

JUNE 2003

# CHOICES

THE HUMAN DEVELOPMENT MAGAZINE



## Building Small Fortunes

VIET NAM: NEW LAWS=A MILLION NEW JOBS

BRAZIL: FORGOTTEN FRUITS LOADED WITH VALUE

BULGARIA: ENTREPRENEURS RISE IN DEPRESSED AREAS

## The Right to Earn a Living

There is always an element of quirkiness that comes across in the media reports about the Pan-African Film Festival, FESPACO, that takes place every two years in the Burkina Faso capital of Ouagadougou. It might be that Ouagadougou is not a place that suggests the glitz and the glamour of the movie industry—it is not, after all,

Hollywood or Cannes.

But Africans do produce quality films and the best of these movies were on display at the festival, which took place 22 February–1 March. Many of the entries in the festival are hardly the sort of fare that dominate the western film industry. Instead of thrillers, romances, science fiction adventures and fantasies, the African filmmakers—who can also portray life's lighter side—rely on the material they know best—the fight for survival and the struggle for a better life.

It doesn't take long, on a walk down the street in Ouagadougou, to see what the films are trying to capture. People are in motion and people are at work. Some of the activity, no doubt, was due to the film festival, which added a good measure of energy to the town. Like anywhere else, businesses stayed open for longer and charged more. It was after all, an opportunity. A car rental manager in town predicted that his income would multiply during the festival, from his usual US\$60 per week to more than \$3,000.

But the celebrities have now left and it is back to normal in Ouagadougou. The struggle for daily subsistence continues.

Making ends meet is a global struggle, yet for too many people—about a fifth of the world's population—the result is an income of barely \$1 a day. Another billion people make do on just \$2 a day. Roughly one billion people in the world, one third of the labour force, are unemployed, underemployed or working poor, and 80 percent of the world's working age population lacks any safety net if they lose their job. The reasons why these people earn so little or are out of work are complex, and range from a lack of access to an educa-

tion and skills that will help them find good paying jobs, to poor government economic policies and a hostile international trade environment.

People everywhere will seize an opportunity when they can find one, and many will emigrate to seek out better prospects. Sometimes people already have it within their own power to improve their own standard of living, but more often, something has to change—a system, a law, a market, a way of doing things—to provide that opportunity.

This issue of CHOICES explores how UNDP projects and policy contributions have helped people expand their opportunities to earn a better income. In Viet Nam, we look at a new law that promotes private enterprise. As a result of this law, thousands of new businesses have taken root that have generated more than a million jobs. In Bulgaria and Egypt, we look at projects that have helped grow new businesses and find jobs for the unemployed. In Mozambique, a little outside help has allowed people in some of the poorest communities to make money and seek out their own income generating opportunities. And in Brazil, farmers in one of the poorest states have discovered that the wild fruit they have always ignored can help them earn more while conserving a unique ecosystem.

In addition, we have reports from Bosnia and Herzegovina, Cambodia, the Republic of the Congo, Indonesia, Kazakhstan, Pakistan, Panama, Uzbekistan and Vanuatu about how people have used microcredit loans to raise their incomes and improve the welfare of their families and their communities.

Many of these stories are about people who have had a lucky break. They have lived through wars and have lived as refugees, or, as many of the women we highlight, have never had an opportunity until now to achieve their full potential. But given the right tools and a chance, these are people who are lifting themselves out of poverty. There are many others still waiting for that chance.



Djibril Diallo



Djibril Diallo, at FESPACO, briefing reporters on UNDP's work on HIV/AIDS.

Cover: Hoang Hai Yen started cutting hair in a dimly lit room in Hanoi. New laws in Viet Nam have allowed her—and 55,000 other entrepreneurs—to expand their businesses and today, Ms. Yen owns three salons and two clothing stores. Photo: Chao Doan/UNDP

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## New SARS Virus Shocks Asia and the World

A new virus known as the Severe Acute Respiratory Syndrome has swept through parts of Southeast Asia and North America causing more than 100 deaths and a major slow-down in economic activity. According to the World Health Organization, more than 7,400 people have been infected with SARS and more than 500 deaths have been reported in over 30 countries. According to David Heymann, World Health Organization's Executive Director of Communicable Diseases, it

was still not clear where the virus came from or how the virus is transmitted. Like influenza, the virus is derived from animals, but unlike the flu, antibiotics and antivirals have no effect on the disease. Dr.

Heymann said he

believed that the global response to the epidemic has stemmed the spread of the disease, which originated in China's Guangdong Province last November and spread to Canada, Hong Kong, Singapore, Viet Nam and other countries.



WHO

David Heymann, Executive Director of Communicable Diseases, World Health Organization.

## UNDP Partnership Survey

An independent survey of governments, NGOs, businesses and other development institutions has found a sharp rise in satisfaction in the work and services provided by UNDP. Of the 1,200 partners in 118 countries that responded to the survey, more than 88 percent said UNDP had a favourable image in their country and 87 percent said they view UNDP as a valued partner. Almost 70 percent of the partners said they saw an overall improvement in UNDP's efficiency and achievements of results, and two-thirds of those surveyed said the organization is valued for technical competence and as a provider of information.

UNDP Administrator Mark Malloch Brown said, "The clear message from our clients is that UNDP is moving in the right direction." But he noted the survey also showed weaknesses, including the need for greater flexibility and to better integrate programmes and projects into government systems.

## Afghanistan Stakes Claim in Cyberspace

Pitcairn Island and Antarctica have Internet domain codes, but until recently, Afghanistan—where the Internet was banned under Taliban rule—did not. But now, with UNDP assistance, Afghanistan has gained legal and technical control of the "dot-af" domain for Afghan Web sites and e-mail addresses.

Obtaining the Internet domain code, Afghan officials noted, marks a symbolic break with Taliban rule, when the use of the Internet was ruthlessly suppressed and the unauthorized use of e-mail services and Web sites were punishable by death.

"For Afghanistan, this is like reclaiming part of our sovereignty," said Mohammad Masoom Stanakzai, the Minister of Communications in Afghanistan's transitional government. "It is the country's flag on the Internet."



## Malloch Brown gains second term as UNDP Administrator

The United Nations General Assembly confirmed Mark Malloch Brown to a second four-year term as UNDP Administrator. Assembly President Jan Kavan of the Czech Republic noted that in 1999, when Mr. Malloch Brown became UNDP Administrator, the agency was in a difficult situation as core resources had fallen to an all-time low of US\$630 million, and there were expectations that this drop would continue.

"In four short years, the funding situation has been

turned around," he said, adding that confidence in the organization has increased dramatically, the core budget is growing, as is UNDP's contribution to world development.

"Today, if UNDP is a strong voice for the United Nations in development, if it has become an efficient, result-driven, and increasingly better-funded, it is to Mark Malloch Brown's credit," Mr. Kavan said. "His talented, highly motivated staff shares the credit for this turnaround with him."





# THE UNDP OUTLOOK

## Earning a Living

Defeating poverty is about policies that provide choices and chances to people who now have no way out of poverty.

**N**egotiators at the World Trade Organization in March missed the deadline for reaching an agreement that would reduce subsidies to farmers in the richer countries. Their failure to agree on a way forward means that farmers in developing countries will continue to face unfair competition for their goods, as the price of developed country exports will remain artificially low.

Currently, the richer countries of the world spend about \$1 billion a day on agricultural subsidies. These global marketplace distortions have hurt the prospects and the livelihoods for farm workers in developing countries.

Agriculture and textiles are two labour intensive areas that could produce many jobs in developing countries, but protectionism in the richer countries still stifles growth in developing countries. It may be stating the obvious, but if the global target of halving the proportion of people living in poverty is to be met by 2015, it will mean that many of the 2.8 billion people living on \$2 or less a day will need to earn substantially more money.

A lack of income is hardly the only hallmark of poverty and there are many factors that cause poverty—and are caused by poverty—that perpetuate the cycle of enduring misery. Conflict, social exclusion and marginalization, environmental degradation, and a pattern of policies that deny poor people proper education, health care and basic services ensure that people living on minimal incomes have little hope to escape their poverty.

Yet instead of creating income-generating work, the world has been losing jobs since September 2001. According to the International Labour Organization, the number of unemployed worldwide grew by 20 million since 2000 and at the end of last year, stood at a total of 180 million.

A plan to reduce agricultural subsidies is an example of how a global agreement could help create jobs and generate income. But as much, if not more, can often be achieved at the national and local levels to help poor people earn more money. For UNDP, these efforts involve a wide range of measures that allow people to pursue their full potential.

Solid government policies and effective governance are critical to create an environment that promotes job-creating enterprises. China, since it has allowed private enterprises, has lifted 150 million people, or 12 percent of its population, out of poverty. And now, Viet Nam has enacted new legislation that promotes private enterprise, and the result has been the establishment of new businesses that have created almost a million new jobs.

Another part of the governance equation calls for creating institutions that are conducive to businesses. This includes streamlining bureaucracies to reduce unnecessary

paperwork and other official impediments to progress, but also, redoubled efforts are in order to eliminate corruption and practices that discriminate against minorities and women. And a set of rules and regulations, along with a trusted judiciary, is necessary to ensure that everyone plays by the same rules.

Critical to the challenges faced in meeting the Millennium Development Goals (MDGs) adopted by world leaders in September 2000, particularly the overarching target of halving extreme poverty by 2015, is a dramatic expansion in the role of private resources and the private sector generally in addressing global development needs. This includes the vast new opportunities in public-private partnerships as well as meaningful progress in seeding and strengthening vibrant private sectors in developing countries.

As part of this, there is a clear need for a systematic, comprehensive analysis of the domestic and international factors holding back domestic enterprise and the development of small and medium sized enterprises—the main engine of job and wealth creation—in the developing world, including looking at the new opportunities that are being made available to address such constraints ranging from use of Information and Communications Technologies to new support from both private companies and the not-for-profit sector, and new areas of intervention, that could allow for rapid progress with direct benefits for the poor. UNDP is at the forefront of these efforts.

