

POLICY BRIEF

Turning Agriculture into Agribusiness: Overcoming Institutional Barriers to Rural Women's Entrepreneurship



Photographer: © Charlotte Kesi / World Bank

Adriana Banderas raises poultry as part of Bank-supported producers' alliance in La Eugenia, Valle de Cauca, Colombia

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*Rural women farmers produce more food, increase their income, and transcend poverty when they have greater access to land, water, markets, financing, knowledge, and technology. Much has been said about gender inequality in accessing resources, but are there **hidden** barriers to rural women's entrepreneurship? Do rural women, compared to rural men, have different problems accessing business opportunities?*

These are critical questions as agriculture transforms itself into a more commercially oriented and globally integrated sector, where contract farming and modern supply chains for high value crops are commonplace.

There are a handful of legal and institutional challenges that pose particular problems to rural women's entrepreneurship. Many of these barriers are cultural and difficult to change, others are simply bureaucratic and easier to address, such as adding an extra line in a land title to allow for joint ownership between a husband and wife. Other barriers are more complex and require drastic policy reform, including constitutional reform in some cases.

*In the three areas that impose endemic barriers to rural women's entrepreneurship—**access to land, access to credit** and the **business of setting up a business**—there are relatively simple, cost-effective, and concrete solutions that governments, donors, and civil society can implement to help rural women become better entrepreneurs.*

Business is good for rural women and rural women are good for business

Rural women working in agriculture face many barriers to productivity. Rural women spend long hours engaging in complex and multiple livelihood strategies, many of which are at the subsistence level: they grow crops, keep livestock, prepare food, collect fuel and water, care for their families and children, maintain their home, perform other household responsibilities, and sell and trade in the market place. They also provide cheap labor in agriculture and other rural enterprises, often in part-time, seasonal, low-paying jobs or as unpaid or underpaid workers in the informal or "hidden" economy—labor that is not reflected in national accounts (Figure 1). Women farmers cultivate smaller plots than their male counterparts and tend to grow crops that are less profitable. Women farmers are mostly excluded from managing contract farming arrangements, even though they might be providing most of the labor for such enterprises. Women have limited mobility compared to men and often settle for work in home-based enterprises—micro-scaled activities yielding small profits.

But what if women were empowered to use the new opportunities in agricultural value chains offered by profitable global markets? Whether they work in local, national, or export markets, women can take advantage of these new opportunities by changing the way they work.

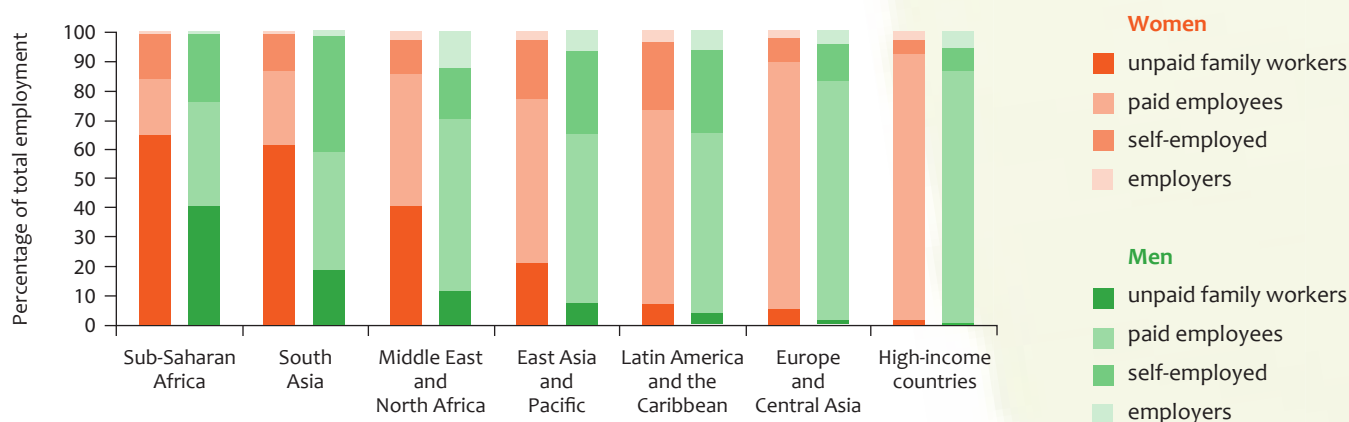
Take seed production, for example: for centuries, women have used their indigenous knowledge to collect, clean, preserve, store and process seeds, usually without pay. Suppose this work is formalized into a business, and women produce, process, and sell good quality seeds in the formal seed market? Not only would one expect higher productivity from women who gather seeds—helping them secure more food for their families—but they would also have transformed a traditional process into an income generating activity. In turn, this allows them to create employment for themselves and others and gain access to capital. A project with the IFC and the Rural Development Academy in Bogra, Bangladesh, did just that, creating jobs for 400 women in the seed business who earned an additional annual income of \$500.

