



**ADDIS ABABA CITY ADMINISTRATION
MICRO & SMALL ENTERPRISES
DEVELOPMENT BUEARU**

**WOMEN IN THE DEVELOPMENT OF MICRO & SMALL ENTERPRISES TO
ENSURE SUSTAINABLE DEVELOPMENT & FOOD SECURITY**

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ADDIS ABAABA**

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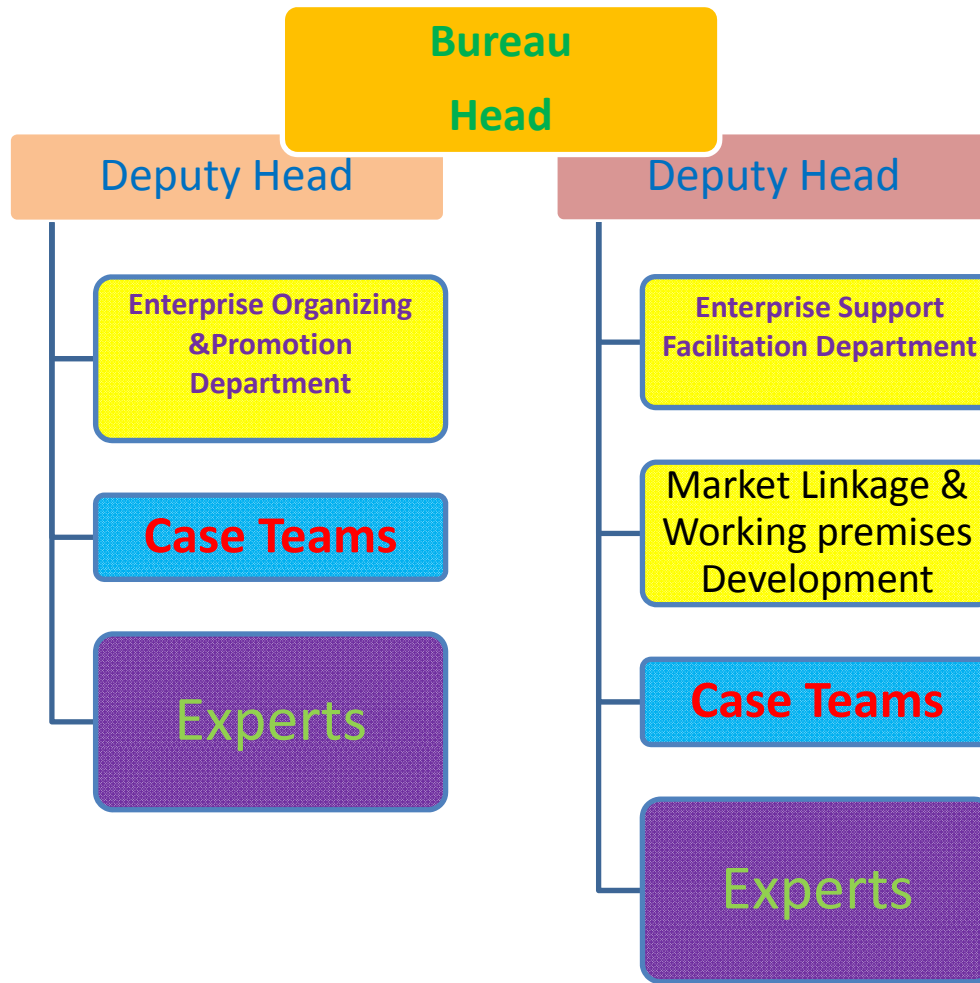
MICRO & SMALL ENTERPRISES DEVELOPMENT In Ethiopia (ADDIS ABABA)

