance there are different lending methodologies such as village banking, group lending and individual-based lending. Group lending methodologies are exclusively ‘female’ methods in which women agree to form and discuss their interests in groups and they do this with ease. Women who lack physical collateral agree to form groups because they are required to engage in group (joint) activities. For example, at FINCA the official said:

‘There are three types of business loans (products) available to our clients.’

And these are:

4.3.1 Village banking

This type of a loan product is provided to micro and small-scale businesses, particularly traders selling vegetables, second hand clothes, shoes and other commodities. To access this type of loan, women need to be in groups of 15 to 35 members and they can obtain loans from between K1,200 (US\$102) and K18,000 (US\$1,636). This means that an individual member in a group can obtain any amount ranging from K1,200 (US\$102) to K18,000 (US \$1,636). The interest rate for the loans is pegged at 18%. According to the official this type of loan does not require any collateral. According to the official:

‘The group itself is security (collateral) enough as group members monitor one another. Group members must comprise majority women with only one or two men. In a group we can allow one or two men but must not take up any leadership position. This is because women must own and enjoy the program.’

4.3.2 Small Group Loans (SGL)

These loan products can be accessed by those that operate small to medium size businesses. In this category, the group should consist of between 5 to 10 members and they can borrow loan amounts ranging from K1,500 (US\$136) to K30,000 (US\$2,727). The official had this to say:

‘The advantage with group loans is that interest on the loans obtained is low. If one member in the group defaults, the other group members contribute to assist the defaulting member. The loan amounts range from K2,000 (US\$182) to K50,000 (US \$4,545). We encourage women to be more in a group with only one or two men.’

4.3.3 *Individual loans*

The official explained:

‘These individual loans are available to anyone whether male or female; there is no discrimination.’

Individual loans are divided into four categories:

- (a) Express loans between K5,000 (US\$455) and K15,000 (US\$1,364);
- (b) Micro-loans between K15,000 (US\$1,364) and K99,000 (US\$9,000);
- (c) Small enterprises (SE) between K100,000 (US\$9,091) and K700,000 (US\$63,636);
- (d) K700,000 (US\$63,636) and above is available for big firms or companies.

For individual loans collateral is needed to secure the money. The official indicated said:

‘Formal amounts between K99,000 (US\$9000) and K700,000 (US\$63,636) are strictly meant for big companies.’

For individual loans it is clear that due to collateral requirements, women are automatically excluded. As the official indicated, the larger amounts where collateral is required are strictly available to big companies and this therefore means that micro and small sized businesses in the informal sector are less likely to have access to formal finance than big companies. The official continued:

‘All in all our clientele ranges from micro, small scale businesses to big companies. We assess how long one has been in business. The economic/business activity is what qualifies one to access our business loans. If the business is small, we push it to groups. As long as the business is small we push it to groups. What limits a woman’s capacity to get a viable loan for a viable business is the type of business one does. There are no restrictions as long as one’s business is doing well.’

This indicates that as long as a business is small, the institution encourages the granting of group loans. It therefore means that women who comprise the majority micro and small business owners in the informal sector are automatically encouraged to seek group finance.

Government departments, just like FINCA and World Vision Fund (Zambia), have a group lending methodology which targets poor and vulnerable women so that they are able to sustain themselves. The aim is to improve the lives of the poor women they assist and this was what was said during the discussion:

‘To obtain our loans we want women to be in small groups of between five to twenty members. We deal with poor but viable members of the community, particularly women so that they can sustain themselves.’

As indicated earlier, women agree (accept) to joining groups simply because they are more aware (conscious) of shared responsibilities or because they lack collateral and are required to engage in group programs. During my research one woman indicated:

‘We do not have houses, cars or any valuable items to use as collateral when borrowing money from MFIs, so we are asked to form small groups of five or ten people mainly women. The reason we form groups is to assist each other in case of default. If one member defaults, we contribute money to repay the loan for the defaulting member.’

Lending methods are generally related to broader social missions (Murdoch, 2009). Micro-finance (credit) providers usually endeavour to reach poorer households, particularly women. Of late, a range of services that were not offered are now provided and these are micro-insurance and savings. In a similar vein other non-financial services like basic literacy are provided to women.

4.3.3.1 Problems with the group lending methodology

Group lending methodology restricts women’s capacity to obtain viable loans for viable business projects. Because of the high demand for business loans by many women groups, loans are smaller. Secondly micro-finance institutions believe that women in the informal sector are only involved in small income generating activities and therefore only require small amounts of capital. They consider women to be more risk averse than men and therefore less likely to take large loans whose repayment obligations will outstrip their capacity. During an interview one woman explained:

‘Because of the group arrangements, we are not able to get enough money to do meaningful business. Because of groups the loan institutions decide how

much we get and in most cases loans are smaller compared to what we want to do.’

Figure 1 is a diagram depicting the sources of micro-finance available to women operating in the informal sector.

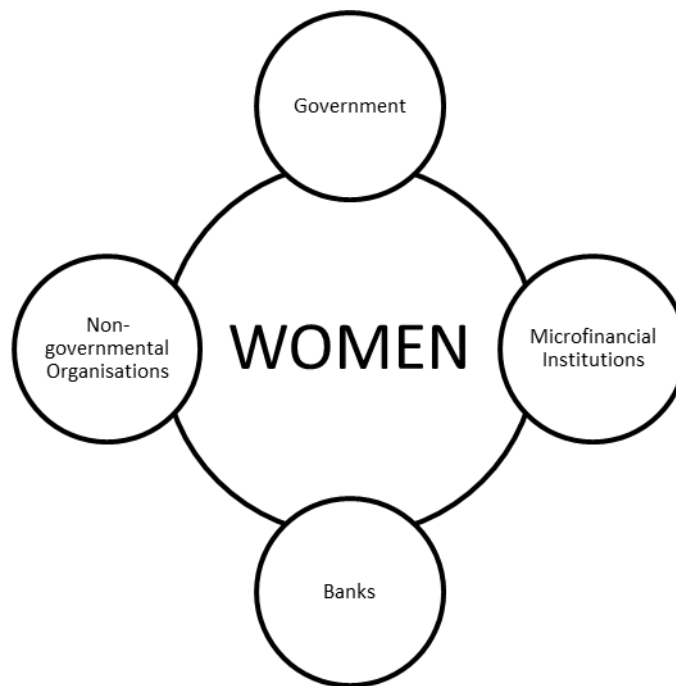


Figure 1: Diagram depicting the sources of micro-finance available to women operating in the informal sector.