What is stopping rural women from setting up new businesses or taking on new jobs in high-value, export-oriented agricultural industries? Let us explore some of the hidden challenges that hinder rural women:

Women entrepreneurs need land

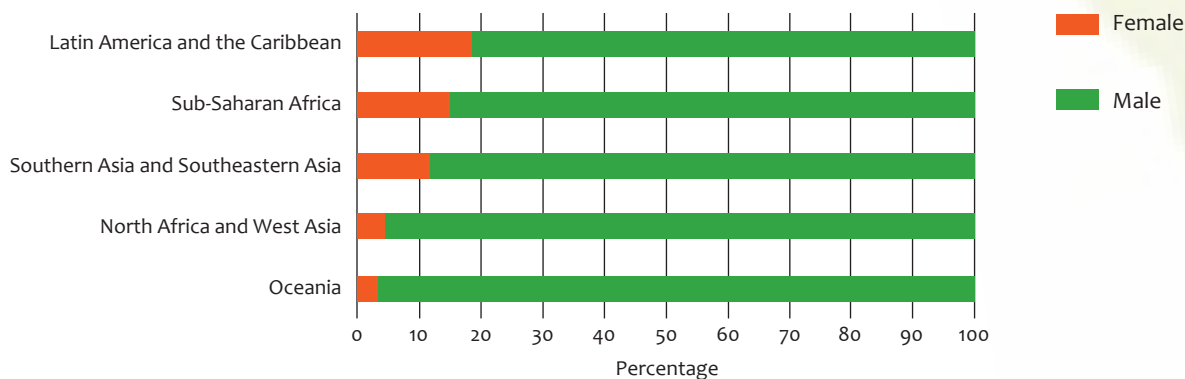
When compared to men, rural women’s access to and control of land is severely limited. In developing countries, women constitute, on average, between 10 – 20% of all landholders. Without land, enterprise farming is impossible. When rural women do access land, tenure is insecure and their land plots are smaller and often have poor soil (Figure 2). Even when women do own land, management decisions are usually taken over by male relatives.

Figure 1. Women are overrepresented among wage and unpaid family workers



Source: WDR 2012 team estimates based on International Labour Organization.
 Note: Most recent years available for 56 countries in the period 2003-2008.

Figure 2. Share of male and female agricultural holders in main developing regions



Source: FAO, 2011.
 Note: Regional aggregates do not include all countries due to lack of data.

Helping women secure tenure

Most poor farmers hold land under customary law, and the expansion of women's property rights should be considered in this context. Evidence shows that negotiated agreements under customary law are often better at protecting women's rights, due to socio-cultural acceptability, than formal law. But one type of reform cannot suit every country. Many countries, such as Lesotho, South Africa, and Namibia, have recently reformed land and family laws, with the result of increasing land ownership by rural women. The simple and most effective policy has been mandatory joint land titling in a marriage, as is the case in Ethiopia, where more than 80% of all land titles are in a woman's name. These reforms are already producing positive impacts on rural women's entrepreneurship.



Photographer: © Ray Wittlin / World Bank

Harvesting cotton, India

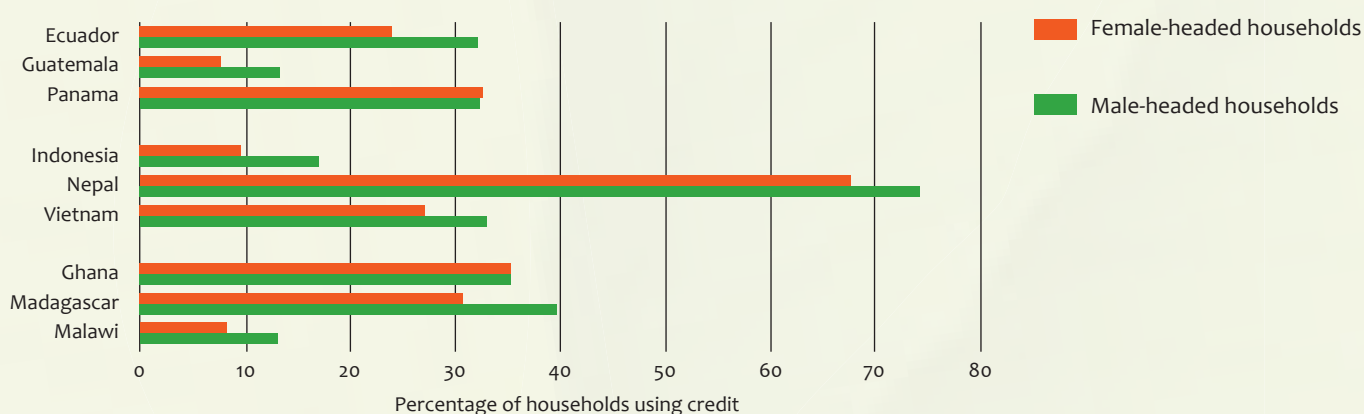
Aside from changing the law, there are a few inexpensive and practical changes that can help women access land and improve their chance at entrepreneurship:

- Issue birth certificates to help identify landholders and reduce cheating.
- Use photographs on land titles to help reduce property disputes.
- Allow land titles to include more than one space for ownership, to allow women and men to have both their names on a deed.
- Work with community leaders, and use local and national media to increase recognition of the importance of women's ownership of land.
- Improve women's legal literacy and provide women with better access to legal aid.
- Build women's agency and leadership, and work with both men and women in the community to galvanize support for women's enterprises.

Rural women entrepreneurs need access to credit

Women need cash to afford fertilizers, pesticides, and improved seeds. They also need credit to access land and markets and to cover their capital and running costs, including the initial costs of setting up a business. In cases where land titles are required as collateral, women cannot access formal credit. Married women, in particular, have a hard time accessing credit. Without land and credit, women entrepreneurs cannot invest, operate to scale, or benefit from new business opportunities. Compared to men, rural women have less access to credit, especially formal credit (Figure 3). Women borrow less and in some cases, such as in China, women often pay higher interest on loans. The establishment of special credit programs for rural women has had an extremely positive impact on women's entrepreneurship, and in turn on family members in terms of health, nutrition, education, and general well-being.

Figure 3. Credit use by female- and male-headed households in rural areas



Source: FAO, RIGA team, and Anriquez, 2010.

Note: Calculations made using nationally representative household surveys. The gender gap is calculated as the difference between the percentages of female- and male-headed households that use credit.

Helping rural women secure credit

- Expand the notion of collateral to allow women to use assets other than private property to secure credit. Allow women to use their jewelry, livestock, and equipment as collateral; allow for cash flow-based lending using assets, debentures, or bills of sale. Access Bank in Nigeria, in collaboration with IFC, was successful in this effort to support women entrepreneurs and received several awards for their efforts.
- Financial institutions could pay better attention to the opportunities in emerging agricultural and food markets and develop specific financial products (credit, savings, insurance), tailored to the specific needs of rural women.
- Financial institutions that operate in rural areas could use affirmative action strategies to target clients on the basis of gender.

Rural women face extra challenges to setting up businesses

Setting up a business is a daunting process for most people in many parts of the world, but it is especially hard for rural women in developing countries. It is a complex, time consuming, and expensive process. Rural women are often illiterate, or their basic education is not enough to allow them to navigate business registration bureaucracies. Rural women are not as mobile as men, because transport is too costly or because the distances are far and social norms limit women's mobility outside the home. Women may simply be too busy with their daily work in the house and on the farm to be able to take time off to register; also, women, more than men, are considered soft targets for bribes. Reducing travel time and other costs associated with setting up a business can have a positive impact on women.

- Set up one-stop business registration centers in rural areas to reduce transaction costs for rural women.
- To reduce hassles, allow local post offices, stores, petrol stations, and telecommunication service providers to handle business transactions.
- Eliminate bureaucratic requirements by allowing business registration without lawyers and notaries, in order to prevent extra costs, bribery, and abuse.
- Reduce the effective tax rates to formalize businesses and simplify the tax system to eliminate unnecessary time and effort.

Redressing gender bias in formal institutions

Helping rural women access land and credit, and facilitating the process of setting up a business is not enough. Legal and institutional support to facilitate access to resources and provide an enabling environment for women to succeed is also critical. In many countries, women face legal and institutional segregation and discrimination, where laws and regulations hinder women's ability to become successful entrepreneurs. In developing public action to promote rural women's entrepreneurship, it is useful to consider the following:

- What does a country's constitution say about equality between men and women?
- Has the country ratified the Convention on the Elimination of All Forms of Discrimination Against Women (CEDAW)? If so, has it done so with or without reservations? What type of reservations might a country hold?
- What about other international conventions that protect women laborers, such as the ILO convention No. 100 on Equal Remuneration or Convention No. 111 concerning gender discrimination in employment?
- Is the work that rural women perform governed by law?
- Does the country provide adequate maternity protection and equal social security?
- Do the tax, commerce, and bankruptcy codes discriminate against women?
- Does the penal code treat women and men the same?
- Do the personal status laws that govern joint property, inheritance, marriage and divorce issues, nationality and child custody apply fairly to both men and women?
- Do women have social protection and receive social benefits?