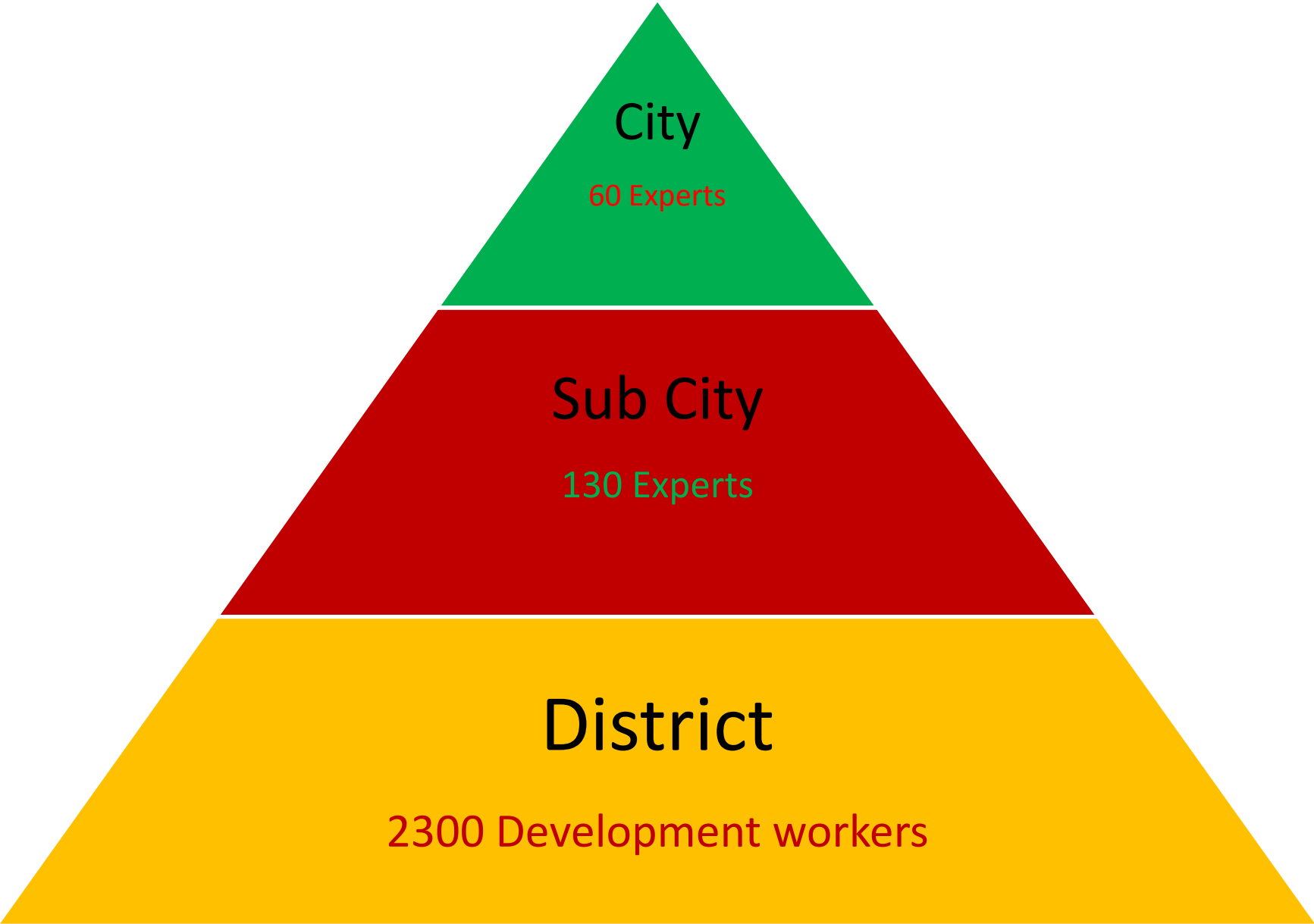
Part One: Introduction

- Micro & Small Enterprise Development Program in Ethiopia meaningfully has been given due attention by government since 2004/2005. Of course, in 1996/97 National Micro and Small Enterprise Strategy was developed by the government. However, the degree of recognition to the sector with regards to job creation and the alleviation of abject poverty among impoverished youth & women was not sufficient.
- Until 2004/2005, the national strategy was implemented by Federal SMEs Development Agency organized only at national level. Because of this, it was very difficult to make the strategy practical specially in delivering business development service for SME operators.
- Thus, by considering the critical role of the sector and the constrained faced by SME operators since 2004/2005 the government of Ethiopia decide to establish SMEs coordinating body at regional level.

- Accordingly, SMEs development Agencies are set up in all regions, even sub branch offices at zone/district level. The system helps to support a lot of SMEs and there by to create job opportunity for unemployed youth and women.
- Currently the government amend SMEs strategy with the objective of that in addition that the sector play alleviating poverty & reducing unemployment, to help out the sector to play its pivotal role **as a base to medium and large scale industry.**
- The strategy is implemented all over the country.
- In amending the strategy a lot of experiences had took from different countries specially from India, Japan and Malaysia.

Part Two: Organizational Structure of SMEs Development





Part Three: Fundamental points of Ethiopian SME Strategy

3.1 Definition of Small and Micro Enterprise (SMEs):

According to the new Small & Micro Enterprises Development Strategy of Ethiopia (published 2011) the working definition of MSEs is based on capital and Labor.

Sr.no	Enterprise level	Sector	Hired labor	Capital
1.	Micro	Industry	≤ 5	\$6000.00 or £4500.00 \leq Birr 100,000.00
		Service	≤ 5	\$3000.00 or £2200.00 or \leq Birr 50,000.00
2.	Small	Industry	6-30	\$90,000.00 or £70,000.00 \leq Birr 1,500,000.00
		Service	6-30	\leq Birr 500,000.00

3.2 Government Supports and Selected Sectors

- Since our country has limited capital government support to SMEs depending up on the importance of the sector in the economy.
- Accordingly growth oriented sectors are selected for Maximum government support and the rest non selected sectors will get Minimum support.
- **Some of growth oriented sectors are:**
 - **In the manufacturing sector:** Metal & engineering, textile and garment, leather products, wood work products, agro processing and handicraft products.
 - **In the construction sector:** contractor, building material production, cobble stone production, traditional way of mining extraction.
 - **Urban agriculture:** cattle fattening, honey production, forestry, poultry farm, animal food preparation,
 - **Trade sector:** domestic product whole sale and retail trade
 - **Service sector:** solid waste collection and recycling, maintenance service, etc...