4.4 Regulation and monitoring

With micro-financing there are no strict regulations. Microfinance programs do not require collateral arrangements and there are no lengthy procedural or bureaucratic loan applications and disbursement procedures. Institutions that lend to business women in the informal sector often use ‘collateral substitutes’ to overcome their lack of usual collateral, like property, equipment or capital. A good example is the peer pressure or joint liability arrangement in lending to ‘solidarity’ groups. The groups are basically informal organizations of poor people who are organized, owned, run (operated), and managed by their members, based on solidarity, common interest, and resource pooling (Murdoch, 1999). For example at FINCA, the official indicated:

‘We require women to form groups. The group itself acts as collateral as group members monitor one another to enforce repayments of the loans.’

Another official at the World Vision Fund, Chipata, indicated that no collateral arrangements are required as members monitor each other to enforce repayments. During the interview the official said:

‘Our business loans are collateral free. All our clients are required to do is form groups. The group is collateral enough to enforce repayments. No loan contracts are signed.’

A microfinance group is a social device in which members participate by means of making themselves socially and economically accountable to each other. The group-based credit arrangement tackles the problems of screening and enforcement by incorporating the shared liability principle and peer monitoring. A group-based lending contract in actual fact makes a borrower’s neighbours co-obligator to loans (Murduch, 1999). Consequently, in group lending contracts (arrangements), the burden of screening and selecting, monitoring, and enforcement of repayments are, to a very big extent, transferred from the micro-credit institution to the group members. The group members investigate each other’s behavioural integrity and creditworthiness with the help of available social networks to prevent irresponsible and credit risky borrowers from joining the group. In highlighting what micro-finance lenders do in their lending contracts, I will indicate the statements given by official from MFIs, government and NGOs. The official at FINCA said:

‘We are helped by the group members in coming up with groups. The groups themselves assist in monitoring and enforcing repayments.’

Similar sentiments were echoed by the official at World Vision Fund, Chipata:

‘We ensure that our clients, in this case, women, come up with their own groups. They decide on their own who joins the group since they know each other very well. The reason we do all this is to ensure that the money we lend out is safe. We are in business, so we do not want to lose out.’

The Ministry of Community and Mother and Child Health officials said:

‘Our loans are provided to women groups who have to pay back. Group members are conscious of what they are supposed to do. By this I mean that members investigate each other to assess who is credit worthy and capable of paying back. The burden of selecting, monitoring and enforcing payment is shifted from us as a Ministry to the groups.’

The YWCA official said that women work in groups to share ideas, responsibilities and monitor each other. She indicated:

‘Women survivors of violence in those groups help us monitor to see whether what we are doing is bearing fruit or not. Our women are in to savings groups where they lend each other money which they pay back. To enforce payment, members, they themselves, have a way of enforcing repayment. If one member in a group is a problem, group members know what is to be done.’

What happens is that after group members receive the loans, they begin monitoring each other to ensure that every member of the group invests the loan in a business venture that will guarantee repayment by the peers. Members create a social tie and local network to obtain the necessary information and create social sanctions and bring pressure to bear on defaulting members. Peer pressure is an instrument in group lending that is used to enforce quick repayment (Murdoch, 1999).

The schemes discussed above follow the Grameen Bank model and very often the outcome is failure. Women are not succeeding. This is a clear indication that the model is old and needs to be revised to suit current conditions. It is assumed by micro-finance providers that giving women money to start income generating projects is enough when in actual fact it is not. I will now turn to discussing the reasons why the schemes outlined above do not work to the benefit of business women in the informal sector. Women can achieve their full potential in business but it is great cause for concern that legal, social and economic barriers have continued to hinder them.

4.5 Challenges that affect women’s business performance

4.5.1 Legal challenges

The research findings indicate that although article 10(1) and (2) under Part II of the Constitution of Zambia (Amendment), No. 2 of 2016 provides that the government take steps to create an economic atmosphere that encourages personal initiative and self-reliance among its citizens in order to promote investment, job creation, wealth and economic empowerment in order to contribute to the country’s sustainable socio-economic development, it does not provide for social and economic rights. Since socio-economic rights are not enshrined in the Zambian Constitution, they are not justiciable. In other words, women cannot sue the state for failing to meet its obligations of providing incentives that promote business development for

them. The only option for citizens is to rely on global and regional human rights instruments by which Zambia has agreed to be bound.

For example, Zambia signed the Maputo Protocol on 3 August, 2005 and ratified it on 2 May, 2006. By virtue of signing and ratifying the Protocol, the country is obliged to comply with its provisions. The Zambian government's obligations to promote women's economic activities are outlined in the Protocol. According to Article 13(c), the government is duty bound to create conditions that support and promote economic occupations and activities of women in the informal sector. Article 19(b), (c) and (d) place the burden upon the government to make sure women participate at every stage in the conceptualization, decision making, implementation and evaluation of government development programs and policies. The government is also duty bound to ensure women's access to and control over productive resources like land. The article also places the burden upon the government to promote women's access to credit, training and skills development. It therefore means that at least in theory women entrepreneurs in the informal sector can now demand their entitlements from government as provided for by the Maputo Protocol (Mariwo, 2008). The obligations that Zambia must fulfil must not simply stop with the written word as paper rights but must be implemented by the government and become actual benefits for women in business.

The government's commitment towards women's entrepreneurial development should be reflected in the country's Constitution. The problem is that there is a gap between provisions pertaining to women's socio-economic rights in the Maputo Protocol and the country's Constitution and its legislative framework.