Below are some of the ways in which formal laws and institutions stand in the way of women and limit their ability to become successful entrepreneurs, along with recommended policy changes:



Photographer: Scott Wallace / World Bank

Rural Turkey

Table 1: The most common formal laws

Laws that can make a difference	Country	Policy change
The constitution is silent about gender equality	Australia, Austria, Belarus, Belgium, Botswana, Chile, China, Costa Rica, Czech Republic, Denmark, Egypt, France, Georgia, Greece, Hungary, Indonesia, Iran, Ireland, Israel, Italy, Jamaica, Jordan, Kuwait, Lebanon, Lesotho, Montenegro, Morocco, Norway, Philippines, Poland, Saudi Arabia, Singapore, Syria, Tanzania, Togo, Tunisia, UAE, United Kingdom, United States, Uruguay, Yemen	Reform the constitution to include an expressed provision about equal rights between men and women, with emphasis on accessing resources and business opportunities.
There are no laws mandating equal pay for equal work	Botswana, Georgia, Malaysia, Oman, Pakistan, Peru, South Africa, Sri Lanka, Tunisia, Uzbekistan, West Bank and Gaza, Zambia	Enact and implement laws that enforce equal pay for equal work between men and women and punish perpetrators.
Women cannot work the same night hours as men	Algeria, Azerbaijan, Bolivia, Cameroon, Chad, DRC, Congo, Costa Rica, Egypt, Gabon, Guinea, India, Jamaica, Jordan, Kuwait, Macedonia, Madagascar, Malaysia, Mali, Mauritania, Moldova, Montenegro, Morocco, Nepal, Nigeria, Oman, Pakistan, Papua New Guinea, Philippines, Saudi Arabia, Senegal, Slovenia, Sri Lanka, Sudan, Syria, Taiwan, Tajikistan, Tunisia, Turkey, Ukraine, UAE, West Bank and Gaza, Yemen, Zimbabwe	Repeal all laws that prevent women working at night and provide safeguards to do so without fear of harassment, violence, or cultural stigma.
Women cannot work in the same industries as men	Azerbaijan, Bangladesh, Belarus, Benin, Bolivia, Bosnia and Herzegovina, Cameroon, Chad, China, Columbia, DRC, Congo, Costa Rica, Cotes d'Ivoire, Czech Republic, Ecuador, Egypt, Ethiopia, Fiji, France, Gabon, Hungary, India, Iran, Israel, Jamaica, Japan, Jordan, Kazakhstan, Kenya, Korea, Kuwait, Kyrgyz Republic, Lebanon, Lesotho, Macedonia, Madagascar, Malaysia, Mali, Mauritania, Moldova, Mongolia, Montenegro, Morocco, Mozambique, Niger, Nigeria, Oman, Pakistan, Panama, Papua New Guinea, Poland, Russia, Saudi Arabia, Senegal, Slovenia, Sudan, Syria, Taiwan, Tajikistan, Thailand, Tunisia, Turkey, Ukraine, UAE, Uzbekistan, Vietnam, West Bank and Gaza, Yemen, Zimbabwe	Repeal all laws that prevent women from taking on the same jobs as men and provide safeguards to do so without endangering worker safety.
There are no laws that penalize or prevent dismissal of pregnant women	Algeria, Georgia, Iran, Mexico, Nepal, Tajikistan	Enact and implement laws that penalize/prevent any workplace from dismissing pregnant women.

Adapted from Women, Business and Law, IFC and the World Bank, 2012

De jure equality—equality under the law—does not lead, by itself, to de facto equality.

Some countries have laws that actively discriminate against women and affect their ability to participate in the economy. In Chad, Costa Rica, and Jordan, women cannot work the same night hours as men, nor can they work in all the same industries. In other situations, enacted laws that call for gender parity make no real difference in practice. In Lebanon, despite a law that stipulates equal pay for equal work, women are paid on average 27% less than their male counterparts for the same job. Neutral laws and policies can also perpetuate gender inequalities because they are generally passive about economically and socially disadvantaged women. Some countries exercise affirmative action to help women do business. In Israel, Korea, and Spain, women entrepreneurs receive special tax deductions or tax credits to encourage their involvement in business.

A last word of caution: beware of formal equality

Formal and hidden practices can create strong disincentives to rural women's economic empowerment because, on the one hand, they perpetuate inequality between men and women, and on the other, they discriminate against women. In the economic sphere, both place women at a disadvantage compared to men and stop them from becoming active and successful businesspersons. Rural women suffer the most because they are the most disenfranchised segment of society the world over.

To support rural women's entrepreneurship, there are reforms at multiple levels that can make a difference. They are discussed in this policy brief. Countries have moved quickly in the last few years to institute gender equality in their constitutions' labor and family laws. Formal gender equality, with the exception of a few cases, has become almost universal. Nevertheless, formal equality does not guarantee that laws are being implemented. There is a strong need to influence customary law and cultural norms so they are more attuned to the evolving needs of both women and men.

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