- **Growth oriented sectors selection criteria:**

- ❖ Large market size for their product,
- ❖ Employment absorption capacity,
- ❖ Short period of return over investment,
- ❖ Local raw material utilization,
- ❖ High role for poverty reduction, and
- ❖ Opportunity to transformed to medium and large scale industry.

- **Types of Government Support for SMEs:**

- **Maximum support (for growth oriented sector)**

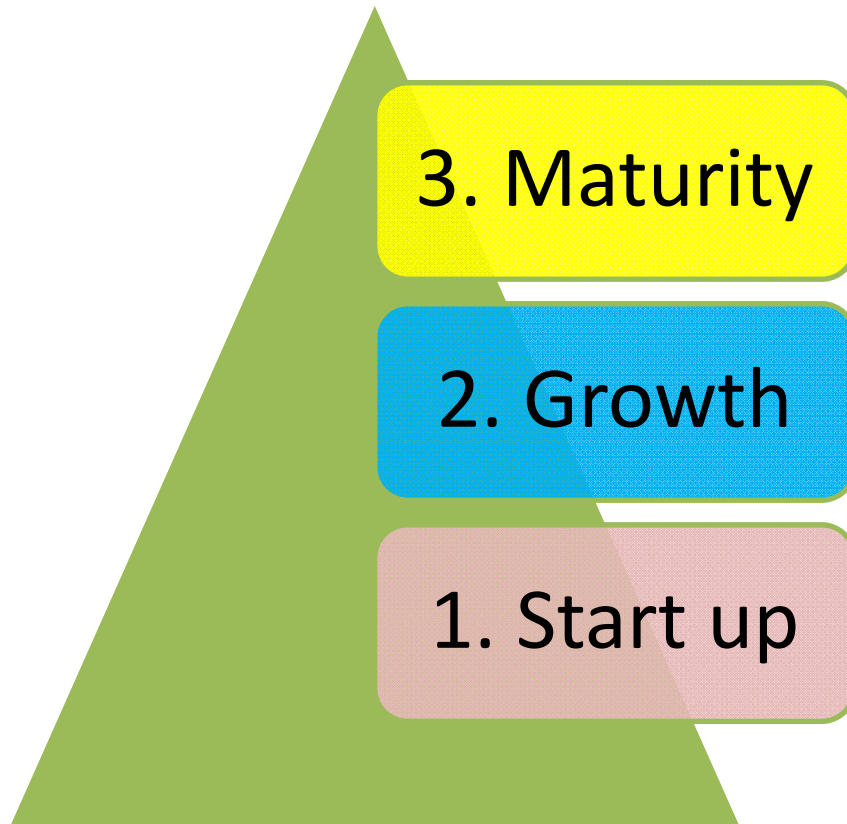
1. Working premises with least leasing price,
2. Product display center with least leasing price,
3. Technical and business management training,
4. Counseling service
5. Loan provision,
6. Market linkage particularly with government development programs (e g. Housing development,)
7. Exhibition, trade fair organization
8. Access to technology

- **Minimum support**

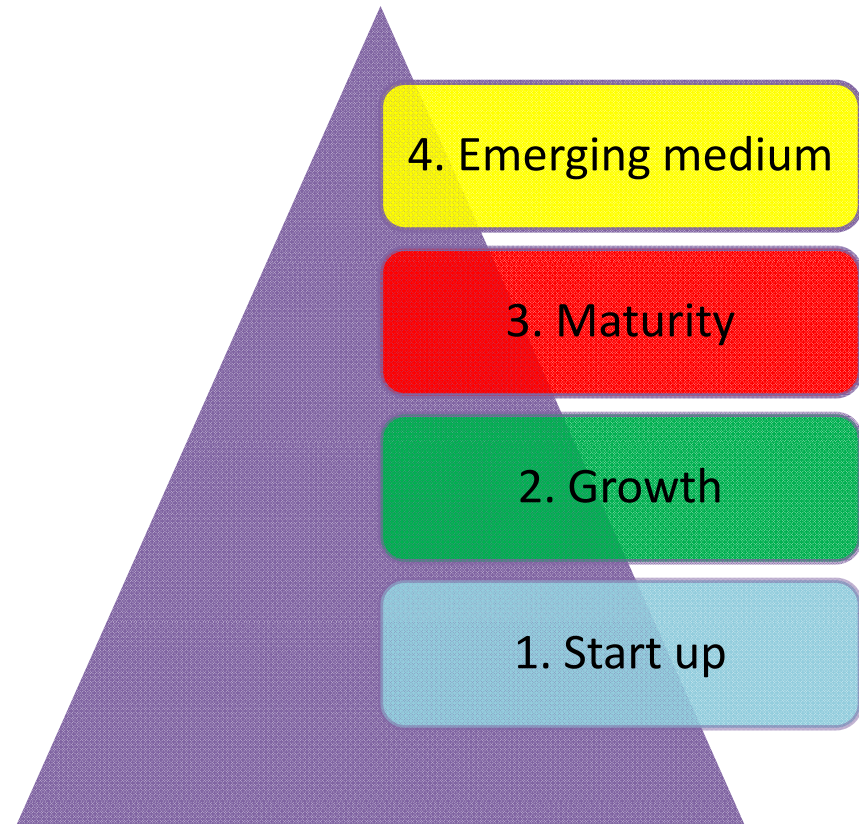
- 1. Loan provision,**
- 2. Exhibition, trade fair organization**
- 3. Technical and business management training, and**
- 4. Counseling service**

3.3 Types of enterprises growth stage

Micro enterprises



Small enterprises



Government Support and Growth stage of Enterprises

- Government support either for growth oriented or non growth oriented sectors base the growth stage/cycle of the enterprises.
- Based on the new strategy enterprises that wants to get support from government are obliged to know the stage of their enterprise.
- The size of support to SMEs (either maximum or minimum) depends up on the growth stage of the enterprises. That is, enterprises in the higher stage wants large support to be successful in their business activity.