The Citizen Economic Empowerment Act, No. 9 of 2006 (CEEA) serves to support the economic empowerment of targeted citizens who are marginalized and disadvantaged in terms of access to economic resources and whose developmental ability has been hindered by sex, race, status in society, disability or gender, among others. The Act establishes the Citizen Economic Empowerment Commission (CEEC) and the Citizen Economic Empowerment Fund (CEEF). The Act gives powers to the CEEC stipulated in section 3 which are to promote the broad based economic empowerment of targeted citizens, citizen-empowered companies, citizen-influenced companies and citizen-owned companies. The mandate of the CEEC is foster the broad based economic empowerment of the citizens. It was realized by the government that Zambian citizens were not fully involved in the running of the economic

affairs of their country and this was attributed to factors such as race (whites had enjoyed much favour), sex (cultural issues), gender, status and disability, among other factors (as indicated above). In the area of access to and control of resources, men had the upper hand. In the case of land, men exercised great control. In order to redress these inequalities, the CEEC was the vehicle intended to provide women with the necessary empowerment to help them to gain access to and control of the country's resources. The CEEC official pointed out:

‘In order to redress these inequalities CEEC was established to provide the necessary empowerment that would help women to have access and control of economic resources we have in Zambia. As the Commission we have classified what we call targeted women, youths, the disabled, men and people living with HIV/AIDs. It is a deliberate move of categorizing them as such so that they are not left out.’

While the CEEC appears to disburse funds, promoting and supporting gender equality in terms of accessing, controlling, owning, managing and exploiting economic resources to citizen empowered companies, citizen influenced companies and citizen owned companies, this is not the case for targeted citizens, the category to which women micro and small scale businesses in the informal sector belong (Samasumo, 2014). The Commission has classified what is called targeted women, youths, disabled, men and people living with HIV/AIDs, but does not clearly state whether the targeted women belong to the informal or the formal sector. It is vague in its reference to targeted women though it has classified them according to sex, gender, disability among others. This was revealed during my research. The official from CEEC observed:

‘Though we may say businesses owned by women in the informal sector may come for business loans, we have not assisted anyone yet, but we have assisted big companies in the formal sector. They are the majority clients so far.’


The statement from the official indicates that the CEEC is there to support big business enterprises in the formal sector. It showed me that the official seemed to know what to say and not exactly what is done at the CEEC. The CEEC only supports big business projects such as innovative Information Communication Technology (ICT) and energy projects, cooking oil projects, processing and others. The officer indicated:

‘We provide financial, technical and other support to the subsector. We want to provide support to the subsector in each district. For example, in Lundazi

we have gemstones. This is one sector which has potential. This is what we call the “value chain”. We look at the value of the particular endowment in a particular area.’

The projects that the CEEC supports clearly indicate that women with micro and small businesses in the informal sector are excluded. The women that I interviewed cannot meet the conditions set by the CEEC. Information such as business plans, market overview, management strategy, budget, work plans, proposed security, financial statements and others cannot be met considering the fact that they do not have business training and entrepreneurial skills. Figure 2 is an application form for a loan to the CEEC for innovative projects in 2016 and Figure 3 is an application form for a loan to the CEEC for a water bottling project, being examples of business projects supported by the CEEC (www.ceec.org.zm).

Figure 2: Application form for a loan from the CEEC for innovative projects in 2016



**CITIZENS ECONOMIC EMPOWERMENT
COMMISSION**

**APPLICATION FORM
FOR INNOVATION PROJECTS
FOR YEAR 2016**

Project Identification Number	<input type="text"/>
--------------------------------------	----------------------

Type of Project (<i>e.g. innovative ICT and energy projects</i>)
<input type="text"/>

Date Applied	<input type="text"/>
---------------------	----------------------

1.0 APPLICANT INFORMATION	
1.1 Name of Applicant	
a. Legal Form of Applicant (e.g. Limited Company, Cooperative, etc)	
b. Copy of business registration certificate	Yes <input type="checkbox"/> No <input type="checkbox"/>
c. Physical address of applicant	
d. Contact Number(s) for applicant	
e. Category of applicant	Youth <input type="checkbox"/> Women <input type="checkbox"/> Men <input type="checkbox"/> Physically Challenged <input type="checkbox"/>

1.2 Shareholders of the Business:							
No.	Full Names	Nationality	NRC/ Passport No. (provide copy of ID)	% share holding	Position in the Business	Physically Challenged (Disabled)	
						Yes	No

2.0 DESCRIPTION OF PROPOSED PROJECT	
Following the Business Plan Outline below, kindly formulate your business plan and attach this form:	
1.0	Executive summary
2.0	Vision
3.0	Mission
4.0	Business Model (Describe the businesses activities of the Enterprise from operations to sales)
5.0	Income Sources (List in bullet form ALL the income sources of the business arising from business operations - how will the business be making money?)
6.0	Key Success Factors

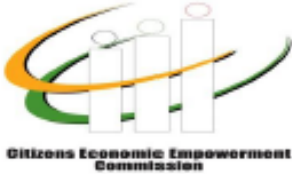
- 7.0 Market
 - 7.1 Market Overview
 - 7.1.1 Trends in Demand for your line of business
 - 7.1.2 Trends in Supply for your line of business
 - 7.1.3 Proposed Main Buyers and Suppliers for your Company
 - 7.2 Current and Projected Market Share for your business
 - 7.3 Competitiveness Analysis (describe what advantages, if any, your business will have in terms of the following:)
 - 7.3.1 Location of business operations
 - 7.3.2 Technology used in production and marketing of goods/services
 - 7.3.3 Volume of production
 - 7.3.4 Quality of products/services
 - 7.3.5 Cost of production
 - 7.3.6 Price of products/services
 - 7.3.7 Financing sources
 - 7.3.8 Other
- 8.0 Management Strategy
 - 8.1 Personnel
 - 8.2 Phasing of investments and business operations
- 9.0 Budget
- 10.0 Workplan Year 1
- 11.0 Requested Loan Facility
 - 11.1 Purpose, Amount and Tenure
 - 11.2 Drawdown Plan
 - 11.3 Repayment Plan
 - 11.4 Results
 - 11.4.1 Profitability
 - 11.4.2 Sustainability
 - 11.4.3 Socio-Economic Impact
- 12.0 Proposed Security for the Loan
- 13.0 Risk Assessment
- 14.0 Business Background
 - 14.1 Dates of Registration and Commencement of Operations
 - 14.2 Affiliated Companies
 - 14.3 Core Business Activities
- 15.0 Ownership
 - 15.1 Shareholding
 - 15.2 Board of Directors
 - 15.3 Senior Management Profiles
- 16.0 Country Factors
 - 16.1 Legal and Regulatory Framework governing your industry
- 17.0 Major Stakeholders of your industry
- 18.0 Your Current Creditors and Debtors
- 19.0 Disclosure of on-going Claims and Litigations against your Company