Defeating poverty is not just about transferring resources to the poor. It is more about policies that provide choices and chances to people who now have no way out of poverty. It is about the ability of people to pursue their own path to a better life, through improved skills, education and opportunity.

Fighting poverty does not necessarily mean huge spending on projects. Microcredit operations, run properly, allow people who have never had the option of starting a business, like too many women around the world, to obtain the capital they need to start up a modest enterprise and take an ownership interest in their development.

As UNDP works to meet the MDGs, our main focus has been to work with individual countries to take ownership of the Goals themselves and develop their own priority plans for tackling them. These plans demand policy coherence and the integration of pro-poor policies into national macroeconomic targets: poverty strategies cannot be left out of broader initiatives or they risk becoming neglected policy orphans. ■

*Mark Malloch Brown is Administrator of the United Nations Development Programme.*



# One Million New Jobs Created by New Enterprise Law in Viet Nam

## New laws eliminate regulations that stifle new businesses

BY CLARE ARTHURS

### HANOI, VIET NAM

**W**hen Hoang Hai Yen began cutting hair, she worked in a small and dimly-lit room tucked into Hanoi's noisy and cluttered Old Quarter. Today she pulls down the sleeve of the shirt she bought on one of her visits to Italy, and pushes her glasses to sit elegantly on to the top of her bleached blonde hair, styled in Singapore. She's become an international traveller and a successful businesswoman, and she owes a lot of her success to a law passed three years ago which recognized the right to engage in private enterprise in a Communist state.

In three beauty salons and two clothing shops, Ms. Yen is employing young women and men leaving rice fields and dusty villages for city life, providing jobs and skills in a country where, despite government efforts, it is not easy to get employment and access to education and training.

She opened her business, Yen Trang, at about the same time Viet Nam's parliament, the National Assembly, passed the Enterprise Law, which eliminated several hundred regulations that previously made it difficult, if not impossible, to start up private businesses. Now the 33-year-old Ms. Yen has a staff of 24, two companies and a dream to set up a school for hairdressing.

Just across town, Mai Huy Tan was fulfilling his long-term ambition to start a food-processing business. "The Enterprise Law acts as a midwife for baby enterprises," Mr. Tan said. "It was an encouragement for me when I started up—in my 50s—my own enterprise."



According to the Ministry of Planning and Investment, the Enterprise Law in Viet Nam has prompted a boom in private business since it was enacted in 2000.

In just three years, about 55,000 new businesses have been registered, increasing the number of total private businesses to an estimated 70,000. It is seen by many as one of the most

Hoang Hai Yen started cutting hair in a small room. Today, because of more liberal business laws, she owns three beauty salons and two clothing shops.

Photos: Chao Doan/UNDP

It took Mai Huy Tan only 10 days to register his sausage-making business. Although competition is fierce, his business is thriving and is ready to expand.



Coordinator in Viet Nam, managing the socio-economic development work of UN agencies in the country.

significant reforms in more than a decade in the country's development, including the recent decision of the Communist Party to recognize the right of Party members to also run private businesses.

About 70 percent of the new businesses are confined to a narrow range of industries that include food processing, wood products, garments, ceramic and glass manufacturing. But small and medium-sized enterprises are considered an important engine of growth if Viet Nam's economy is to sustain or increase its seven percent annual growth rate. And the Enterprise Law is expected to play a significant role in generating the sort of growth Viet Nam needs to create jobs, reduce poverty, generate taxable income and to promote human development.

More than one million jobs have been created as a result of the Enterprise Law, and according to some estimates, it will grow to about 750,000 new jobs a year. But Viet Nam, with a population of 80 million, needs to create more than



one million jobs a year for new jobseekers. Much of Viet Nam's population still lives in rural areas where unemployment and under-employment rates run as high as 30 percent. At the same time, job growth in the dominant state-owned enterprises is sluggish, while those enterprises

continue to drain vast amounts of resources, including land and credit, without offering strong prospects for significant employment generation. The state-owned companies employ only about five percent of the workforce.

"Viet Nam must make sure it has a robust, dynamic private sector to create these jobs," says UNDP Resident Representative in Viet Nam, Jordan Ryan. "There have been dramatic changes since the reform policies of 1986 began," he said. "Viet Nam is moving away from the centrally planned Soviet model, and becoming more of a market economy. It's relying on economic growth as a way of making a better life for all." Mr. Ryan is also the UN Resident



Viet Nam's Enterprise Law has accelerated efforts to establish a high-tech sector in Hanoi.

### Cutting down on the paperwork

One of the most profound changes has been the reduction in paperwork a prospective entrepreneur must file. "The Enterprise Law eliminated a great number of licenses, which in turn denied less-than-scrupulous officials the opportunity to collect fees," says Mr. Ryan of the new streamlined process.

With the help of a friend who understood the new law, Ms. Yen got through the paperwork easily to open her salons. She describes the new government as "open to businesses," especially to medium and small enterprises.

Over on Hue Street, Mr. Tan had a similar experience. After several years studying in Germany, he decided to turn his passion for sausages into a business. It took him only 10 days and 200,000 Dong—less than US\$20—to register the Duc Viet Company. In the past, it would have taken several months and several million Dong. His workforce has jumped from the six at start up to 24; and every pig he buys helps a farmer. Now he is planning a bigger factory.

Mr. Tan plans to produce even more sausages, despite having about 20 competitors. He said quality and reasonable prices have given him an edge. But he insisted there should be more practical incentives to grow new businesses.

"It's a good law," he says about the Enterprise Law, "but it only helped welcome the baby. Much more needs to be done to ensure the baby survives and grows healthy."

### Making the new law work

UNDP, with financial support from Australia, has been firmly behind the new Enterprise Law, providing technical and other support for its drafting and implementation. Working with government officials for the better part of a decade, UNDP policy work was instrumental in providing information to the Vietnamese leadership and policy makers of the critical importance of developing a domestic private business sector. UNDP is also working with the government on a range of other related reforms, including the development of an environment that allows the private business sector to flourish through legal reform, public administration reform and revisions to foreign investment laws.

As successful as the new law has been, Mr. Ryan said it was still necessary for the government to involve provincial as well as big city authorities to make the Enterprise Law more effective, as well as to create an environment that allows small businesses



## Viet Nam

### AT A GLANCE

Population:  
78.1 million

Area:  
331,114 sq km

Human  
Development  
Ranking: 109 of  
173 countries

Adult literacy  
rate: 93.4%

Population living  
below national  
poverty line:  
50.9%

Annual popula-  
tion growth rate:  
1.3%

Life expectancy at  
birth: 67.2 years

GDP per capita:  
\$1,996

Source: *Human  
Development Report  
2002*

to grow and continue to create new jobs. "They still have to unleash creativity and let people make choices about their lives to get a much healthier and richer population."

"Everybody talks about the need for a level playing field," he explains. "But I think small businesses should have access to credit, proper training, facilities for export, and to information about markets."

Yet despite Viet Nam's impressive record on reducing poverty, there is considerable concern about the widening gap between rich and poor, and ensuring social equity, regional balance, and overall stability while freeing up development remains a continuing challenge for the country.

One of the most difficult hurdles for budding entrepreneurs in Viet Nam, as elsewhere, is raising capital. "It's not easy to get credit—to borrow from the government," complained Ms. Yen.

The state banks control about 80 percent of borrowings in Viet Nam, with a large proportion going to state-owned companies. Even with the advent of micro-credit schemes, many small operators, particularly women who frequently do not hold land titles and have no assets to guarantee a loan, are forced to go to expensive money lenders.

The government is aware of these issues and Ministers acknowledge the need for Vietnamese businesses to become more competitive, particularly with the entry of neighbouring China into the World Trade Organization and as Asian nations move into a free trade regime.

### Law could help boost Viet Nam's high-tech sector

One area with the potential for huge growth is information technology. While Hanoi has not yet caught up to the booming economy of southern Viet Nam, based around Ho Chi Minh City, formerly Saigon, there are signs of a growing high-tech sector in the city.

Tran Luong Son set up his software business, Viet Software, a few months after the Enterprise Law was passed with seven employees. Today he has 44 staff, many of them young graduates from Hanoi universities who are daring to break with the tradition of seeking "good" jobs-for-life in the state sector.

Their families don't always agree with their choices, Mr. Son says, but he explained that there was a new confidence in better educated managers who knew how to start and grow their firms, and who were making the private business environment a better choice for young hopefuls.

But Mr. Son says that much more could be done to unleash the potential of the budding high-tech industry, by creating greater demand among managers to use modern technology in their businesses, and to improve university courses, which will supply tomorrow's most innovative professionals. ■

*Clare Arthurs is the British Broadcasting Corporation's Hanoi correspondent.*

With more people leaving rural areas, Viet Nam needs to create new jobs quickly.





On Once Ignored Lands

# Brazilian Farmers Find

Juice sales help farmers reap benefits from forgotten fruits while conserving unique ecosystem

BY DAVID DUDENHOEFER

## ABOBORAS, BRAZIL

Farmers in the Brazilian state of Minas Gerais have long ignored the cerrado. Now they are finding that the fruit of the wild trees can significantly add to their income.

**J**air dos Santos never made much money from his farm, eking out a meagre income that was usually just enough to feed his family. Of his 10-hectare farm, only two hectares ever produced the beans, manioc and other crops that have fed his family and provided any income, and the rest of his land was thought to be of little value since it was part of the cerrado—the immense wild landscape of savannah and trees that covers a quarter of Brazilian territory.