Part Four: Women and SMEs:

4.1 Women in the Constitution:

- The basic point of Ethiopia constitution pertaining to Women empowerment is equal power & right in the social, economic and political participation.
- To come up to the **back log as regards gender discrimination** some affirmative actions are applied.
- Women have got ownership title on resources like Land.
- At national level **women affair policy** is published in 1992.
- And **minister office and regional level Women affair Bureau** are set up to make the constitution realistic. The major duty and responsibility of these government institutions are to empower women, awareness creation on gender inequalities, etc

4.2 Women & SMEs:

- Women are very much encouraged to participate in growth oriented sectors.
- In some sectors like car parking services , solid waste collection, etc are predetermined for women. Members of the enterprise should include 50% of women. This is because the activities are fully outsourced by government.
- To raise the consciousness and there by increase the participation of women in the economic activities to **ensure sustainable development & food security**, the following systems are applied:

1. Initiating and supporting women network groups:

- i. Women exporters association,
- ii. Women entrepreneurs association,
- iii. In some sectors women form unions

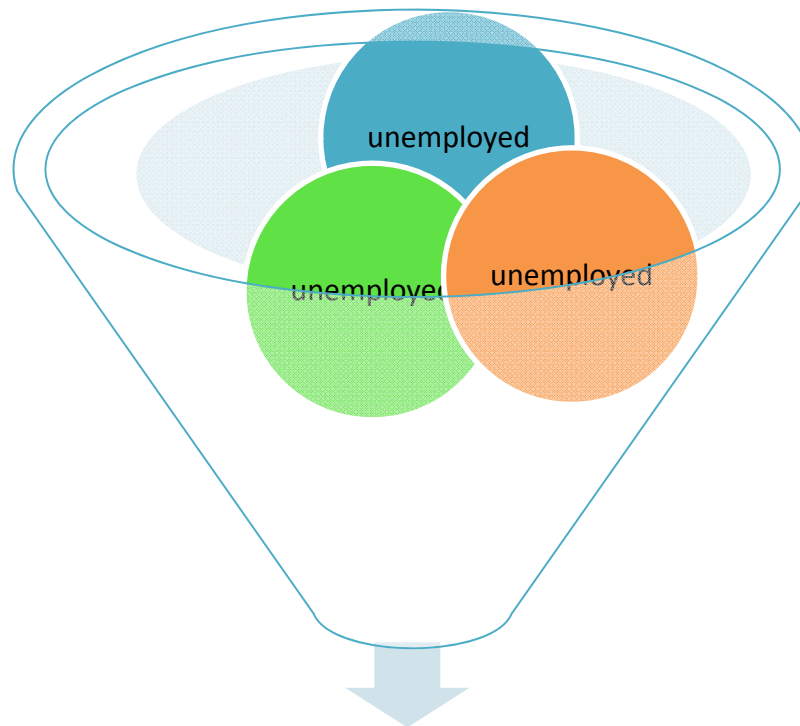
2. Selection of best performing women owned enterprises to teach other women:

- » Model women enterprises train other women (both unemployed & unsuccessful women in SMEs) about how to create job, challenges they faced, how to overcome the challenges in the business world, etc

3. Women job creation teams (WJCT): group of unemployed

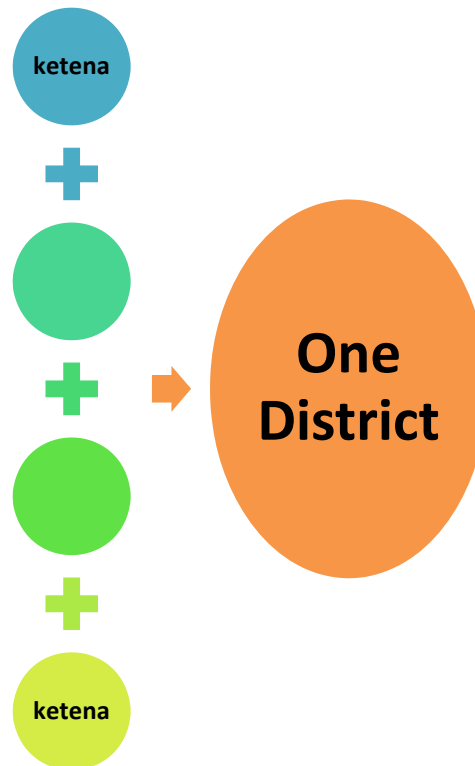
- WJCTs are organized in all provinces with the aim of raising economic benefit of women.