Annexes

- 1.0 Financial Statements Past Three Years
- 2.0 Projected Financial Statements for Duration of Loan
- 3.0 Performance Management Plan (Monitoring and Evacuation)
- 4.0 References
 - 4.1 Testimonials
 - 4.2 Personal Sureties
 - 4.3 Past and Present Bankers
 - 4.4 Latest Tax Clearance certificate
- 5.0 Insurance Information
- 6.0 Asset Valuation Report

Signature _____ Date _____

Figure 3: Application form for a loan from the CEEC for a water bottling project



**Citizens Economic Empowerment
Commission**

**APPLICATION FORM
FOR WATER-BOTTLING PROJECTS
FOR YEAR 2016**

Project Identification Number

Type of Project (*e.g. development of water-bottling plants*)

Date Applied

1.0 APPLICANT INFORMATION	
1.1 Name of Applicant	
a. Legal Form of Applicant (e.g. Limited Company, Cooperative, etc)	
b. Copy of business registration certificate	Yes <input type="checkbox"/> No <input type="checkbox"/>
c. Physical address of applicant	
d. Contact Number(s) for applicant	
e. Category of applicant	Youth <input type="checkbox"/> Women <input type="checkbox"/> Men <input type="checkbox"/> Physically Challenged <input type="checkbox"/>

1.2 Shareholders of the Business:							
No.	Full Names	Nationality	NRC/ Passport No. (provide copy of ID)	% share holding	Position in the Business	Physically Challenged (Disabled)	
						Yes	No

2.0 DESCRIPTION OF PROPOSED PROJECT	
Following the Business Plan Outline below, kindly formulate your business plan and attach this form:	
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 - 4.3 Past and Present Bankers
 - 4.4 Latest Tax Clearance certificate
- 5.0 Insurance Information
- 6.0 Asset Valuation Report

Signature _____ **Date** _____

The Small Enterprises Development Act, Chapter 425 only provides for the identification of small enterprises, institutions and projects which require financial assistance, provides for information on the sources of finance and the promotion of local investment for micro and small enterprises. It does not however seek to promote and support micro and small scale business activities for women in the informal sector, who are the most numerous, disadvantaged and therefore the most deserving of support. The Act does not create a legal environment for women micro and small business entrepreneurs in the informal sector to demand their right to entrepreneurship development.

The Micro, Small and Medium Enterprises Development Policy's (2008) objective is to provide for the lively support and participation of all major stakeholders in micro, small and medium enterprises (MSMEs). The focus of this policy is partnerships and an enabling operating environment. The policy aims at facilitating the creation and development of viable MSMEs that will contribute to Gross Domestic Product (GNP) by 2018. The policy aims at enhancing the value utilization and value addition of raw materials in selected areas and improving the productivity of MSMEs by the year 2018.

However, this policy does not provide for the active support and participation of micro and small businesses in the informal sector. According to the policy, the informal sector is neither taxed nor monitored by the government and, unlike the formal economy, is not considered a contributor to the government's Gross National Product (GNP). It therefore means that micro and small businesses in the informal sector (where the majority of women I interviewed are found) do not meet the legal status or investment criteria stipulated by the Policy (pages 15 – 17).

The National Gender Policy of Zambia (2014) aims at attaining gender equality in the development process by minimising existing imbalances by providing equal opportunities for both men and women so that they can both participate actively in and contribute to the economic development of the country. It is inadequate, however, as it does not clearly stipulate the practical corrective measures or actions that need to be taken where discrimination is found to exist.

4.5.2 Socio-cultural challenges

In the Women, Commerce and Law class of 2015 it was interesting to learn that socio-cultural barriers relate to the primary roles of women encompassing family and domestic responsibilities which reduce their entrepreneurial credibility (standing). Their participation in business is also affected by their reproductive life cycle. The women respondents I interviewed adopted coping strategies to overcome these challenges resulting from the impact of and the interaction between their private and public roles and responsibilities. I noticed, for example, that many women I interviewed brought their young children to their places of trading. Some indicated that they leave their young children with their siblings at home. While busy going about their trading activities women have no option but to attend to urgent family matters. During the interview one woman charcoal trader indicated:

‘We leave our young children with their older siblings who take care of them when we are here selling our charcoal. There are times when we are forced to abandon selling in order to go attend to our children. For example, on Monday 11 December, 2016, our friend’s child fell ill and she was forced to stop selling her charcoal in order to take the child to the clinic for medical attention. This affects our business. The sales are poor because I have many things to attend to besides business.’

This clearly indicates that women have the dual role of taking care of their children at the same time as they carry out their business activities. According to Tong (1989), the institution of marriage combined with reproduction, caring and mothering roles are at the centre of women’s oppression. Marriage may become a hindrance to the effective performance of a women’s entrepreneurial capability. So for example, a woman who is forced to leave her business in order to attend to a sick child will find that her business suffers. The longer family responsibilities keep her away from her business, the more her business suffers. The situation is worsened by the fact that there are no day care facilities to enable business women to balance their work and family responsibilities.

It is necessary to adopt a social approach to the problem women face which advocates that the government address the unequal gender roles by making available childcare facilities to meet the need for women to mother and care for their young children. This is important because support for women entrepreneurs should take into account women’s reproductive responsibilities as well as their existing relations and roles (Tong, 1989). Women’s capacity for amassing capital is affected by their tendency as mothers and wives to spend whatever

income they make on the wellbeing of their families and avert risks so as to make provisions for the future. Women have many responsibilities of providing for their families, i.e., close relatives and extended families. Since most micro or small enterprise financial resources are not usually separated from personal finances, the cost of meeting family responsibilities (obligations) comes from profits or resources earned in the business. Their demands usually drain the income or earnings and the small savings made by the business. As a result the business is deprived of such money which would have been used for its expansion and growth (Muriungi, 2011). During my research, it was a common practice for women to use the profits they made from their daily sales to buy food and meet other household expenses. One woman said:

‘When you have no food at home you cannot just sit and watch. We use our daily earnings (sales) to buy food and whatever is lacking at home. We make sure the family does not suffer. The businesses we do are meant to solve family problems. We even provide for our extended family members from the small earnings we make.’