But now, it turns out, the cerrado has become the most lucrative part of

the Santos farm, ever since the *Centro de Agricultura Alternativa* (Centre for Alternative Agriculture) began buying the cerrado fruit that Mr. Santos and his family collect. Last year, they sold more than 1,000 kilogrammes of coquinho palm fruit and around 600 kilogrammes of wild passion fruit to the Centre, which turns the fruit into juice pulp and sherbet. Together with a few hundred kilogrammes of pineapple, the sale of wild fruit earned the family more than 800 Reals (US\$230)—no minor sum in a

region where many agricultural workers earn only 150 Reals per month.

“This project has been very good for us,” says Mr.

Santos, who used the money earned to buy furniture, tools and a small pump, which now delivers running water to his humble adobe house. The family used to carry water up from the stream about 200 metres below their home.

The Santos' are just one of 230 families in the semi-arid region surrounding the city of Montes Claros, in the north of Brazil's Minas Gerais state, that are participating in the Centre's native fruit project. After collecting the wild fruit, they send it to a processing plant, where it is cleaned and squeezed, and the pulp is bagged and frozen. The pulp is then sold to schools, hospitals and restaurants, where it is mixed with water and sugar to make juice. Last year the plant produced 32 tons of fruit pulp, with a market value of 128,000 Reals (\$37,000).

The project was the brainchild of Alvaro Carrara, who was raised in the southern extreme of Minas Gerais, near the humid Mata Atlantica rain forest. After he moved to Montes Claros in 1993 to work for the Centre, he began



# Money Grows on Trees



visiting communities in the cerrado and was surprised by the quantity of fruit on the trees. "From October through December, the cerrado is full of fruit," he says.

Mr. Carrara soon began investigating ways to exploit that natural abundance. His efforts paid off in 1996, when the Centre received funding from the Global Environment Facility's Small Grants Programme, implemented by UNDP, to build a fruit processing plant. The Small Grants Programme supports hundreds of such projects in developing countries around the world in an effort to help rural communities become the custodians of their area's biodiversity.

"The cerrado is rich biologically, but it is also threatened," said Donald Sawyer, Director of the *Instituto Sociedade, População e Natureza* (Institute for Society, Population and Nature) in Brazil. Two thirds of Brazil's cerrado has already been destroyed or significantly altered, Mr. Sawyer says, mostly due to ranching, soybean plantations and other monocultures. The fruit juice project, he says, shows that there are viable alternatives to activities that destroy the cerrado.



Mr. Santos was the first farmer in his community, Aboboras, to participate in the project, but since 1997, nearly a dozen of his neighbours have joined him. Aboboras is just

one of 56 communities in 14 municipalities currently selling native fruit to the project, and the number of participating farmers continues to grow. Although they represent just a fraction of the region's more than two million inhabitants, the income from collecting native fruits has proved vital to those families. The northern quarter of Minas Gerais is one of Brazil's poorest regions, with earnings around half the national average, and where 75 percent of the population lives below the poverty line.

For a subsistence farmer, Mr. Santos' life has changed significantly. Before harvesting the wild fruit, his only income was from sporadic trips to the market to sell his crops. Those trips involved rising at 3:00 am, loading sacks onto his horse, riding to the paved road, and catching a bus into town. Now, a truck from the Centre picks up fruit from Aboboras once a week during the September to December harvest season.

"It's more money, and less work," Mr. Santos says. And the trees reproduce naturally. He attributes the abundance of new coquinho palms to the fact that his neighbours have stopped lighting fires, which were commonly used to clear land for planting. "Everybody who collects fruit is now conserving the cerrado," he says.

For Mr. Carrara, managing the native fruit project has



been plenty of work. A forester by training, he has had to grapple with everything from health department regulations to marketing problems during the past seven years. The Small Grants Programme has helped him prepare for these challenges through the Rede Cerrado—a network of 60 groups working in the cerrado ecosystem—and a four-month course on environmental policy run by the *Instituto Internacional de Educação para do Brasil* (International Education Institute of Brazil).

Jair dos Santos says harvesting the cerrado fruit is "more money and less work."

Mr. Santos has used the extra income from the wild fruit to buy new furniture, tools and running water for his home.



## Brazil

### AT A GLANCE

Population: 170.4 million

Area: 8,511,965 sq km

Human Development Ranking: 73 out of 173 countries

Adult literacy rate: 85.2%

Population living below national poverty line: 17.4%

Annual population growth rate: 1.1%

Life expectancy at birth: 67.2 years

GDP per capita: \$7,625

Source: Human Development Report 2002

Top: The fruit from the cerrado is processed at a new facility and sold under the brand name of Grande Sertão.

The next step is to introduce the fruit juices to consumers and stimulate demand for the product.



Various other organizations have also assisted the project, such as the Rural Workers Union, which has helped organize communities, and two local universities, which have helped the Centre's juice plant meet health department standards and analyze the nutritional value of the fruit pulps. The seed money from the Small Grants Programme was followed by funding from two church-based charities and the federal *Fundo Brasileiro para a Biodiversidade* (Brazilian Fund for Biodiversity), which helped build a distribution centre in Montes Claros. The Small Grants Programme is currently financing the expansion of the project, to include more species and more communities.

The fruit pulp and other products are marketed under the brand Grande Sertão—the traditional name for the region—a cooperative enterprise created to run independently from the Centre. Grande Sertão currently sells 15 different fruit pulps—seven from native species, and eight from exotic fruits such as pineapple and mango, which are available when the cerrado's trees aren't producing. They also sell six flavours of sherbet, frozen pequi fruit, jellies and various other items. Mr. Carrara says that Grande Sertão should soon be a self-sufficient, farmer-owned enterprise that markets an array of agricultural products.

Mr. Carrara says farmer participation has been a priority of the project since its inception. During the harvest time, two people from each community are required to help out at the pulp plant, and representatives from every municipality attend periodic meetings to oversee the project's development.

The head of sales for Grande Sertão, Waldomiro da Silva, is a

farmer whose initial involvement with the project was collecting and packaging pequi fruit. He explained that he doesn't merely sell Grande Sertão's products, he markets the concept of a project that benefits rural families while conserving the environment.

"The more I sell, the more products I can place on the market, the greater the opportunity I give my colleagues in the countryside," he said.

Mr. Silva is confident that Grande Sertão will soon be selling 3,000 kilogrammes of pulp per month, which is considered the break even point, since it will provide enough income to cover the salaries of everyone at the processing plant and distribution centre. He explained that most of the pulp is currently sold to hospitals and schools, a strategy that gets more people to try the juices without spending heavily on advertising.

"The great thing about selling to schools is that you are also teaching kids to consume fruits from the cerrado," he says. ■

*Freelance journalist David Dudenhoefer has been covering environmental issues in Latin America for more than a decade.*

## THE CERRADO—A BIODIVERSITY HOT SPOT

Covering nearly two million square kilometres—an area about as big as Mexico—the cerrado is Brazil's second largest ecosystem after the Amazon forest. A varied mix of savannah and forest, the cerrado is made up of about 10,000 plant species, 44 percent of which are endemic. Many of the 837 bird species, 170 reptile and amphibian species and 161 mammal species that live there are also endemic, which is one of the reasons Conservation International designated the cerrado a biodiversity hot spot. The cerrado is home to such rare and spectacular animal species as the maned wolf, giant anteater, jaguar, rhea, blue-and-gold macaw and toco toucan. It also contains the wild relatives of many food crops, including the cashew, passion fruit and guava, as well as many fruits that are largely unknown. But this biological treasure trove is being looted—only 20 percent remains in a relatively pristine state, and a mere 1.5 percent lies within conservation areas. Vast areas of the cerrado have been turned into ranches and plantations. —DD



# Incubator Hatches New Businesses

## in Economically Depressed Areas in Bulgaria

### Programme to create 16,000 new jobs by 2005

BY CLIVE LEVIEV-SAWYER

#### GOTSE DELCHEV, BULGARIA

It has been a tough year for Angel and Julieta Mechkarovi, a young Roma couple who have been spending up to 22 hours a day in their new sewing enterprise in Gotse Delchev as they struggle to fill new orders and turn the corner of profitability.

But the Mechkarovis would never have gotten started if not for help from JOBS—Job Opportunities through Business Support—a business incubator designed to promote new businesses and jobs for the unemployed and minorities. Through JOBS, they secured a loan and space for their five full-time and five part-time employees in the basement of the incubator's premises, which was lent to JOBS by the local government.

"JOBS gave us a chance to believe in ourselves," says Mrs. Mechkarovi, who said that the training they received in preparing a business plan was key in enabling them to



deal with the realities of the start-up phase of their business. In fact, she admits that they have less personal spending money than they did when they were employees.

"In the first month, our expenses were much higher than our income. Now, after seven months, things are normalizing. There were times we thought of giving up."

"But we are one step higher in the respect we get," says Mr. Mechkarovi. "Our whole life is in this business. We want to develop it and let our son inherit it."

#### Almost 6,000 new jobs created

The JOBS Programme, supported by Bulgaria's Ministry of Labour and Social Policy, Belgium, Norway and UNDP, was launched two years ago with the goals of job creation and poverty alleviation. Implemented by UNDP, the project provides a range of instruments to establish and strengthen micro and small enterprises to the point where they can

promote sustainable job creation in economically depressed regions.

A network of 24 business centres, business incubators and information centres supports entrepreneurs through consulting, office and information services, training and a financial leasing scheme. Its beneficiaries are mainly the unemployed, small-scale entrepreneurs, and Bulgaria's Roma and Turkish ethnic minorities. More than 1,600 people have received training so far in starting their own businesses.

JOBS has already helped generate up to 6,000 long-term jobs, and as a



New businesses, such as the sewing concern started by Angel and Julieta Mechkarovi, bottom, have created 6,000 new jobs in Bulgaria so far.