More than 50,000 unemployed selected and registered to create job opportunity in SMEs sector



**779 WJCT created in each
"ketena**

- In each province depending up on the total no of population and the size of boundary there are **5-10** women job creation teams (WJCT).



- The members of each team are **15 unemployed**.
- They are nominated democratically by the society, believed that they **are powerful to convince and change the attitude of other unemployed women regarding job creation**. And they can act as a vanguard to involved in any SMEs sector.
- **The team is also responsible to assess the business need of the unemployed, to advice how, with whom to form business organization.**
- For the first time the selected 11,000 unemployed women are organized in to 779 women job creation team. The members are trained on detail government development policy in general and specific training on SMEs strategy. The training was given in the form of TOT, to help them to convince others.

- **Accordingly, with in six months more than 60% of WJCT organized and started to operate in different SMEs sectors . Most of them operate in cobble stone production sector.**
- **Around 12,000 women business need have been identified, form business organization, trained in different fields and started operation.**
- Although this type of women structure has great benefit to move up the economic involvement of women, sustainability of the WJCT has face challenges like:
 - Un equal commitment of members,
 - Loose participation of members,
 - In some WJCTs, members after involving in SMEs sector, totally not participate in the WJCT,
 - Lack of fixed place to get-together, etc

4.3 SMEs development plan and women participation: Plan and Achievements:

a. Plan

- Because more than half of the population of the city are women (51%), each year it is planned that 50% of the job opportunity will be created for women.
- Accordingly different measures have been taken.
 - Via Women civic associations: continuous awareness creation program conducted in all levels,
 - Gender Unit: through this unit monthly gender review/ check have been conducted.
 - Thus from year to year women involvement in SMEs sector increases at increasing rate. In 2010 of the total job creation 37% are women.

b. Major Achievements of the city to the development of the sector:

1. Policy Guidance and Regulation:

- An organ responsible to the development of the sector is established. That is, Micro and Small Enterprise Development Bureau,
- Different support packages to growth oriented sectors have been developed,
- Procedure and strategy on transformation of small enterprises to medium scale,
- Manual is developed to select model enterprises,

- Different regulations and procedures have been developed to make conducive environment to the sector. Some of them include:
 - Regulation on accessing market (getting priority) on government development works
 - Regulation on MSEs working premises & sales display centers administration,
 - Different Procedures depending on support given to MSEs,

- **Tax policy and women:**

- MSEs have the privilege of tax exemption for the first 3 years.
- However each SMEs have to get tax identification number (TIN) during licensing. This is just to control & make SMEs learn the habit to pay tax after 3 years.
- This policy basically benefited to women because **most women take part in SMEs rather than medium & large scale industry.**

2. Market linkage & market facilitation:

- **Direct market linkage** with government development program, like housing development
 - Housing development program: since 2003 80,245 houses are constructed.
 - More than 12,000 SMEs are participated.
- **Organizing women entrepreneurs trade fair & exhibition** (at city, sub city & district level)
- **Local market assessment** Market linkage between & among SMEs, medium & large scale industries.
 - Most women in food processing sector are linked with supermarkets.

3. Licensing Service & Creation of enterprises:

- one stop shop is organized to make suitable business environment for women and youth.
- **Accordingly from 2003 – 2010 more than 22,000 new enterprises have got business license and now they are under function. Of this 37% are women.**

4. Technical training support:

- **from 2003 – 2010 around 295,084 operators have got business and technical skill training support from government. Of this 32% are women.**

5. Loan provision/disbursement:

- **Since 2003 to 2010 for a total number of 200,289 business operators have got birr 1,335,092,912(\$111,257,742). Of this more than 40% of the loan have been given to women.**

6. Working premises support: from 2003 – 2010

Built & distributed working shed:

996 metal & wood work shed

612 food processing (97%)

639 construction

127 urban agriculture

71 G+4 buildings for textile, garment & leather products

7. Job Opportunity: from 2003 – 2010

— 686,083 unemployed people have got job opportunity from SMEs development. Of this 36% are women.

- Accordingly the unemployment rate of the city will decline from 37% to 25.8%

8. Enterprise Transformation from Small to Medium scale industry: Accordingly 250 small Enterprises (having 1,685 business members) are transformed to Medium Industry (2010),

- Of the total business members 24% are women.

9. Model enterprises and best practice expansion program

- » 182 Model Enterprises (enterprises with best practice) are selected with the objective of Expanding their top performance to others.