Women may become barriers to their own entrepreneurial potential (business expansion and growth) because of their lack of financial discipline. Sometimes they are to blame for the lack of growth of their own businesses. For example, before they invest the loans they receive in the business, they use some of it to buy luxuries like cosmetics and clothes. One woman explained:

‘...we have a problem as women because we admire so many things from our colleagues who have, so when we get the money we are tempted to buy the same things we admire from our colleagues...’

The lack of financial discipline by women can be another limiting factor to the expansion and growth of their businesses. The only solution to this lies in women themselves developing financial discipline which includes resisting the temptation to use loans meant for their business and its income and profits to buy personal items, no matter how much they may desire to do so as this will retard the growth of their business. It is only by having self-discipline that they will avoid spending their capital on unnecessary things.

In the private sphere (within marriage) husbands demand that their wives surrender part or all of the daily income or profits generated by her business. If for example she objects to her

husband's demands, she is threatened with divorce. Sometimes women are reminded that they are under the care of their husbands. Due to the patriarchal nature of much of Zambian society, a woman is not supposed to resist or object to her husband's demands. During an interview one woman explained:

'Our husbands follow us to the market where we sell the goods. When they come they demand to be given part of the profits we make from the daily sales. The money they ask for is for buying beer to drink with their friends. When they demand, we give them because in our culture we are taught to obey our husbands. Refusal is a sign of disobedience. From fritters or charcoal we do not make enough profits to be able to service our loans and invest back in the business.'

A wife's uncritical obedience to her husband places a woman who wants to expand her business at a disadvantage. Tong (1989) argues that female subordination is embedded in customary hindrances that prevent women's attempts to grow their businesses. I discovered that the men who demand money to buy beer do not support their wives in providing for their families. When men get their salaries all they do is spend the money on alcohol and other things without telling their wives. The constant demands husbands make for the money their wives make from their businesses either retard their growth or cause them to fail.

Another reason associated with socio-cultural barriers is the little or no business training and entrepreneurial skills possessed by women as it limits their capacity to grow their micro and small businesses in the informal sector into a large business in the formal sector. The majority of women traders I interviewed in Chipata are constrained by their lack of business training and entrepreneurial skills. During my research I encountered many women whose projects were not doing well. For example, there were two groups of women in Lunxhwakwa and David Kaunda areas running poultry projects, raising broiler chickens for sale. I discovered that these women lacked learning skills in raising healthy chickens and as a result, their chickens started to die and their business eventually failed. As a result of such failure, women who have taken out loans will fail to repay them. One woman I interviewed in Lunxhwakwa explained:

'We got a loan of K20,000 (US\$1,818) from ILO through Chisomo Community Program for keeping chicken for sale. From the loan we bought 200 chicks and paid for the chicken shelter but the challenges we faced were that some chicks died of diseases. The second time we bought another 200 but

was also a failure; the same thing happened with the third chicks. They all died due to poor care and diseases.’

Similar sentiments were expressed by another woman in David Kaunda (DK) who said:

‘We accessed a loan of about K18,000 (US\$1,636) from ILO through Chisomo a community based NGO as group in order to venture in to a poultry project. Quite alright we started well. The first set of chicks grew and we managed to sell them. Later we started experiencing problems. The second and third set of chickens perished (died) before we could even start selling them. Now we have problems of paying back the loan we got from ILO through Chisomo Community Program.’

This is a clear indication that the women lacked the necessary skills to raise healthy chickens and it was no wonder that they birds died of disease. They did not know why they had died.

One woman said:

‘...sitiziba camene cipaya nkhuku zathu. Koma zikufa so cabe....’

(Translation: ‘We do not know why and what is killing our chicken but they die just like that.’)

This statement shows that the women knew nothing about diseases that attack chickens, such as New Castle disease. If, however, they had been given the correct training on how to manage and care for their chickens they could have taken the necessary preventive measures to avoid such disastrous outcomes. It also clearly shows that giving money to women for income generating activities is not enough. To put their capital to its best use, it is very important for women to receive proper training skills for the businesses in which they are involved. It as a result of such failure that such women fail to repay their loans. One woman said:

‘We were supposed to finish repaying the loan in July 2015 but we failed because the business was not doing fine. Our poultry business completely failed. We are remaining with the balance of K10,500 (US\$955) to clear the loan. We are willing to pay back but we are unable to due to lack of funds at the moment.’

It was clear from nearly all the women I had discussions with that they did not have the proper business training and entrepreneurial skills to ensure that their businesses would prosper. Women indicated that the only training they had received before receiving their

micro-credit (business loans) from the micro-finance providers focused only on how to properly service their loans. The only training women received before accessing the funds from micro finance providers such as government and NGOs is about how to make their loan repayments and savings. Nearly all the women I interviewed expressed similar views. This woman confirmed as much:

‘The only training we receive before we are given money is how to make repayments of the business loans we received. We have no idea about making business projections, or indeed any entrepreneurial skills; all we know is wake up and its business as usual: buying and selling. We do not even record our daily sales anywhere.’

The statement tells me that micro credit providers only want to teach women just enough to protect their own money by ensuring that they know how to diligently pay back their money. Their pre-occupation is with how to recover their money and not how to help women promote and succeed in their business ventures. In order to be able to tap into new markets requires business operators to have the necessary expertise, knowledge and business contacts. Since the women I interviewed lacked the training and experience on how to participate successfully in the market place they were not able to successfully market and sell their goods and services. Also, since women are not exposed to local national competitive markets they lack good trading practices (Mahbub, 2000).

4.5.3 *Economic challenges*

Under this section, factors that explain the barriers to women’s capacity to entrepreneurial development include the following: competition in the market, poor quality of goods sold, lack of marketing knowledge, high interest rates and payment of council levies. During my research in Chipata, I discovered that women face the abovementioned economic barriers. Capital for women’s business, though not adequate, is readily available and provided by micro-finance providers, such as the government and NGOs dedicated to women’s business development, but the end result is the failure of their businesses.