Photos: Boris Miskov/UNDP



## Bulgaria

### AT A GLANCE

Population:  
7.9 million

Area:  
110,910 sq km

Human  
Development  
Ranking: 62 of  
173 countries

Adult literacy rate:  
98.4%

Annual population  
growth rate: -1.0%

Life expectancy at  
birth: 70.8 years

GDP per capita:  
\$5,710

Source: *Human  
Development Report  
2002*

At the end of the day, Kostadin Doktorov reflects on his wood processing plant, which, with advice from a business incubator, has increased its volume by 15 times.



measure of its success, the programme has been extended to 2005, with the goal of creating 16,000 new jobs. This year, another 10 business centres will be established to serve the whole country. According to Tashka Gabrovska, JOBS project manager, "The government recognized the importance of the business centres and the role they are playing at the local level, particularly in cooperation with municipalities, to provide support."

### Credit and capital crucial for job creation

Job creation means everything to Bulgaria, which must fast-forward economic development to gain entry to the European Union. Decades of communism twisted the economy out of shape, and the post-communist era saw an economic implosion in 1996-1997. As a consequence of that downturn, the banks that survived that period have been extremely cautious in their lending practices. JOBS' financial leasing scheme is, therefore, crucial, in offering an opportunity to those who otherwise would not get start-up capital.

"For a brand new company, it is impossible to get credit from a bank," says Mrs. Gabrovska. Some people take personal loans and use them for business. While in the past two to three years some banks have started to offer small and medium enterprise loans, many aspiring entrepreneurs have no collateral to offer, rendering them ineligible.

But the JOBS project does not dole out money indiscriminately. A strict system is in place, part of which is the involvement of leasing committees drawn from local business and local government leaders, to assess the character and record of an applicant before a loan is approved. The equipment purchases for the business serves in lieu of capital—default means its confiscation.

### Personal attention for new entrepreneurs

In the early days of their business, the Mechkarovs were in constant touch with Gotse Delchev business incubator executive director Rossitsa Djambazova. Now, with things running relatively smoothly, Ms. Djambazova's visits downstairs are largely courtesy calls.

According to Ms. Djambazova, there was strong local support in the community when the JOBS project came to town. The business incubator was set up jointly by UNDP and the municipality, with US\$16,000 available for investments. "Five years ago, \$16,000 was a big amount for the municipality to invest, but the mayor was sure it was a great idea." For her, a key part of the project is in encouraging an entrepreneurial spirit, which she has come to realize, is not universally found. "It's for people who like to work hard,

don't mind staying later than 5:00 pm, but at the same time learn many new skills."

"Some people have an idea," she says, "but are not convinced they can carry it out. We can help them with the skills, knowledge and confidence to develop. Others have no idea and no vision, and come here and ask for ideas. We discuss ideas with them, and do an assessment, about labour and equipment costs and the prices asked by competitors, to decide the feasibility."

Her office has dealt with 20 applications, of which 15 have been approved; two were withdrawn, and three were rejected. Reputation and record were the key factors in rejections.

"This is a small town and everyone knows everyone else," says Ms. Djambazova. It is very dangerous if we support a company where the people involved in the past have had problems with their workers, for example, or did not pay their suppliers. So we are very cautious."

### One successful venture helps another

At the end of the first year of business for the Hamefa Mebel furniture factory in Razlog, Dimitar Glushkov employed five workers. Today, five years later, he has 508. From southeastern Bulgaria, all of his products go to eight Western European countries.

According to Mr. Glushkov, the breakthrough for his business came after he contacted JOBS to help him find a foreign investor. The JOBS programme linked Mr. Glushkov with a Dutch furniture company, and the business has been able to take off since then.



Above and right: Workers at Mr. Doktorov's wood plant earn \$170 a month and receive 22 days leave a year.



Just a few kilometres from the Hamefa Mebel, in Bansko, is one of the furniture factory's main suppliers, Kostadin Doktorov's wood processing plant. Mr. Doktorov had five employees in 1992; today, he has 15. During that same time, the volume of production has multiplied 15 times, to a value of \$75,000 a year.

In a factory that was once owned by his grandfather and later nationalized by the communists in 1947, Mr. Doktorov now runs his business efficiently and has restored the derelict building.

Mr. Doktorov has also been helped directly by the business incubator, which has arranged training for him in economics and business management, as well as technical training for his staff. He pays his workers \$170 a month—good by the standards of the country and the industry, gives them 22 days leave a year and time off when Hamefa is on downtime. Overtime is avoided because he knows that staff also engage in subsistence farming, and he wants to allow them time to do that.

Within five years, Mr. Doktorov intends to earn enough to buy out those who have other interests in the building. But even sooner than that, he would like to double the number of employees to 30, to cope with increasing demand.

#### New Start-up

When Vladimir Angelakov, 41, started his clothing business, he recalls that to fill the first order from a firm in Spain, he stayed on the workfloor for three days straight, without stepping outside the premises.

Mr. Angelakov said the JOBS training was difficult but valuable.

"The most difficult was learning how to identify risks, and how to overcome them," he says.

Making his way during the first three months meant frequently asking advice from business incubator staff, who like the staff of all the business centres and incubators, are Bulgarians trained through the project.

His family—his wife is a clerk and his daughter is a student—gave him strong moral support and tried

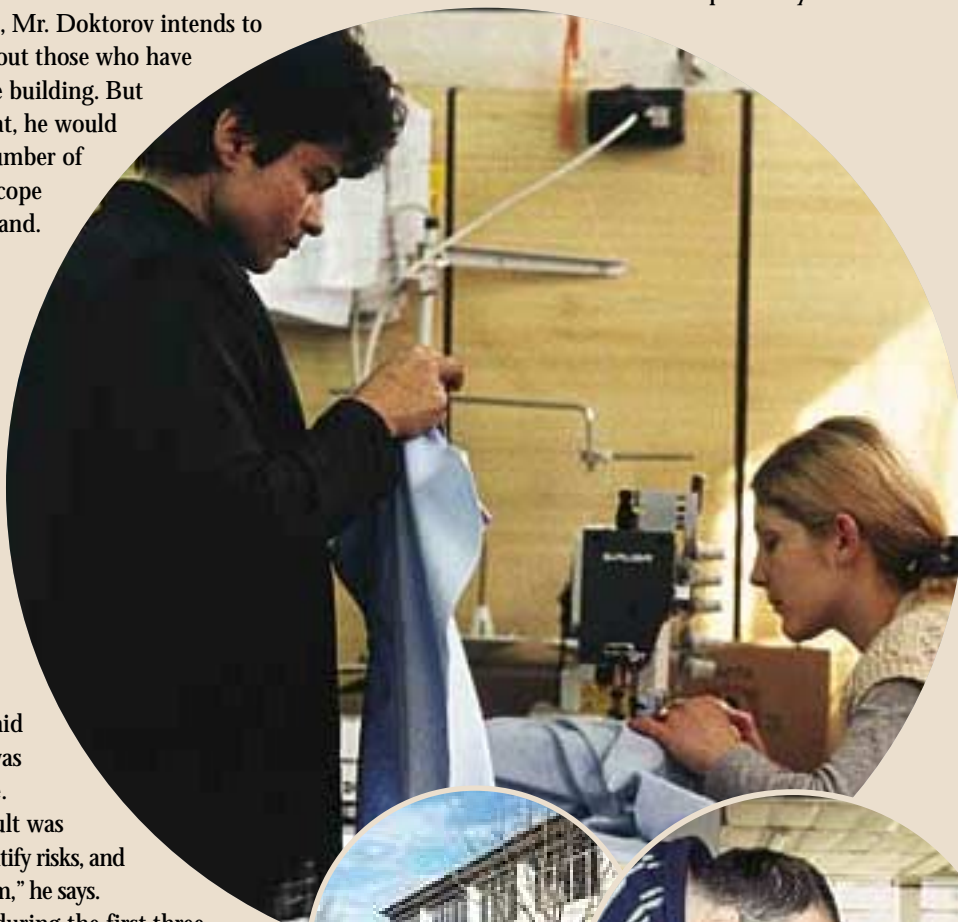
to hide their obvious anxiety in the early days, he says. But by March 2003, with the business three months old, his family is more relaxed.

Mr. Angelakov now has 35 employees, many drawn from the pool of Gotse Delchev's estimated 12 percent unemployed. He expects to increase his workforce to about 80 by mid-year, and expand to running two shifts. ■

*Clive Leviev-Sawyer is Editor-in-Chief of The Sofia Echo, Bulgaria's national English-language newspaper, and of The Sofia Independent press review.*



Vladimir Angelakov conferring with an employee. "The most difficult training was learning how to identify risks, and how to overcome them."



Left: The JOBS Programme has helped minorities, such as the Mechkarovis, who are Roma, to gain a foothold in the business world.

Bottom: Mr. Angelakov now employs 35 people at his garment factory, left.





## From Basketweaving to Web Design

# Egypt Looks to Low a

More than 600,000 people a year seek work in tight market

BY JOSEPH VESS

### FAYOUM, EGYPT

In the back room of a small house down a crowded dirt street, crammed between apartment buildings and other small brick houses, Gamalat Goma'a Maqboul twists and braids strands of the skin of palm trees between her hands, gripping the end between two toes. She sells the strands to Umm Said, a few streets away, who uses a small loom to weave them into sturdy baskets that farmers use to transport fertilizer and crops on the backs of donkeys.

Mrs. Maqboul is now able to buy the palm skins in bulk because of the 500 Egyptian pound-loan (about US\$90) from Fayoum's Family and Community Development Association, a microfinance institution funded by UNDP's MicroStart Programme and the Social Fund for Development. She is now able to skip the unreliable middlemen of her trade, and as a result, has extra cash—enough to send her younger children to school and help her older daughters get married. Now, she is hoping to build extra rooms in her house so her son can marry.

Mrs. Said, too, now sells her products directly to the farmers. She has also benefited from a microcredit loan, and her operation helps keep a half-dozen women like Mrs. Maqboul in business.

Small loans have helped widowed women such as Gamalat Goma'a Maqboul and Umm Said to expand their business prospects and raise their families' income level.



