Introduction

A woman makes bread to sell.

Hassana, a widow with five children, lived in a small village in West Africa. With so many mouths to feed, Hassana often lacked money to buy clothes and school supplies for her children. She had no money saved in the event that someone got sick, and sometimes even buying food for the family could be difficult.

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

Small business owners like Hassana are called micro-entrepreneurs. Entrepreneurs are people who start businesses, and micro means tiny, so micro-entrepreneurs are people who start very small businesses. Hassana’s business may be tiny, but the micro-entrepreneur movement in developing countries is not so small. Hassana’s story is one of many about women in Africa who are trying to make life better by starting new businesses.

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

**Essential Question**

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

Pictured in this outline of the continent of Africa is a micro-entrepreneur. She is one of many African women who have started their own businesses. These women are part of a larger movement of developing small businesses throughout Africa. Keep this image in mind as you try to answer the Essential Question.
Women Carry a Heavy Load
There is a traditional division of labor in Africa between men and women. Men hunt, herd, or work for wages. Women take care of the family. This often involves hauling firewood and water over long distances.

1. The Geographic Setting
In this lesson, you will visit three African countries south of the Sahara. Mali is in West Africa. Uganda is in East Africa. Botswana lies in the center of Southern Africa.

A Developing Country Most of Africa is made up of developing countries. Twenty-five of the world’s 30 poorest countries are found in Africa. In 21 of these countries, more than 40% of the population survives on less than $2 per day.

Poverty makes survival a daily challenge. In 2016, nearly 218 million people in sub-Saharan Africa were undernourished, which means they did not get enough food to lead healthy lives. Lack of food stunts, or slows, the growth of about one-third of all children in sub-Saharan Africa.

Disease remains a serious challenge throughout much of the continent. Malaria, for example, affects people in many parts of Africa. Mosquitoes spread the parasite that causes this illness, which can be deadly especially to children. Health experts estimate that a child dies from malaria every two minutes, and more than 95 percent of those deaths are in Africa.

Natural disasters have created other challenges. In recent years, drought has struck many African countries. The lack of rain has resulted in crop failures for many farmers and in the deaths of animal herds for pastoral nomads. The loss of crops and livestock has led to severe food shortages.

War is another serious challenge. Many countries in Africa, such as Somalia, South Sudan, and the Democratic Republic of the Congo, have been torn apart by civil war. A civil war is a war between groups that are living in the same country. Each of these conflicts has resulted in the deaths of hundreds of thousands of people.

Women Face Added Challenges The challenges of poverty, disease, natural disasters, and wars affect a large proportion of Africans, but they often weigh heaviest on women. One reason for this is Africa’s traditional gender-based division of labor. This is the division of work in a society based on a person’s gender.

Traditionally, men in Africa have been the money earners, raising cash crops or working for wages. Meanwhile, women have been responsible for the care of the family, a responsibility that often includes growing food on small plots of land to feed their families. As important as this work is, it does not earn money.
Poor women who need to earn money face added challenges. One is a lack of education. In sub-Saharan Africa in 2016, more than 25 percent of women ages 15 to 24 could not read, which left few jobs open to them.

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

For many African women, the informal economy has become an area of opportunity in which they can start a new business without a lot of money. In this lesson, you will get to know some of these women micro-entrepreneurs.

▶ Geoterms

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

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

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

micro-entrepreneur a person who starts and runs a very small business
Gender Equality in Africa, 2006

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

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

Mali is one of the poorest countries in the world, and much of its population lives in rural villages. Women work especially hard, but things are changing in some villages in Mali—and women micro-entrepreneurs play a large role.

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

Grinding peanuts is just one thing this machine, called a multifunctional platform, is capable of doing. The multifunctional platform is a simple, sturdy machine that can be used in many ways. Its heart is a small engine that runs either on diesel fuel or on oil from plants, and rubber belts connect it to different tools. The women of Sanankoroni connect the engine to a grinding tool that turns peanuts into peanut butter.