Women complained about stiff competition from other traders dealing in similar or related commodities. Micro and small businesses in the informal sector are vulnerable to competition from their counterparts who sell products even newer than theirs and offer the public better services. For businesses facing competition, it is difficult to respond rapidly to the

competition because of their lack of resources to do so (Muriungi, 2011). New competitors like mini-supermarkets and supermarkets with a wide variety of products are emerging worsening the situation for those dealing in similar products. I noticed during my research that women deal in similar commodities such as charcoal, second hand clothes, shoes, groceries and food items. I attributed this to a lack of market information. This was confirmed by one woman I interviewed who said:

‘Sometimes we fail to sell anything. This is because of stiff competition we face from fellow traders who deal in similar items like us. We sell charcoal, also others sell charcoal. This makes business not to peak. If we see a friend selling charcoal we copy, if it is fish we switch to fish. We lack market information about what is prevailing. We get carried away with what others are doing without understanding why.’

It is clear from this statement that business women are lacking information about the market. Women lack knowledge about what customers need. The things that women buy may be of poor quality which attracts very few or no customers. Women traders in Chipata have no business contacts and have no knowledge of how to deal with the business environment. They have little or no bargaining power, all of which further limit the growth of their business.

High interest rates charged by micro-financial institutions coupled with repayment period constrain women’s capacities to expand their small businesses. FINCA and the World Vision Fund peg their interest rates at 18%. The interest rates are high and because of this women are perpetually in debt making it difficult to grow and expand. A woman from Umpawi women’s group explained:

‘Micro-credit institutions charge us very high interest on the money we borrow. We now know that these companies that lend us money are not interested in making us grow businesswise. They are only interested in making their own profits. For example if I get K800 (US\$73) then I am required to pay K144 (US\$13) interest, loan plus interest the total comes to K944 (US\$86), and then I am required to pay service charge K96 (US\$9). Remember that I am supposed to make two weekly repayments of K134 (US\$12) plus forced savings of K20 (US\$2). Meaning that the two, weekly loan repayment plus forced savings, the total comes to K154 (US\$14). The grace period (two weeks) in which to resume loan repayment is not enough. The time the business starts performing well you realize that you are required to resume repayments.’

Forced savings are imposed on women so that if one member in the group defaults, the savings are forfeited to the loan company.

Business levies charged by Chipata Municipal Council are a thorn in the flesh of many women traders. The Municipal Council levy high charges against micro and small businesses trading in the streets, markets and shop corridors. Such small businesses do not manage to sell much on poor days. The little that women make is spent paying penalty fees for failing to pay on time. The women complained that the levies are too high. One woman complained:

‘The daily business levies are too much. We are charged every day and if you do not pay in time, the penalty fee is too high. Because of this most of us do not remain with money to save.’

4.6 Discussion of the findings

The study’s findings indicate that despite having programs targeting women for empowerment through loans and grants, the end result is business failure. Also the operation of legal, socio-cultural and economic barriers prevent women’s micro and small businesses in the informal sector from growing into medium and large scale business enterprises in the formal sector. Giving money to women for income generating activities is simply not working. The women are not succeeding and something must be done to address this state of affairs. The solution lies in doing the following:

Mentoring and networking: Established business women mentoring budding entrepreneurs. This is important as networks and associations of women entrepreneurs can provide much needed support for new and emerging women entrepreneurs. Women must be helped in creating business contacts and educated about the importance of having and using bargaining power. Women running micro and small scale businesses must join professional bodies or be part of other networks in order to have access to business and market information. Networks are important as women are not deprived of awareness and exposure to good role models (Mahbub, 2000). One woman married to a police officer in Chipata has benefited from mentorship arrangements. Previously, this woman accessed micro-loan facilities but was not doing well in business due to the lack of business mentors and role models. After learning from business mentors and benefiting from networking her business has grown from a small to medium size one. This is what she said:

‘I have been getting business loans from Microloan Foundation Zambia since 2010. Previous I could just get the loan without planning what to do with it. My business was not performing well; but after I got exposed to Mrs. Daniel Banda a seasoned business entrepreneur, I have learnt a lot about business planning, market assessment and other skills and now my business is doing well. I was doing trading in the market but now I own my own big shop dealing in electronics.’

By way of a comparison, in Australia the mentorship program is working well. They have established the Women in Small Business Mentoring Network that links beginners with experienced big business owners through which ideas and knowledge are shared.

Establishment of day care facilities: Since the institution of marriage combined with reproduction, caring and mothering roles of women restricts their best entrepreneurial efforts, it is important to support women entrepreneurs by establishing subsidized day care centres to support them in balancing the performance of their business activities and family duties. Support for women entrepreneurs should take into account their reproductive and household responsibilities as well as the existing relations and roles between women and their children (Tong, 1989). In addition, encouraging and bringing men on board is just as important as they can also help to share the dual business/family burden that the women carry. This has been implemented in Sweden and is working very well. Men can also be given paternity leave.

For micro and small scale businesses in the informal sector to grow into medium and large scale enterprises in the formal sector women traders do not only need financial services, they also require business training and entrepreneurship skills. Such business training and skills need to relate to market information, business management and vocational skills training, business advice, financial literacy, business building, skills and attitudes (Grant, 2006). Business training is important for these business women to make their money work for them and derive the maximum benefit from it. Adequate business training and entrepreneurial skills will help women to grow their micro and small businesses in the informal sector to larger scale ones in the formal sector.

As mentioned above, the women’s failure with their poultry business occurred because they lacked necessary training in livestock rearing. They lacked the much needed information and knowledge about how to manage their poultry. They needed training in different types of diseases that attack chickens. Had the women been adequately trained in such important areas

of their business, the problems they experienced are likely to have been resolved and the business still to be in operation.

To respond to stiff competition and survive in business, women require market information and knowledge of marketing strategies. This can be acquired through business mentors and business training.

4.7 Analysis of the findings: Reasons for women's business failure

In this section I will analyze why women's businesses fail, what factors cause them to fail and how to resolve this. In analyzing business failure, I will look at factors such as marriage, poverty, conceptualization, supervision, default, earnings and gender stereotypes.

4.7.1 Marital issues

The findings showed that one of the factors standing in the way of women's progress in entrepreneurship is marital issues. They contribute to preventing women from attaining their highest level of entrepreneurial potential (Winn, 2012). Women's child bearing responsibilities interfere with good business intentions. Young children do not decide when to fall ill and school schedules are not made with their parents' needs in mind (Winn, 2012).