Photos: Claudia Wiens/UNDP



### An already strained labour market keeps growing

Every year, Egypt's population grows by some 1.1 million people, and about 600,000 new entrants flood the job market. As a result, creating new job opportunities and reducing poverty are key government priorities. Nationally, unemployment hovers above the 10 percent mark, while an estimated 40 percent or more earn a living working in micro or small-scale enterprises in the informal sector. Indeed small enterprises are seen as one solution to the glut of new labour. Small and micro enterprises provide 77 percent of jobs in the non-agricultural private sector and the government expects informal sector enterprises to employ half of the new entrants to the labour force over the next 20 years.

### More than 6,000 new jobs in Fayoum

Fayoum is Egypt's largest oasis, and contains acres of green fields, palm trees and lakes that make it stand out from the Sahara desert like a lone star on a dark night. But the economy is largely agrarian, and many farmers continue to till their fields the way their families have for generations.

In less than three years of operation, MicroStart Egypt has generated a total of 6,437 jobs in the governorate and has lent millions of Egyptian pounds to Fayoum's working poor, many of whom are no longer quite so poor.

MicroStart Egypt's loan capital is provided by the Social Fund for Development, which also decides which local non-governmental organizations (NGOs) to fund. UNDP, with a focus on strengthening NGOs, provides financial training for MicroStart administrators and provides technical assistance about microcredit implementation and best practices in other developing economies.

The loan recipients are primarily—about 62 percent—economically-active poor women. They are usually enthusiastic about expanding their businesses, whether it is farming, weaving baskets or selling candy, snacks and cigarettes from a corner kiosk. They are between 21-60 years of age, and most have had incomes of less than \$71 per month.

The loans carry a 16 percent interest rate, usually over 12 months, a rate that is high enough to make sure that repayment is taken seriously and that also allows local NGOs to reinvest and expand their programmes. The interest rate is a little higher than the commercial banks to guarantee the sustainability of the operation and to cover risk as well as the running cost in the absence of the collateral. The loans, which



## Egypt

### AT A GLANCE

Population:  
67.9 million

Area:  
1,001,450 sq km

Human  
Development  
Ranking: 115 of  
173 countries

Adult literacy  
rate: 55.3%

Population living  
below national  
poverty live:  
22.9%

Annual popula-  
tion growth rate:  
1.5%

Life expectancy at  
birth: 67.3 years

GDP per capita:  
\$3,635

Source: *Human  
Development Report  
2002*

# and High Tech for Jobs



range in size from no more than \$215 for the first loan to a maximum of \$445 for the second, have a 99 percent repayment rate. As a result, the NGOs have been able to sustain their programme by themselves.

"The vision of MicroStart is to motivate the people and make

productive villages," explains Ahmed Abdel Akher, the Social Fund for Development's Fayoum regional office manager. "It will also decrease poverty and unemployment in Fayoum, but we need to expand into other districts." The Fund hopes to enlist at least 10 more microfinance institutions into MicroStart in Fayoum over the next five years, and later on perhaps even expand further in Egypt.

### Internet cafés and high-tech jobs

But Egypt's job creation plans go well beyond small tradi-



tional enterprises, and the government has made a major push to promote Internet access and the development of computer skills to generate employment opportunities.

Only an estimated 2.5 million of 70 million Egyptians have

regular Internet access, and although that number is growing, a home or office computer is beyond the means of most of those Egyptians. Many professionals and students rely on low-cost public centres to seek access to the outside world.

These technology centres have helped spawn new businesses. In Zagazig, the capital of Sharkeyya Governorate, which lies north of Fayoum and Cairo in the heart of the Nile Delta, the establishment of a Technology Access Community Centre has been accompanied by the opening of at least 20 independent Internet cafés. Zagazig became wired in 1999 due to the efforts of UNDP, Egypt's Ministry of Communications and Information Technology and local investors.

Esam Rizk, the Centre's director, estimates that about 340 jobs were created indirectly last year, due largely to training courses in subjects like Html, Photoshop and general computer and Internet use. Mr. Rizk also noted that the Centre

allows people in all walks of life, especially those who rely on cutting-edge research such as medicine and agriculture, to do their jobs better and more efficiently.

The true beneficiaries of Egypt's push to develop information technology will be the country's youth. At present, 80 percent of the Centre's patrons are under the age of 30, and 40 percent are under 20.

Salwa Ali, a former employee of the Centre who designed an online course in computer skills that is still used, opened her own Internet café three years ago. Women make up nearly 40 percent of the centre's patrons, providing many educational opportunities they might not otherwise have in a country where only a third of the women are literate.

### Tech skill attract employers' attention

These added skills attract the attention of employers in Cairo and Alexandria who have farmed work out to people in Zagazig, or, in some cases, have even opened offices in the city, where labour costs are cheaper. The Zagazig tech centre maintains an online database of jobs for prospective employers and for job seekers. These postings include offers from other Arab countries, which often look to Egypt for qualified Web developers.

The success of the Centres has laid the foundation for a new \$11 million programme, which will expand IT projects



across the country over the next two years. Supported by UNDP, Egypt's Ministry of Communications and Information Technology and an Italian debt-swap agreement, the programme has the potential to create many jobs. ■

*Joseph Vess is a reporter for Business Today magazine in Egypt based in Cairo.*

Technology centres provide Internet access and jobs for many Egyptians.



## Starting Small in Mozambique

# Local Economies Take

Villagers push for cleaner water, better roads, health care and electricity

BY JOSE TEMBE

### MPATAGUENHA, MOZAMBIQUE

**W**hen the torrential rains from Cyclone Japhet washed away the bridge over the Nhampassa River in March 2003, the village of Mpataguenha was effectively cut off from the outside world. Yet unlike washouts in the past, the community was able to build a temporary bridge over the river within two days.

More commercial activity, from grinding flour, top to sewing, bottom, have created a demand for better roads and bridges to move goods in and out of villages.

to bring a wide variety of goods to budding businesses in the community, and produce from expanding agricultural production is shipped to markets in Mozambique and to nearby Malawi and Zimbabwe.

Mpataguenha was not always bustling. In fact, it was a place where most of the 6,000 residents lived in extreme poverty, where the daily diet consisted of porridge and vegetables, supplemented only at times with meat from hunting.

The prospects that change would come to Mpataguenha were as remote as the nearest paved highway, about 40 kilometres away. The village was, after all, a showcase for all the problems that poverty begets, from water-borne diseases, to unemployment, ignorance and HIV/AIDS.

Pooling their resources in agriculture, livestock and small-scale businesses, families and communities in Mpataguenha have generated an economy, that while still small, has started to raise the standard of living and has allowed villagers to think about a future with modern service, such as electricity, that were hopelessly unattainable in the past.

### International assistance leads to local action

These efforts have now been integrated into the Mozambican Government's programme for poverty alleviation, supported by international partners, including UNDP.

With over \$250,000 in funding from UNDP, poverty alleviation programmes are underway in four districts of the Mozambican province of Manica—Barue, Machaze, Manica and Moussurize. The aim is to help local governments develop poverty reduction initiatives at the community level with an emphasis on promoting small businesses in areas such as animal restocking, farming, grinding and sewing, as well as schools and hospital construction and the development of fisheries.

In 1999, the school in Mpataguenha was held under the trees and in makeshift huts. Today, it has been replaced by a sturdy new brick building, and the community, with its own resources, is adding new classrooms. Where the nearest medical care and supplies used to be far off, the victims of malaria and diarrhoea can now get initial assistance at a local clinic. And while the residents of the village lived in what is regularly known as "extreme poverty," or on an income of \$1 a day or less, increasingly, more people are finding ways to support themselves and their families.

The project aims to directly benefit about 5,000 people,



The bridge over the Nhampassa is not big—the river is only several metres wide at that point. But now there was an urgency to rebuild the bridge quickly as the people of Mpataguenha needed access to move their goods in and out of the community. Trucks, once a rarity, now regularly navigate the bumpy roads to the village

# Root



School used to be held under a tree or in a hut, but now lessons have moved indoors. In addition to schools, many villages now have clinics that offer basic medical services.

more than half of whom are women living in absolute poverty. Special attention has been given to the most vulnerable groups, including women, elderly, youth, people with disabilities and those affected by HIV/AIDS.

## Small investments go a long way

Like many people in Mpataguenha, Lazaro Mbambe, was out of work. Through the project, he obtained a stall in the marketplace where he now sells a wide variety of goods, including sugar, cooking oil, beans, beverages, maize-meal, radio batteries, candles, soap and rice. "The business is profitable. I've repaid most of the loan and now I can hire pick-up trucks to bring goods from the city to sell in my stall," Mr. Mbambe says. The trucks he hires help other community members to sell their produce to outside markets. However, he adds, "transporters are reluctant to use our precarious roads because it shortens the life span of their vehicles."

The loans of about \$100 are given to select beneficiaries to help get businesses up and running. After earning some profit, the beneficiary must repay the loan to a community management team, which then reinvests the principle in other community enterprises.

Many of the new entrepreneurs complain that the key obstacle to expanding their businesses has been the lack of access routes, including proper roads and bridges. For much of this work, outside assistance is needed. Even with the repair of the main bridge, most of the roads in the area are dirt roads, full of potholes and impassable when it rains.

The community presently maintains the dirt roads and repairs small bridges, the best they can, with local materials, including wooden supports. Provincial Governor Soares Nhaca says his government is working hard with its international partners to build or rebuild roads for the benefit of the local communities and tourists. Acknowledging that road improvements were not contemplated in the first stage of the project, Mr. Nhaca said, "This is a question of prior-

ity. We decided that the priority was to produce food and build basic infrastructures such as shops, schools and health posts. We are happy that people can produce. So now we can think about building roads."

## Cattle, tea and tobacco

One of the most successful projects at Mpataguenha has been a scheme to expand cattle ownership in the village. Through a cattle restocking plan, 20 heads of cattle were distributed to members of the community. The cattle have bred 26 calves, which were re-distributed to other community members.