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

The multifunctional platform was created by a Swiss inventor who believed that the machine would improve women’s lives. He was right. His invention has changed how women spend their time. Many used to spend three days grinding 100 pounds of peanuts by hand. Now the machine can do that in just over an hour. Women have more time to dedicate to other income-earning activities, such as selling peanut butter. One survey found that in Mali, where 50% of the people live on less than $2 per day, the average yearly household income increased by nearly $70.
Aid from International Organizations  The women of Sanankoroni bought the multifunctional platform with the help of the United Nations Development Programme (UNDP), an international organization that works to reduce poverty in developing countries. The women formed a group and raised half the cost of the machine, and the UNDP provided the rest of the money. The UNDP program in Mali has served as a model for both other organizations and African nations.

In addition to providing funding to purchase multifunctional platforms, organizations have also formed to give small amounts of credit, or small loans, to poor people. The average loan amount in developing countries is often less than $1,000, but it could be for less than $100. Because the loan amounts are small, these groups are known as micro-credit organizations.

As with buying multifunctional platforms, women often work in groups to obtain small loans. In these arrangements, no member of a group will be eligible to take out another loan from the organization until everyone’s first loan has been repaid. Women apply social pressure to other group members to ensure that each repays her part of the loan.

The Platform’s Positive Impact
By providing economic benefits and increasing free time, the multifunctional platform has enabled women to improve their health. Women can afford, and have the time, to visit to local health clinics more regularly. Moreover, clinics use the electricity generated by the machines and can now provide services to the community after dark.

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

The new business owners have learned many new skills. For example, they have learned how to run the machine and keep it in good repair. They have learned how to create schedules for their workers and customers. And they have learned basic accounting so that they can ensure that they have enough funds to buy fuel and to pay their workers.

Improving the Quality of Life
Thousands of villages in Mali and other nations in Africa now have their own multifunctional platform. This machine has improved the quality of life in these communities. For example, families in Sanankoroni have more time together now that the women do not spend all day grinding peanuts by hand.

Another improvement in these villages is that attitudes toward education have changed. Before the machine arrived, only 9 women in Sanankoroni, a village of 460 people, could read and write. A year later, more than 40 women were attending classes to
learn how to read. Girls who used to stay home to help with chores are now going to school.

In the village of Mountougoula, women purchased a generator to connect to their machine to produce electricity. The generator runs the lighting system they set up in their village. The lights have made the village safer at night, and storeowners are making more money now that people can shop after dark.

The machine has improved the lives of men as well. The Sanankoroni Women’s Association hired several men to work in their business as mechanics, maintaining and repairing the machine. “It’s better than farming,” says one mechanic.

However, not all villages have experienced the positive effects of the multifunctional platform. For example, some villages lack the tools or parts needed to properly maintain and repair the multifunctional platform. Obtaining these items can increase costs beyond the income that can be earned from the machine. If the machine is not maintained or repaired, the gains made by the community may be lost.

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

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

3. Selling in Uganda’s “Poor Man’s Market”
Kalerwe market in Uganda is an amazing place to visit. From the center of the market, stalls stretch as far as the eye can see, and between them, buyers roam the muddy, crowded lanes. Sellers shout information about the food, goods, and services they have to sell. Kalerwe is known as the “poor man’s market,” but it attracts all kinds of people from nearby Kampala, the capital of Uganda. They are drawn to the market by its bargain prices.

Markets like Kalerwe are quite common in Uganda and most other African countries. Such markets are part of the informal economy. They provide opportunities for people to sell goods and services without having to obtain a business license, and often the sellers can pocket their earnings without having to pay taxes. Many successful women micro-entrepreneurs got their start in these markets, including Margaret Saajjabi.
**Bananas Fund a Micro-enterprise** Margaret Saajjabi runs several profitable micro-enterprises in Uganda. She owns land in Kalerwe market and rents many market spaces to other people. Some of her tenants have built stalls in the space, while others sell their goods and services in the open air. Her tenants include hairdressers, electricians, vegetable sellers, and cooks.