Many women business owners find it challenging to balance their families interests with their business obligations. In most cases women underestimate the extent to which the needs of their business conflict and interfere with the needs of their family (Winn, 2012). Though women themselves contribute to limiting the growth of their business, attending to their family obligations also keep their businesses small. Business owners must put increasing amounts of time into the running of their business if they expect them to grow. Most of the women I interviewed in Chipata were primary family care givers. The husbands of those who were married did not help with or take over any household duties like washing, sweeping or cleaning. One woman stated:

'Our husbands do not assist us in taking care of the children. They do not even assist in performing household duties such as sweeping and washing. We do the cleaning and washing before coming for business. After business hours we do most household work without the involvement of our spouses.'

It is taboo for the men of most tribes in Zambia to perform any household duties. A wife/mother's family duties do not decrease even when her children get older (Winn, 2012). As already indicated above, the only way for women to manage the burden of family obligations is to give them access to day care facilities to prevent their marriage, reproductive life cycle and their caring and mothering roles from inhibiting the full potential of their entrepreneurial capabilities. Women need the support by established subsidized day care centres to enable them to balance business activities with family obligations (Tong, 1989).

Another contributing factor to women's lack of growth and failure in business is associated with marital issues. Women do not enjoy total control of their businesses and income. It is common for husbands to demand that their wives hand over some or all of their business earnings to them. If they refuse they face abuse and humiliation in the presence of their children and neighbours. This sometimes results in women being unable to pay back the money they owe to micro-financial institutions. One woman's husband works for a local authority in Chipata, supervising grave diggers. He is fond of demanding money from his wife's business to buy beer. Due to his persistent demands, she defaulted in repaying her loan to FINCA which caused her household property to be seized and sold to recover what she owed. The woman complained:

'My husband is a problem. He demands money from my earnings to buy beer even when he works for the council. The money he gets as salary is spent on buying few household items and the rest I do not know where he takes it. Because of my husband's behaviour one day I defaulted my loan repayment of K483 (US\$44) and so FINCA came home and confiscated my household items like a DVD player, TV set, and a domestic drier.'

Although it is difficult to resolve situations in which husbands interfere with their wife's businesses, it is suggested that men can be gradually sensitised through education to be persuaded to realise the importance of supporting women's business activities.

4.7.2 Gender stereotypes

Gender stereotypes are also factors contributing to women's business failure. Gender differentiates between biological sex (male or female reproductive body organs) and socially constructed sex. Socially constructed sex is as a result of socialization. In terms of gender stereotypes, women and men occupy social roles according to the traditional gender division of labour (Ahl, 2004). In economic arrangements, the socially constructed characteristics

(traits) distinguish the capacities of women and men in entrepreneurship and this is why economic scholars have espoused the concept of the masculine perspective of business in which business people including entrepreneurs are constructed as men. Excellent entrepreneurship is considered using masculine characteristics such as goal accomplishment, assertiveness, task achievement and self interest, all of which ignore feminine characteristics in small and medium enterprise performance (Ahl, 2004).

In Simone de Beauvoir's (1949) argument of 'the otherness of women' and their relegation to the position of the second sex, female entrepreneurs are viewed as 'the other' in terms of which the male entrepreneur is defined. In terms of the gender division of labour, men have always been expected to be providers and women caregivers. Scheiner makes the argument of 'think manager, think man' since males are said to be task focused and strive to get the job done, while women are said to be concerned with the welfare of others above everything else (de Beauvoir, 1949; Ahl, 2004 and Illyosova, 2005). Women are described mainly in relation to the family business and in terms of the family role.

Due to gender stereotypes women's income generating activities are considered less important and less likely to contribute to the economic development of the country. Because of gender stereotypes micro-finance institutions, government and NGOs, use small loans and grants as a way launching income generating programs for women. Micro and small business owners, particularly women in the informal sector, are viewed as poor and only in need of small amounts of capital, and not larger amounts to support activities that will promote genuine business development (Mariwo, 2008). Micro-finance programs draw their content from the life of women in the informal sector and this has implications that women are only good at income generating activities (projects). The perception created is that women can only do small projects that support their families. The stereotyping of women's business capacity based on the perception that women in the informal sector are poor inhibits business growth and expansion. Micro-finance programs should have diversity. They should be based on and responsive to the socio-economic contexts in which women are found rather than based on having branded them all the same and developing and applying one-size-fits-all policies and programs based on stereotypes (Mariwo, 2008).

4.7.3 Conceptualization

Conceptualization is defined as the ability to initiate ideas, concepts or programs (BusinessDictionary.com). Business failure is also explained by the way women's programs are conceptualized. There is a general presumption that women's business expansion means micro-loans provided to them for income generating projects. It therefore follows that when coming up with programs for women in the informal sector relating to access to financial resources for business development, women are not involved in the formulation, conceptualisation, decision-making processes or evaluations of such programs. Lack of such participation by women as required by article 19(c) of the Women's Protocol underlies the inappropriateness of the income generating activities (projects) in which they find themselves engaged in. This shows that women in the informal sector are ignored by the very policy makers who are tasked with the responsibility of formulating policies to protect them and promote their best interests.

4.7.4 Training

Lack of appropriate training is another reason that explains business failure. Giving women money is all that is considered necessary to start them up in a business. The study's findings indicate that women have become experts at failure. This is because an important ingredient is missing and that is business training and entrepreneurial skills. This deficiency is perpetuating their lack of capacity to manage and grow their micro and small businesses in the informal sector into larger scale businesses in the formal sector. Nearly all the women I interviewed recorded business failures and attributed them to this weakness. One woman clearly indicated that they were only trained in how to repay their loans:

‘The only training we receive is savings and loan servicing. The institutions that assist us with these loans only emphasize on loan repayments.’

The only pre-occupation of the micro-loan providers is making sure the women pay back the loans that they owe. They seemed utterly unconcerned with the condition or growth of the women's business. Most of the women traders I interviewed in Chipata were constrained by lack of business training and entrepreneurial skills. The women I interviewed involved in the poultry business failed due to their lack of appropriate skills. This is a clear indication that giving women money for business projects is not enough. Their chickens ended up dying which forced their business to fail and close down. One woman from the group said:

‘Our business failed because the chickens we started rearing all died due to unknown causes and predators like cats. We want to go back to Chisomo so that they can assist us with another loan to start another poultry project.’