"We have already distributed the first 10 calves, and we are about to allocate 10 more to interested community breeders," says Pedro Fulede of the Mpataguenha project management committee. He said the cattle are valuable because they are used to plow the land, for milk production, and eventually for meat.

In the village of Pandagoma, Samuel Magassosso, who grew up in neighbouring Zimbabwe during Mozambique's 16-year civil war and returned home after the 1992 peace accord, now leads a 10-member group growing tea, maize, sweet potatoes, tomatoes, vegetables and fruit trees. "Our aim is to grow tea," Mr. Magassosso says. But because the project distributes tools and certain seeds, he had to start with beans and other crops in order to obtain the cash he needs to buy the tea seeds.

The aim of the group, he says, is to produce crops to "first, feed ourselves; second, sell locally; and lastly, to export." He adds, "With tea, we expect to get cash for the development of the community."

UNDP has assisted income generating projects in Pandagoma, another village, with cattle, seeds, fertilizer and agricultural tools. The community's fields now are full of beans, maize, sugar cane, cassava, vegetables and tomatoes, cabbage and onion seedlings.

Women have benefited from a cattle ownership project that has provided a valuable source of income.





# Mozambique

## AT A GLANCE

Population: 18.3 million

Area: 801,590 sq km

Human Development Ranking: 170 of 173 countries

Adult literacy rate: 44%

Population living on less than US\$2 per day: 78.4%

Annual population growth rate: 1.7 %

Life expectancy at birth: 40.6 years

GDP per capita: \$854

Source: Human Development Report 2002



New commercial stalls in village marketplaces now offer a wider assortment of goods. Small banks have helped promote local commerce.

But by far, the most lucrative crop in these cash-strapped communities is tobacco, with markets in neighbouring Malawi and Zimbabwe. In Mudzidzi, UNDP has provided 16 community members with tobacco seeds, fertilizer and agricultural tools.

Feniase Role, who received assistance from the project, grew over \$330 worth of tobacco last year. Mr. Role expects to double production this year and one of his ambitions is to buy a grinding machine to make money for his two wives and nine children. The grinding machine, for grinding maize or millet, makes it easier to prepare the community's staple food, *mealie mealie* (a stiff porridge). Other villagers will pay to use the chief's machine.

Under the project each beneficiary must deposit an average of \$8 to the community's account each harvesting season to expand the community's development. Other economic activities in Mudzidzi include charcoal production and cattle and goat breeding.



In Mpataguenha, 29 women have just concluded a sewing course and they have received four sewing machines, cloth, thread, buttons and zippers to make clothes to sell.

"The money from our work will be used to buy more sewing machines and raw material," says Sibia Xidarula, leader of the women's promotion centre, who added that the remainder of the proceeds "will go to the community's coffers for furthering our development."

Most village income is still derived from agriculture. The project has offered villagers tools and seeds to help them produce cash crops such as tea and tobacco.



## The way ahead

The community's dream is to get more financial and material support for good roads and electricity. "We need electricity to process our produce," said a local traditional chief known as 'Regulo.' None of the 11 communities presently has electricity.

For Barrue district administrator Costa Chale, the demand for electricity is a measure of progress so far. "When I first visited the communities, they said they wanted a borehole for drinking water, so we gave them water pumps. I went there again, they said they wanted schools and hospitals, we gave them schools. So, when today they speak of electricity, we are happy. It means the communities now have a new vision—they want to develop further," he said. ■

*Jose Tembe is a journalist for Maputo Corridor and a correspondent of the British Broadcasting Corporation's English Service for Africa in Maputo.*

Small  
Businesses  
with

# BIG IMPACT

M I C R O C R E D I T A T W O R K



## Small Loans That Go a Long Way

**T**he idea that small loans can have such a big effect on people's lives has been embraced so universally that it is now a component of virtually every development project. The modern incarnation of small loans for development began in 1976 when an economist, Professor Muhammad Yunus, was discouraged that the elegant economic theories he was teaching had little effect on the masses of poor people in his own country, Bangladesh. Believing that modern economics dealt more with abstractions than with people, he decided to test his ideas by loaning a total of \$27 to 42 poor people.

The loans were repaid with interest and Prof. Yunus' small lending operation blossomed into the Grameen Bank, now owned by its 2.4 million borrowers, 95 percent of whom are poor women. It has made \$3.7 billion in loans since its inception, with a 98 percent repayment rate and it is a model that has been replicated all over the world.

The microcredit idea is simple. A small loan, with an interest rate that is often higher than the going rate, but lower than the money-lender rate, is used to help people who cannot secure credit to set up a small business that generates profits. When the loan is repaid, the borrower becomes eligible for a larger loan that helps expand the enterprise. The proceeds from the interest increase the pool of funds that are available to provide loans to more people. The success of specific small loans or microfinance operations depends on the integrity of the programme and the collective discipline of the borrowers to repay the loans.

UNDP has embraced microfinance as a programme on its own and as a component in many of its projects. But according to UNDP Administrator Mark Malloch Brown, despite the tremendous successes of the microfinance model, "the fact is that we have still only begun to scratch the surface of what is possible." Out of an estimated 500 million households who would like to obtain a loan, only three to six percent of this number are presently being served, he said.

UNDP, together with its sister organizations including, the United Nations Capital Development Fund, and United Nations Volunteers, along with the UNDP-implemented Small Grants Programme of the Global Environment Facility, works to promote legislation that allows microfinance, develop financial rules and guidelines for programmes, and conduct microfinance operations through MicroStart and MicroSave. It also works to provide microfinance through non-governmental organizations.



## Republic of the Congo: Loan Fuels Flour Power

**BRAZZAVILLE,  
REPUBLIC OF THE CONGO**

The traders and merchants of Brazzaville paid a heavy price during the successive waves of civil wars that gripped this country over the past decade, often losing all the tools of their trade to looters and destruction.

Before the war, in 1994, Lydie Mouyokakani had started a small business, Farila, to produce a highly nutritional flour that mothers could use in food preparation during the weaning process. At the time, mothers were using imported corn-starch or a fermented paste that is widely available but nutritionally lacking. Business

had been good and Farila was producing 3,000 sacks of flour every month.

The war wiped out the business, but worse, Mrs. Mouyokakani's husband died, leaving her with very little to support herself and a girl. When the war ended, she found herself with a

complete lack of capital to restart the business.

Through a grant from UNDP's Community Action Project, which was aimed at reviving and promoting small business, Mrs. Mouyokakani was able to recruit three additional employees and buy

the necessary equipment, including a roaster, a crusher and a drier to get back in business.

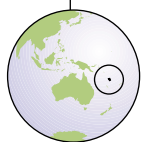
Farila now offers two additional varieties of flour. In addition to Farila Maize and Soya, there is Farizo (corn/rice) and Fofou Riche (containing cassava, manioc and soya). To market her flours, Mrs. Mouyokakani demonstrates the benefits of the Farila products for salespeople with a pitch for the nutritional benefits. She says mothers now use Farila not only for the babies, but for baking cakes as well. "I hope that my Farila will successfully reach consumers, not only nation-wide, but worldwide. I am glad to be an active player in the

Farila products have their own display cases in Brazzaville supermarkets.

Photos: Guli Tsoumou/UNDP, Republic of the Congo



Lydie Mouyokakani used small loans to rebuild her nutritionally-enriched flour business.



## Vanuatu: Women Now Their Own Bosses

**PORT VILA, VANUATU**

Leah Joe, a grandmother, never went to school when she grew up in Paama Island. "I was educated by my brother who taught me how to write in my own language," she remembers. She moved to Port Vila, the capital, in search of work but life was hard.

But when a programme offered poor women a chance to take out loans to open a business, it "was like manna from heaven." According to Mrs. Joe, she borrowed \$150 to buy a concrete mould, sand and cement so that her husband could build apartments to rent to low income earners. Renting each apartment for \$100 a

month, Mrs. Joe was able to repay her first housing loan.

She took out a second loan of \$1,000 last year and opened a small retail outlet opposite the apartment building, and she employs a store assistant. A new concrete foundation for a bigger apartment is taking shape opposite the present one. "I am the breadwinner for the family," she says with a smile, "and I put the food on

the table while my husband preaches in church."

The Pacific island nation of Vanuatu has about 200,000 people, and about 80 percent of the population lives in rural villages and depends on subsistence farming. Traditionally here, the woman's role is to rear children and till the land, but that is gradually changing.

At the centre of the effort to help women take control of their lives has been VANWODS, a non-governmental organization that, with support from UNDP, has helped make small loans to disadvantaged women. Presently, UNDP is working to officially transform VANWODS into a microfinance institution.



Photos: Len Garae/UNDP

Women in Vanuatu have taken advantage of microcredit to start small businesses.

Now successful businesswomen, some of the VANWODS members admit to formerly raiding the gardens of neighbours for food.



no qualifications. Borrowing from VANWODS, she has opened a small retail shop and business has been good. She says, smiling across the tiny counter, that her business has played a major role in supporting her family, which includes her husband and five children.

The VANWODS loan scheme has

reportedly contributed to a major reduction in small crime. Members admit that before the project started, they often disappeared in the mornings without telling their husbands,

to look for food for breakfast. If they had no garden of their own, they would take food from someone else's garden. But the members say that is all history now.

—By Len Garae, Editor of the Trading Post newspaper in Vanuatu.

Toko Mara, a member of the UNDP team to restructure the organization, said the project has helped mothers to take control of the family budget. "In many cases now, it is the husband who asks his wife for money," he says. Mr. Mara said that while the scheme operates only in Port Vila, there are many requests to extend this vital service to the other islands. He also reports that men are now also asking to become members of the scheme.