Part Five: Who Benefits from MSEs development programs

The program more focuses on pro poor people:

- Unemployed youth & women
- TVET school graduates
- School drop outs
- Existing SMEs such as weavers, street vendors, traditional handicraft operators,
- People who live on the Street
- Etc

Part Six: Challenges and way out

1.Challenges:

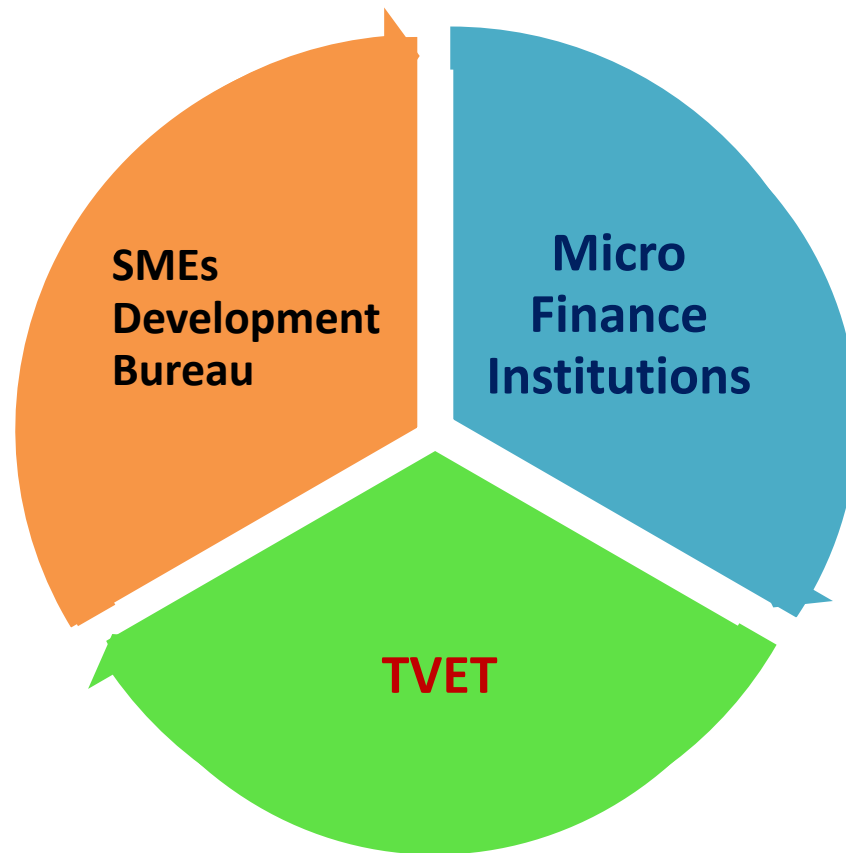
- **Enterprises Attitude:**
 - **Rent seeking attitude**
 - Enterprise formation just to get and sell/lease limited government supports (e.g. Working premises)
 - Using inappropriate construction material for housing development
 - Violation of contracts
 - **Miss-utilization of government support**
 - Like transferring premises to third party
 - Reluctant to repay loan on time
 - **Dependency**
 - Always hang around government market
 - Un willing to save, some of them are not visionary (an intent to snatch government support)
- **Enterprises face lack of market, finance , skill, etc**

2. Way Out: System set up for coordination among supporting organization

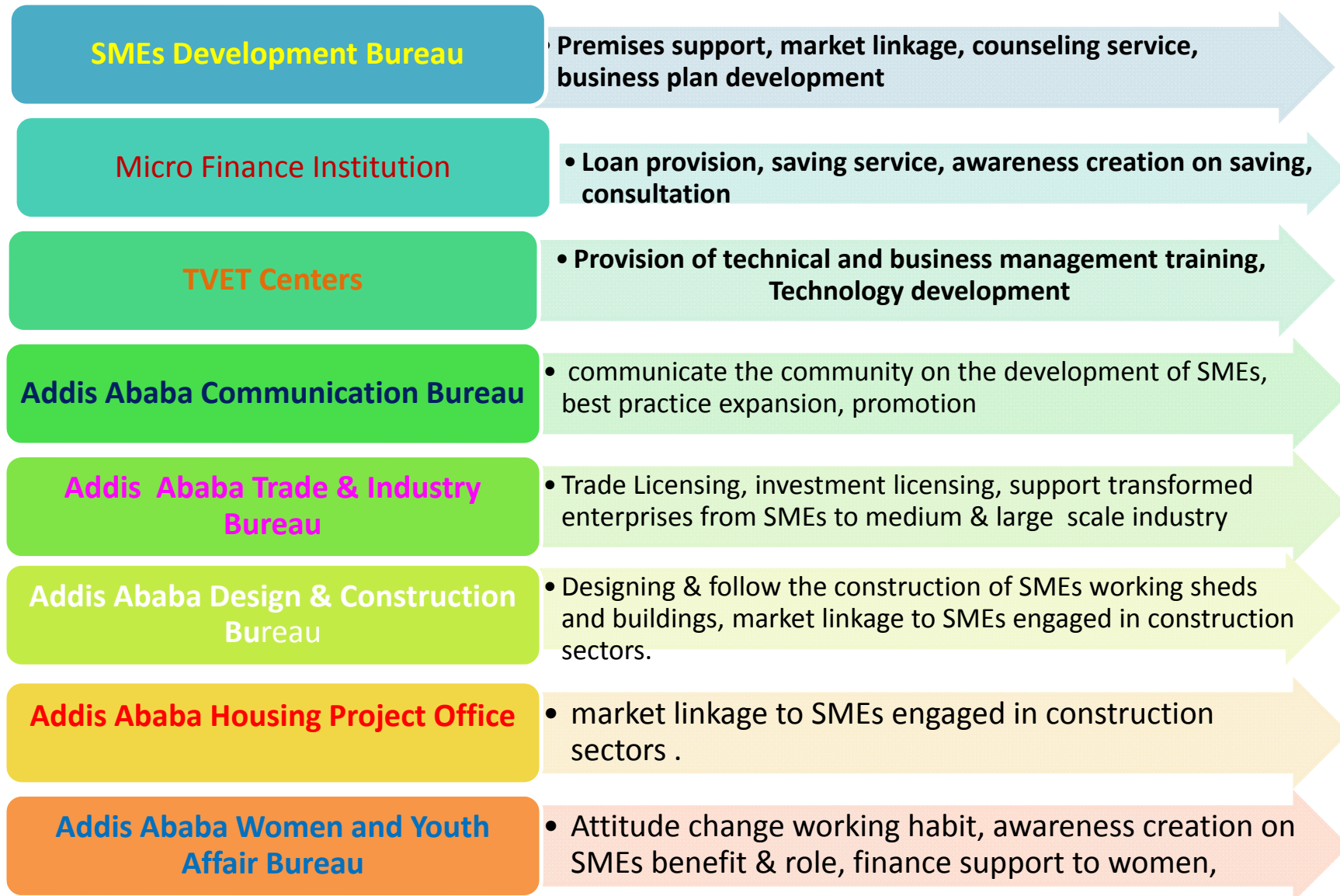
- **Rule** is set up to indicate how to plan, how to implement and work together, when and how to evaluate the work etc...
- Based on the rule there is a form of **steering committee** which include the three organizations and other stake holders. This steering committee with the same form of membership is organized at **sub city & wereda (district) level**.
- **The major task** of the steering committee is **to promote & solve problems** faced by SMEs operators.
- In addition to forming stakeholders committee to make suitable business environment to SMEs, the three major stake holders (SMEs Dev't Bureau, MFIs & TVETs) at district level set up their office in the form of **one stop shop**.
- The three organizations have time to monitor and evaluate the service provided to SMEs (monthly, quarterly, yearly).