Offering money for business projects has proved to be unsuccessful in failing to work to the advantage of women as envisaged by the spirit of article 13(c) of the Women’s Protocol which obliges the government to promote women’s access credit, training, and skills development. Skills development and training is necessary for women to obtain the full benefit of any money invested in their businesses.

4.8 Conclusion

The study’s findings indicate that the needs of women owning and running micro and small businesses in the informal sector have not been met and their active role in economic development has been ignored by government and NGOs in their policy formulation and implementation. Micro-finance is taken to be the only way of promoting business activities for women in the informal sector. This is also attributed to government and NGO policies and programs which are based on the stereotyping women in the informal sector as poor. It has been revealed that micro-financing schemes for women provided by the government and NGO share the same characteristics and patterns in terms of their conceptualization, lending methodologies and regulations. The schemes all follow the Grameen Bank model and almost always result in failure. Women have failed to succeed. The Grameen Bank model cannot apply to the current economic situation and therefore needs to be revised.

The findings also indicated that the Constitutional and legislative provisions, economic (competition, high interest rates, marketing) and socio-cultural factors (marriage, lack of skills training) affect and constrain women’s business performance. The indication is that Zambia has failed to meet her obligation to provide socio-economic rights that support and promote women in the informal sector. The way forward to women’s challenges lies in:

- Mentorship and networking where established women entrepreneurs can provide support for new and up-coming entrepreneurs.
- Establishing day care centres to overcome problems associated with reproduction, caring and mothering.
- Providing appropriate skills training and entrepreneurship skills.

4.9 Emerging issues

My original plan was to do research in both Chipata and Katete Districts but later my study focused a great deal on Chipata. I realized that Chipata provided all the data I needed in terms of rich sources of information needed for my analysis.

Other issues that emerged were that most government and private organizations were not able to provide me with copies of documents needed for my data analysis. I had problems accessing documents such as loan schedules from micro-finance providers.

CHAPTER FIVE

5.0 CONCLUSION AND RECOMMENDATIONS

5.1 Conclusion

The study has revealed that despite having various sources of micro-finance assistance from the government, NGOs and micro-finance institutions, women's micro and small informal sector enterprises businesses are not doing well. They almost always result in failure. The notion that women are poor and only capable of running small income generating activities as opposed to larger enterprises with bigger futures is the major contributing factor. Micro-finance is seen as the only way for women to get started in business. Women's business projects are conceptualized on the basis of poor women who are only capable of and therefore only in need of small amounts of money for small income generating projects.

Legal factors (Constitutional and legislative), socio-cultural (marriage, lack of training, lack of financial discipline) and economic factors (such as competition, lack of marketing knowledge and high interest rates, high council levies) are among factors the identified by this study as constraining women's business development. Taken together they show that the government of Zambia has failed to provide socio-economic rights that support and promote entrepreneurship development for women in the informal sector in violation of article 13(e) of the Maputo Protocol which obliges the government to create conditions to promote and support the economic activities of women in the informal sector and of article 19(b), (c) and (d) which puts the burden upon the government to ensure that women at every level take part in decision making, conceptualization, implementation and evaluation policies and programs. The government is obliged under international human rights law to promote women's access to training and skills development and control over productive resources such as land.

5.2 Recommendations

To support and promote the women's entrepreneurship development I recommend the following:

5.2.1 Constitutional and legislative measures

Currently the Constitution of Zambia (Amendment) No. 2 of 2016 does not have a Bill of Rights. To make the Constitution relevant to women's entrepreneurship development, there is a need to make socio-economic rights justiciable, i.e., enforceable within the court or Zambia.

The CEEC should clearly specify that 'targeted women' within the CEEA include women in the informal sector and women in the formal sector and put in place measures for the benefit of both groups of women. As it stands the CEEC only seems to be serving the interests of well established businesses and companies that meet its requirements and conditions. It should not be vague but clear in its mentioning of targeted women though it has classified targeted women according to sex, gender, disability among others.

Apart from identifying small enterprises, institutions and projects which require financial assistance, providing information on the sources of finance and promoting local investment for micro and small scale business activities, the Small Enterprises Act, Chapter 425 should seek to promote and support micro and small scale business activities for women in the informal sector who form the majority and most disadvantaged of its members. The Act must create a legal environment for women micro and small business entrepreneurs in the informal sector to demand their right to entrepreneurship development.

The Micro, Small and Medium Enterprises Development Policy (Ministry of Commerce and Industry-2008) objectives should provide for the active support and participation of all major stakeholders in Micro, Small and Medium Enterprises (MSMEs). The policy should also aim at facilitating the creation and development of viable MSMEs in the informal sector so that they can contribute to the country's Gross Domestic Product (GNP) by 2018.

5.2.2 Socio and cultural measures

To solve problems associated with women's reproductive, caring and mothering roles, the government should establish subsidized day care centre facilities. This will enable women to balance their business activities and family responsibilities.

To grow their micro and small businesses in the informal sector into larger businesses in the formal sector, women not only require business loans but also appropriate skills training and entrepreneurship skills. Skills training and entrepreneurship skills will enable women to

assess their market environment, make business plans and projections. For example, those involved in livestock rearing will be able to detect animal diseases so that appropriate remedies can be timeously administered.

5.2.3 Economic measures

Micro-financial institutions should not charge high interest rates. Interest rates should be made more favourable so to encourage future investment in women's micro and small businesses.

5.2.4 Administrative measures

For programs to be successful, women must at every stage be involved in decision making, conceptualization, implementation and evaluation of policies and programs initiated by the government and NGOs. Business programs (projects) for women are failing because they are divorced from the actual needs and capacities of women as seen by the unsuccessful micro-financing assistance the government and NGOs are currently extending to women.

5.2.5 Other measures

Steps need to be taken to avoid stereotyping women as poor and capable of running only small income generating projects and therefore only needing small amounts of money to do so. Micro-finance programs should be diverse and designed to fit the specific needs of each woman's enterprise they are designed to assist. One-size-fits-all policies and programs based on the insensitive stereotyping of women being poor and incapable should be removed.

Mentoring and networking support should be promoted and encouraged among women involved in businesses. This is important as established women entrepreneurs are in a good position to provide support and offer advice based on their experience to new and upcoming women business entrepreneurs.

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