Lydia Peter finished school in fourth grade in her village in Tanna, and like Leah Joe, she moved to Port Vila to look for work only to be told she had

## Cambodia: Hair Salon is Ticket Out of Poverty

PHNOM PENH, CAMBODIA

It is 9 o'clock on a hot, dry and dusty Sunday morning in Phnom Penh's O Bek Om district as an ice cart trundles past a small, rattan and tin shack. Inside, the shack is a basic hairdressing salon and already it is almost full.

A half dozen Khmer women are preparing for a lunchtime wedding ceremony and they want their hair cut, coloured and styled as well as make-up, manicure and pedicures. Running the salon is 22-year-old Som Vanamony.

Born and raised in Phnom Penh, Ms. Vanamony lived with her widowed mother, two brothers and four sisters on a combined family income of 7,000, 8,000 Riels a day (approximately \$2). Unable to afford to stay in school, Ms. Vanamony had to sell candies, fruits or vegetables on the street.

But Ms. Vanamony found special skills training from the Khmer Kampuchea Krom for Human Rights and Development, part of a special vocational project funded by UNDP, UN-Habitat and the UK Government's Department for International Development that assists the growing numbers of urban poor in Phnom Penh.

### Rich or poor, looks matter

In a country where women, no matter how rich or poor, place a high value on

appearance, Ms. Vanamony decided she wanted to train as a hairdresser. "At first I found the make-up very difficult to do and I was afraid that when I cut someone's hair, I would make a mistake. But after a few months of training, it got easier. I like hairdressing and helping women look beautiful."

After her six month's training, Ms. Vanamony decided to open her own shop. "I felt confident and wanted to have my own income by running the business myself." With the help of her best friend, she was able to borrow \$200 from a money lender, repayable in \$10 or \$15 lots every month, to buy the construction material for the salon and to purchase some hairdressing equipment.

Ms. Vanamony has repaid half of the money so far, but it has put a strain on her business, a reason she has strategically located her salon a short distance from a nearby clothing and shoe making factory, *Ivatino Design and Intech Footwear*. Most of the employees in the factory are women and she is finding that as the workers walk past her business she is becoming better known. Her prices are competitive as well, 3,000 Riels for a hair cut and styling and 1,000 Riels for a combined manicure and pedicure.

The salon is about two metres square, the floor is dirt, the roof is tin and the walls are rattan. Electricity is

provided by a private vendor for 1,000 Riels a kilowatt. But the basic equipment is there—combs, brushes, curlers, hair colour, hair spray, heating devices, make-up and lots of nail polish and lipstick. Posters of various hair styles adorn the wall. "If you want one of these styles, I can copy it for you," Ms. Vanamony says proudly.

She is hoping that soon she will be able to repay her loan and expand her business. "I want to improve the salon



UNDP Cambodia

so that it is much better than what it is now. My income will improve and so will my living conditions. In the long term, though, I would like to become a hairdresser trainer, but I need more experience before I can do that."

—By Susan Spencer, the Communications Officer in UNDP Cambodia.

Som Vanamony's family of eight lived on about \$2 a day—what she now makes on just a few haircuts.



## Kazakhstan: Cobblestones for Construction

SHYMKENT, KHAZAKHSTAN

**B**usiness prospects looked grim for Aidar Narmuchamedov and his co-workers at the Alikulov i.K., a company producing supplies for construction in Shymkent, southern Kazakhstan.



Caroline Stiebler/UN Volunteers

UN Volunteer Stefan Schandera, right, counseling Bakret Shalovanov, who has an idea to package horse milk in tetra paks.

“There were too many competitors, all offering the same products,” says Mr. Narmuchamedov, the company’s chief mechanic. So the company developed an idea, to add metal fences and gates to the traditional product line that included concrete slabs and cobblestones. But they needed help.

Alikulov i.K. was able to get help and space from the Sodbi Business Incubator in Shymkent, located in a

vacated bank complex. Drawing on the counsel of UN Volunteer (UNV) Stefan Schandera from Germany, the Incubator helps fledgling enterprises develop over a three-year incubation period. New business ventures—providing jobs in trade, insurance, furniture and printing products—grow in a supportive environment that provides everything from Internet connections to office services and a library.

Under a project funded by the Soros and Eurasia Foundations, German Technical Cooperation as well as partners from the private sector, new and unemployed entrepreneurs profit from training on business plan development, marketing, personnel management and information technology. And once they are steady on their feet, they move their businesses to new premises—in the real world.

“What we needed most in 2000 was a bank credit to obtain additional technical equipment. The Sodbi team gave us very helpful advice how to go about it,” says Mr. Narmuchamedov. “This laid the foundation stone to our successful business today.”

Since then, Alikulov i.K. has grown to 50 employees from nine. During peak periods, they hire another 150 part-time workers.

A new line of bank credit has

helped buy the equipment to start manufacturing, and construction companies have responded well to the new range of cobblestones, railings and other metal products that the company offers.

“Alikulov i.K. invested a substantial amount of money into marketing and management training for their office staff, who did a great job in putting ideas they got out of their training into successful business practice,” says Mr. Schandera. “This shows that the services offered by Sodbi do make a difference—and that the profit centre approach, raising fees for training opportunities and collecting rent from enterprises who succeed in getting business, works very well.”

The UNV works closely with the staff of Sodbi, advising on small business operations, NGO and volunteer management, fund-raising and donor relations.

Key partners of the Sodbi Incubator, which trained 150 people in information and communication technology, include technical universities offering ideas on technology, successful businesses investing and giving advice to newcomers and banks granting credit.

—By Caroline Stiebler, Head of Communications, UN Volunteers, and based in Bonn, Germany.

## Panama: Women Want Rice Mill; Men Say They’re Crazy

SANTA LIBRADA, PANAMA

**T**he Inter-American Highway, once part of a seamless road system envisioned from Alaska to South America, actually ends near Panama’s Darien National Park. By the time the road reaches Santa Librada, it is in such poor shape that there are few cars and buses that make the trip these days. Bus fares are expensive, and bringing rice to the closest rice mill is a 22 kilometres trip; by horse or by foot, it takes at least six hours.

For the women of Santa Librada, this isolation meant that husking the rice

had to be done the traditional way—*pilar arroz*, pounding which is done in a *pilon*, a conical and hollow piece of wood, a process that is long and exhausting.

Marisol Mitre Arenas, Francisca



Cabrera and Maria Elena Mitre thought a rice mill would make the process much easier on women, and would provide them with some badly needed income. The three women initiated efforts to start the Agroindustrial Peasant Association of Women on the March to set up a rice mill and learn how to manage this business on their own.

“The men in town said we were crazy, that our project would fail,” says Mrs. Arenas. “It’s been said that women have no rights. We organized to help one another because we are capable of managing any type of business,” said Mrs. Arenas, who is now the Accountant Manager of the rice mill named La Unión.

Photos: Elio Rujano/UNDP Panama

Now that there is a rice mill in Santa Librada, women no longer have to mill rice the exhausting old-fashioned way.



The Inter-American Highway is only a dirt road here, and the rice mill, owned and operated by the women of Santa Librada, has reduced travel time for farmers in neighbouring communities.

### Starting from scratch

It was not easy to start the rice mill: They did not know how to get organized, to build a rice mill, to buy equipment or to get loans or credit. They figured no local bank would finance a group of women.

They were worried about their management skills and lack of experience in business matters, especially money and bills. "Most of us have gone only as far as sixth grade in the primary school," Mrs. Arenas pointed out. At least, she said, most of the women knew how to read and write and knew basic math.

Their cause, however, received support from BioDarién, a project financed by the United Nations Foundation, the Global Environment Facility and UNDP. The project was created to protect the Darién National Park, 579,000 square kilometres along the border with Colombia, the largest

park in Central America and a UNESCO-declared Biosphere Reserve.

The Inter-American Highway is only a dirt road here, and the rice mill, owned and operated by the women of Santa Librada, has reduced travel time for farmers in neighbouring communities.

The project aims to improve life in the surrounding towns and villages to reduce the pressure on the local population to move into the Darién National Park. In 2000 the BioDarién project granted the women a micro-credit of \$3,000 to buy supplies and set up the rice mill.

But the women had some critics. "Many men think that a woman's place is home. They are "machistas," says Mrs. Arenas. However, her husband has been supportive. "He comes with me to workshops because he believes in what we are doing."

The rice mill has only one part-time employee, Ignacio Nelson Moreno, who

has been working at the mill three days a week for the last three years and he carries the heavy 100-pound rice bags on his shoulder. The members of Women on the March do all the administrative work and distribute profits.

Mr. Moreno is also responsible for filling bags with *pulidura*, a leftover that is used to feed cattle, pigs and chicken. The rice husk is free and farmers use it as fertilizer.

Most customers bring their cargo to the mill on horses, but some drive cars, as Martina Valdes does, when she brings in 10 100-pound bags. "I like the work of these women. They are well organized and give good service. If they were not here, I would have to go very far with my rice," says Mrs. Valdes.

—By *Elio Rujano*, the Communications Officer based in UNDP Panama.



## Bosnia: Returning Refugees Start New Enterprises

BUGOJNO, BOSNIA AND HERZEGOVINA

Anto Barnjak does not see much possibility of putting his engineering training to good use any more. Years of economic turmoil, civil war and living as a refugee have made that career choice for him. But Mr. Barnjak is not complaining, having returned to the central Bosnian city of Bugojno, where he has opened a bakery.

Well into his 50s, Mr. Barnjak never dreamed of becoming an entrepreneur, but now he is planning to expand his business. "I'm a well-educated man, maybe even the most educated baker in the area," he says. "But now in this country, it's not realistic to expect to get a job in big factories, especially as a returnee of different ethnic background than the majority one."

Mr. Barnjak was able to grow his business with equipment he received from UNDP that enabled him to expand his product line. Now he provides jobs for five employees and produces 35 different kinds of bread and pastries. But the equipment is still not enough. "You also need cash," he says.