Born into a very large family, Saajjabi was studying in high school when her father told her that there was no longer enough money for her to continue her education. Saajjabi then left high school and worked for the police and later as a telephone operator, but she longed to start her own business.

Saajjabi got her start by selling bananas by the side of the road. She then received micro-credit to help her grow her business. She received multiple loans, and when she had sufficient money, she began buying land in Kalerwe market. In addition to renting out market spaces, Saajjabi sells large cans of water to local people, and she created a parking lot that can accommodate 50 cars. People who come to Kalerwe pay to park there.

Open-Air Markets Are Popular Much of the buying and selling in Uganda goes on in outdoor markets like this one. Some micro-entrepreneurs build stalls, and others sell their goods and services in the open. Such markets are part of Africa’s informal economy.
An Outdoor Beauty Shop
Some of Africa’s most successful micro-enterprises can be found in local markets. Many are owned by women. With the money they earn, women can send their children to school or build homes for their families.

Difficulties for Ugandan Women in Business Saajjabi found that women face special challenges in business, such as getting funding to start or expand a business. In Uganda, women often lack the education or collateral to obtain a loan. Collateral is an item of value used to secure a loan. For example, few women own land that can be used as collateral. Moreover, women often have financial hardships that require them to use loan money to pay for food or schooling rather than to invest in their business. Saajjabi faced such difficulties herself and, at times, had difficulty repaying loans.

To get around this problem, Saajjabi created a savings club with other women so that they could help one another save money. When a woman needs a loan, she borrows from others in the club.

A Micro-entrepreneur at Work
Margaret Saajjabi has built a successful business from very small beginnings. She once sold bananas. Now she rents out space to other micro-entrepreneurs.

Supporting an Extended Family Margaret Saajjabi is a good example of how one woman’s success can benefit others. In her case, the people who have benefited the most from her success are the members of her large family. Saajjabi supported her own 6 children and helped raise 19 nieces and nephews. Saajjabi ensured that all of them finished school.

Saajjabi believes that a good education is important for both girls and boys. Additionally, she believes that all children should learn to respect the value of work, and she required the children in her family to work at Kalerwe market during their school holidays.

Creating New Economic Opportunities Saajjabi’s success has rippled outward from her extended family to other people in her community. The people who rent market space from her now have a way to make money for their families. She has also hired guards for her parking business, and she plans to build more shops and to employ more young women. Moreover, she even started an elementary school in her village that serves 450 students.

Saajjabi encourages other women to start their own businesses. “You have to be confident,” she says. “Develop the skills of your trade. Don’t beg off and say, ‘I’m just a woman.’” If Saajjabi had thought that way, she might still be selling bananas by the side of the road.
The Country of Botswana

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

4. Cooking Up Comfort Food in Botswana

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

One day Kgosi looked down the street and saw a colorfully painted food truck with a sign above it proclaiming “Mama’s Fast Food.” From the wonderful smells drifting out of the caravan, Kgosi knew at once that the foods of his childhood were cooking inside.

Kgosi’s “Comfort Food”

In addition to *stampa* and *papa*, other traditional foods from Botswana include dried mopane worms, the porridge-like cornmeal pap, and *madombi* (pictured). *Madombi* are traditional streamed bread dumplings that are served with stew. Micro-entrepreneurs can sell foods like this out of a truck or trailer to earn money.

A Used Trailer Becomes a Street-Side Restaurant

Kgosi is typical of many people who live and work in the city of Gaborone. They grew up in the country and then moved to the capital to find work. Most eat breakfast and lunch near their workplaces. This has created an opportunity for many women micro-entrepreneurs to open food trucks in modified trailers, which are similar to trailers that people in the United States might use for camping.