Task force is organized among tough SMEs supporting organizations

- The Major SMEs supporting organization are:



Formation of MSEs council or steering committee



Part Seven: Support Areas

- To accomplish successful and sustainable SMEs development program we need financial, technical support:
 - For the development of working premises,
 - For the provision of loan (in the form of revolving fund)
 - Skill training on technological development, product development and
 - Sharing experience on changing the attitude of women and youth towards business.















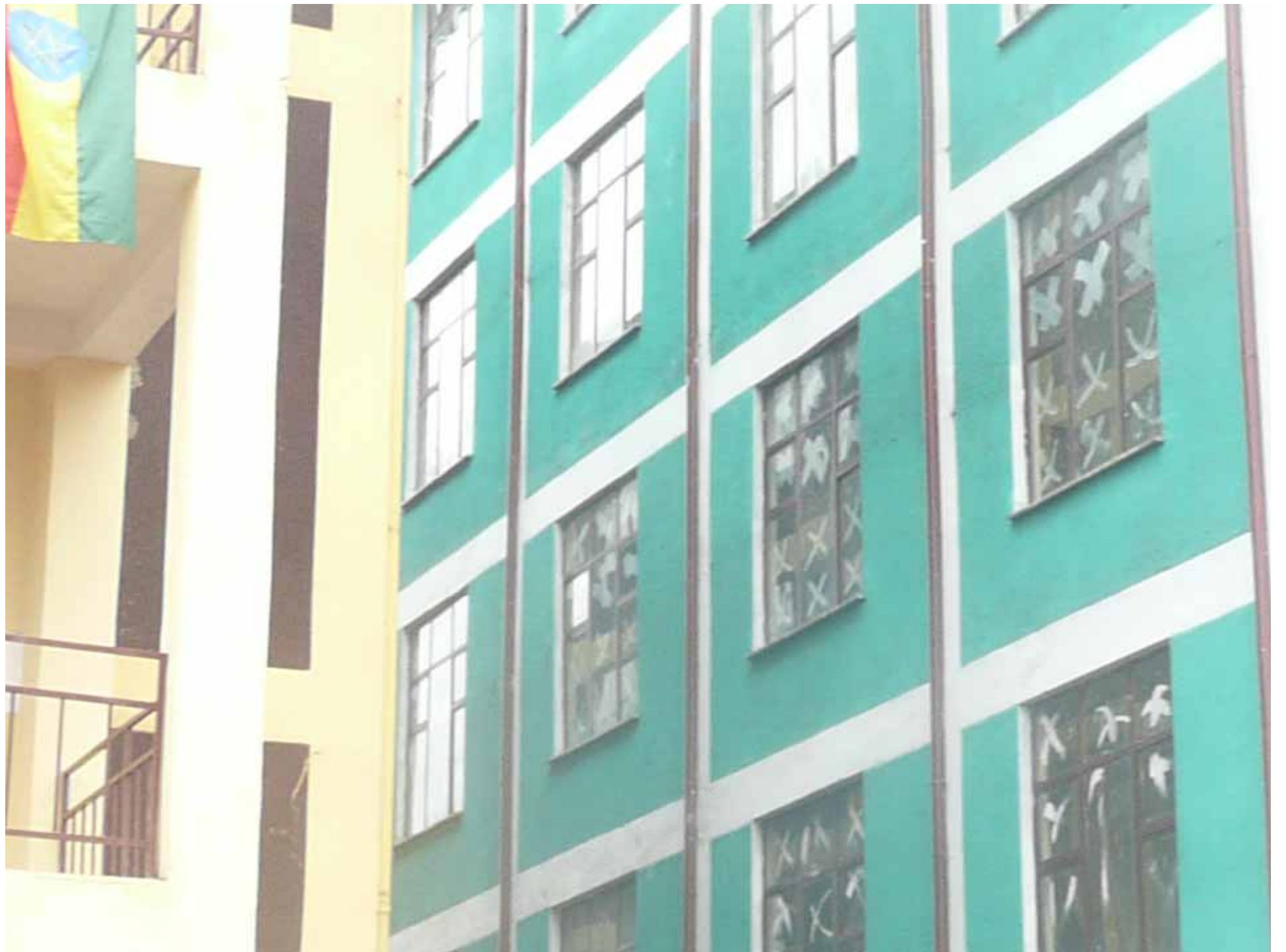
















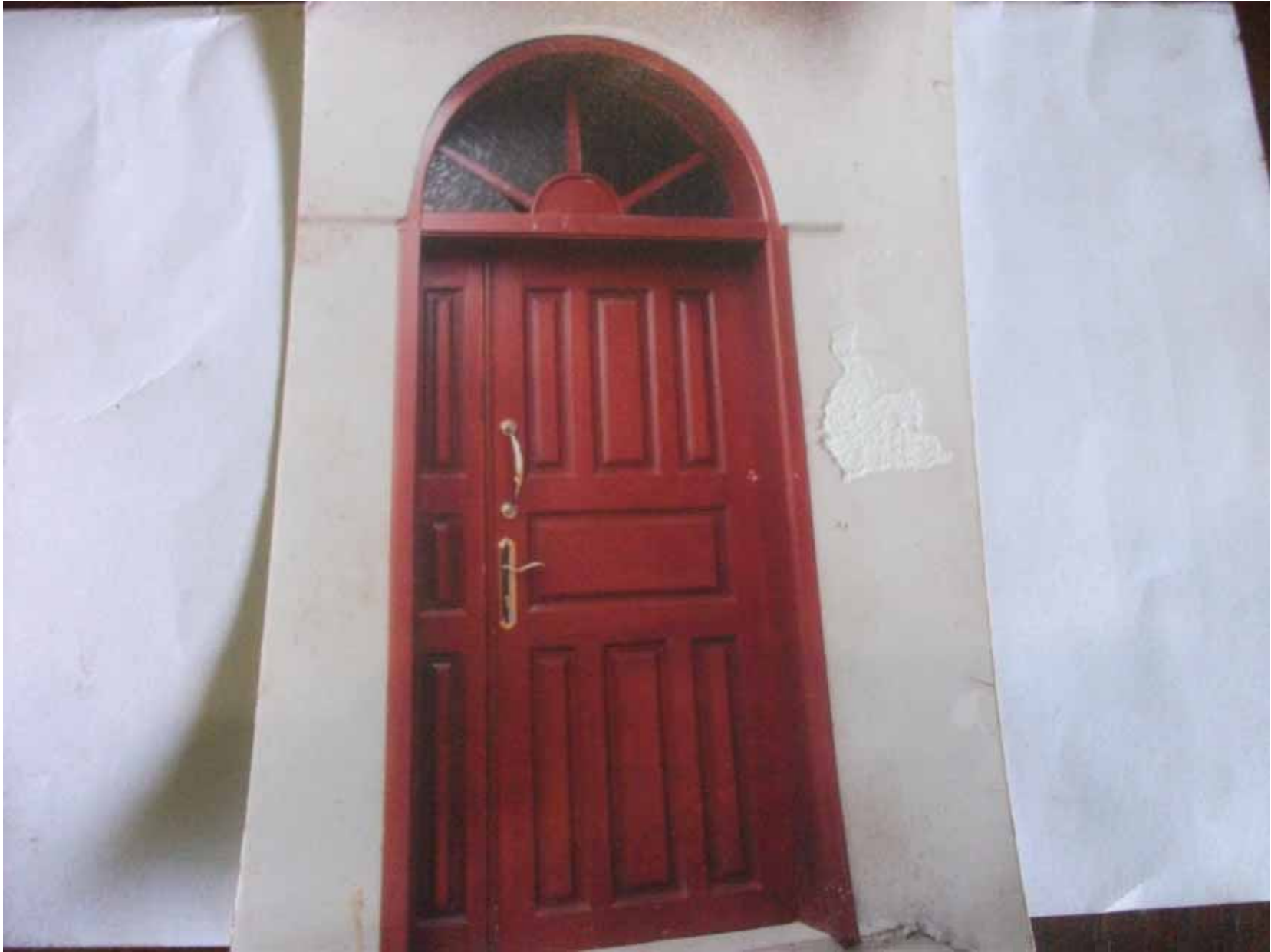
























THANK YOU.