A woman must do several things to start a food truck business. First she needs to purchase a trailer, often in neighboring South Africa. Because of the trailer’s cost, women have to save money for years before they can afford one, or they often have to borrow money. They may seek financial assistance from parents or family members or from organizations that provide loans to micro-entrepreneurs.

Most caravans come with a small stove and a cooler already installed, but these are not sufficient to run a food truck. The women must then hire someone to equip the trailer with a kitchen and to build shelves and racks to store supplies and gas tanks to fuel the stove.

Finally, a woman must find somewhere to park her food truck. Any place where many people work and shop is a good location. Women must also have access to a car or hire
someone to drive the trailer to her chosen spot. Many food truck owner sets up plastic chairs and patio tables, and people eat outside under a canvas canopy while they enjoy a meal that reminds them of home.

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

**Community Meeting**

Members of a group that obtained a microfinance loan collect repayment. Group members ensure that other members repay their part of the loan. None of the group members is eligible to receive another loan from the lender until the first loan has been repaid.

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

The families of these micro-entrepreneurs may also benefit. In some cases, women may earn enough money to send their children to school and to buy land and build homes. However, not everyone who gets a loan from a micro-credit organization may see such benefits. Recent studies have suggested that loans are not as effective as had been hoped. Evidence has indicated that most borrowers have experienced little improvement in their income or overall financial well-being.

Although loans are not likely to end poverty, they have helped micro-entrepreneurs create profitable businesses. The people of Botswana, and other African nations such as Uganda and Mali, benefit from new jobs that are created when micro-entrepreneurs start businesses. This helps increase economic development as well as the nations’ GDPs.

**Summary**

In this lesson, you learned that women in Africa face many challenges. Poverty is widespread, and the gender-based division of labor has made it difficult for African women to earn money. You met some of the micro-entrepreneurs who have started small businesses as part of the informal economy. Through their micro-enterprises, these resourceful women have been able to build successful businesses.

Women micro-entrepreneurs can be found in every country. Most of them face similar challenges, such as finding the money needed to start a small business. Although these
women require only a relatively small loan, banks are generally unwilling to make loans to the poor. As a result, some turn to micro-credit organizations.

Women are part of a larger movement in the growth of microenterprises across Africa. As you examine the map of micro-credit organizations in the next section, think about the effects of these loans.

Global Connections

This map shows where micro-credit organizations make the most loans worldwide. You can learn more about these loans by examining the information in the table under the map.

In what parts of the world are micro-credit organizations most active? Why might this be so? Micro-credit organizations are most active in Africa, Asia, and Latin America. Because most banks in these regions will not make loans to poor people, micro-credit organizations have stepped in to help poor people get start-up loans for businesses. Around 400 million people in developing countries own small businesses, and many of these micro-entrepreneurs got their start with small business loans.

Which gender gets the most micro-loans? Why might this be so? More than 80 percent of small business loans are made to women micro-entrepreneurs. Part of the reason for this is that it is women who need the most help. The majority of people living in poverty are women and their children. Also, micro-credit organizations tend to view women as a good risk. However, studies have come to varying conclusions about whether women are really more likely to repay their loans. Overall, more than 95 percent of micro-loans are repaid.

How can micro-credit organizations better help women? Microcredit organizations aim to help people help themselves. However, many are concerned that micro-loan programs are one-size-fits-all and may not be appropriate for everyone seeking loans. For example, many believe that borrowers offered more suitable repayment options. Such options could provide borrowers with better long-term economic stability.

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<tr>
<th>Fast Facts About Micro-credit</th>
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<tr>
<td>Around 400 million people in developing countries run micro-enterprises.</td>
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<td>Nearly 4,000 micro-credit organizations served more than 210 million clients in 2013.</td>
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<td>Around 95% of micro-entrepreneurs who get loans pay them back.</td>
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<tr>
<td>More than 80% of micro-loans are made to women.</td>
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<td>More than half of borrowers lived in extreme poverty in 2013.</td>
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