But he says the business is now going well. "I have regular customers. For some kinds of bread I have only three to five customers, but I bake them every day; five pieces only, but for us, every customer is very important."

Four years of war have resulted in a stagnant Bosnian economy. Seven years ago, at the end of the war, indus-

trial production was only five to 10 percent of the country's pre-war capacity, and unemployment had soared to 90 percent. The largest loss of jobs came from the collapse of the large, state-owned enterprises that provided many jobs before the war, particularly in textiles, metalwork and wood products.

The microcredit loans are part of UNDP's Integrated Resettlement Programme, which is aimed at revitalizing agriculture, animal husbandry, food production and processing as well as the development of skilled trades and light production. Assistance is provided to anyone, returnee or not, as long as their proposed economic activities can sustain themselves. In the past six years, the economic component of this UNDP programme disbursed 384 micro grants, with a better than 60 percent success rate in the seven municipalities in the Central Bosnian canton.

—By *Nela Kacmarcik*, the Communications Officer in UNDP Bosnia and Herzegovina.



Anto Barnjak could not pursue an engineering career because of the war. With the help of a small loan, he changed careers and became a baker.



Photos: UNDP Bosnia and Herzegovina



Caroline Stiebler/UN Volunteers



Top right: Snacks made in the Nandang's kitchen are now widely sold.

## Indonesia: Kitchen Snack Shack Turns Profit

CIWIDEY, INDONESIA

The Asian financial crisis of 1997-1998 hit Mukhtar Nandang's family hard, along with millions of other families throughout Southeast Asia who suffered high unemployment, rampant inflation, plunging consumer purchasing power and increased poverty. The family, which was in the snack manufacturing business, found itself unable to raise the cash to buy the ingredients for the snacks; and without regular customers, the family of eight struggled to rise above the poverty line.

With the shop in their home in Ciwidey, a town in West Java, the family is again back at work today making the pan-fried snacks for shops and kiosks in the neighbourhood.

Six of the eight family members work in the enterprise. Mr. Nandang and his wife prepare the dough and fry the snacks in their small kitchen. Mr. Nandang's father is responsible for buying the ingredients and supplying the products to sellers, while his wife

Tati, does the bookkeeping. Deni and Itermawan, Mukhtar's younger brother and sister, who attend school during the morning hours, pack the snacks into bags and boxes in the afternoons.

The family is proud of their business, which employs and comfortably sustains all of them. They save profits in a bank account and only recently allowed themselves the luxury of buying a radio, a television and a videocassette player.

It was a loan obtained through UNDP's Community Recovery Programme that laid the foundation for the Nandang family's recent prosperity. The Programme targets community members who live below the poverty line and opens up possibilities for self-employment and income generation.

Shah Alam Mia, a UN Volunteer from Bangladesh, has helped advise the Nandang family business since it got started in mid-2001. As a field officer for the Programme responsible for West Java, she supports and counsels community-based organizations in human resources, accountancy,

administration and business analysis. Together with community organization staff, the volunteer visit borrowers and support them in product marketing, establishing their personal repayment plans and training in basic bookkeeping skills.

"Mukhtar received his first loan a year ago and managed to repay it within the six months according to his business plan," says Ms. Mia. "Reliable borrowers like him normally receive four loans during a period of two to two-and-a-half years."

Mr. Nandang says, "The micro-credit helped us to overcome our cash-flow problem. It helped us to regularly buy ingredients, produce and deliver to sellers." But he feels that the most important practical advice for his business came from Ms. Mia, who helped them determine what percentage of the profits should be reinvested into the business, to repay the loan and save for any emergency that comes their way.

—By Caroline Stiebler, Head of Communications, UN Volunteers, Bonn, Germany.



## Uzbekistan: One Small Loan Leads to Another

BESHCHASMA, UZBEKISTAN

There is not a lot of hard cash to go around in these parts of rural Uzbekistan, where even salaried employees, whether working in wheat or cotton processing jobs, or as nurses or as teachers, are often paid in barter rather than in currency. For Bibisora

Ochilova, the problem was even more acute since her husband is able to find work only on a seasonal basis.

Traditionally, there have not been many opportunities for women to earn money outside the household on the Uzbek steppe, but tapping into a new microcredit programme run by UNDP, Mrs. Ochilova was able to borrow some 30,000 Soum (\$30), and by combining that with her limited remaining cash on hand, about 50,000 Soum, she was able to buy a cow.

The UNDP microcredit project began in 1998 in Kashkadarya in the semi-autonomous Republic of Karakalpakstan. After four years of operation, focusing largely on women's non-governmental organizations, the UNDP-supported projects have laid the groundwork for national legislation passed in August 2002 that allows

the development of micro-lending by NGOs, international donors and local non-banking financial institutions.

For Mrs. Ochilova, the earnings from the milk, *katik* (yogurt), butter and *kaymok* (cream) soon allowed her to repay the loan. Through the programme, she was then able to borrow more money, 80,000 Soum to start a canteen business in rented space.

As her cooked soup, *lagman* (noodles) and fried mutton became well regarded, it was not long before her business was thriving. Her daily income from the canteen is now about 70,000 Soum, of which 15,000 Soum is profit. After borrowing a fourth loan of 110,000 soum, she added drinks to her canteen. With the new loan, Mrs. Ochilova was able to buy new dishes for the canteen and sacks for the milk processing.



Bibisora Ochilova has parlayed a \$50 loan that bought a cow into a very successful canteen business.

Photos: UNDP Uzbekistan

“Now that I am busy with the canteen,” Mrs. Ochilova says, “my sister is helping me with the milk processing. As a result of the microcredit, I can provide my sister with a job and I can help to feed her family. She takes milk and other milk products home every day. And when I have earned enough money, I will own the building the canteen is in.”

“Before I used to ask money from my husband for my own expenses,” says Bioqobilova Oisada, another microcredit beneficiary. “But after

becoming a member of the micro-credit programme, I have enough money to cover these expenses. This gives me more confidence in myself,” Mrs. Ochilova adds.

—By Abigail Willmer, Technical Adviser to the Sustainable Income Generation Programme for UNDP Uzbekistan.

Women in rural Uzbekistan were rarely able to get credit. “Nobody lends money to a woman since they think that she will not be able to repay.”



## Pakistan: Rickshaw Drivers Double Income by Shifting to Natural Gas

RAWALPINDI, PAKISTAN

The 40,000 people who live in Dhok Hassu, a low-income settlement in the centre of Rawalpindi, generally have little access to good jobs, basic healthcare, clean water, sanitation, education and public transportation. To get around, they rely on small, motorized rickshaws that are effective, but are very heavy polluters.

Many automobile owners throughout the city have converted their vehicles to run on less polluting compressed or liquified natural gas, which is cheaper than gasoline, and businesses that install and sell natural gas are growing throughout the urban centres of Pakistan. But rickshaw owners who have inefficient two-stroke engines have not joined the trend, and the air in Dhok Hassu has remained tinged with the rickshaw fumes. The cost of the more expensive gasoline has been borne by the rickshaw drivers and their customers, with the costs of the air pollution carried by the entire community.

Rickshaws using natural gas go

further than those using gasoline—a rickshaw can cover 18 kilometres on one litre of gasoline while it can cover up to 52 kilometres on one kilogramme of natural gas, equivalent to 1.3 litres of gasoline.

To tackle the pollution problem, a small NGO, Al-Falah Development Organization, approached the Global Environment Facility’s Small Grants Programme in UNDP Pakistan for assistance aimed at cleaning the environment by encouraging rickshaw drivers to use natural gas instead of gasoline. According to Sumaira Gul, the NGO’s chairperson. “We were aiming to promote the concept of community development through empowerment and self-help leading to socio-economic benefit, along with addressing the environment issues.”

So far, the programme to convert the rickshaws in Dhok Hassu has been successful by providing small loans to the rickshaw driver, and NGO officials say that the demand for natural gas conversion kits for rickshaws is growing exponentially. More than 500 rickshaw owners, drivers and mechanics from Rawalpindi have participated in training sessions to learn about the environmental and economic benefits of the new fuel system.

The project has helped raise the income of the rickshaw drivers and in a majority of cases, rickshaw drivers have seen their income doubled.

According to Onder Yucer, UNDP

Resident Representative in Pakistan, “The project has taken the beneficiaries out of the \$1 per day poverty trap and are contributing to efforts to meet the MDGs. The rickshaw drivers have more income to spend on health, education and sustenance for their families.”

The rickshaw drivers, it is estimated, save from Rupees 100 to Rupees 200 (\$1.80 to \$3.60) per day—depending on the number of



Rickshaw drivers in Rawalpindi have been able to double their incomes by converting their vehicles to natural gas. As a result, air quality in the city has improved.

hours that a rickshaw is driven—and that translates to an increase in income from Rupees 3,000 to Rupees 6,000 per month.

Private entrepreneurs have also started providing kits on microcredit to the rickshaw drivers in Rawalpindi, and rickshaw owners in other parts of the country have now shifted to natural gas.

—By Khurram Masood, Media and Advocacy Officer in UNDP Pakistan.

Photos: UNDP Pakistan



# Wall Street Eyes Investment Opportunities in Africa

BY DANIEL SHEPARD

## 8. Develop a global partnership for development

### NEW YORK

Investors may know more about conflict and HIV/AIDS in Africa than about investment opportunities there, but leading African finance officials fear that the bad news overwhelms the good, and that the world is passing up real investment opportunities in Africa.

"Good news will sell papers, but there are a lot of opportunities that have not been noticed by investors," says Ndi Okereke-Onyiuke, Chairperson of the African Stock Exchanges Association and Director-General of the Nigerian Stock Exchange.

In the continent where meeting the Millennium Development Goals—including the goal of reducing poverty by 2015—is considered the most difficult, new stock exchanges have opened across Africa and some have been among the world's leading performers, even in a depressed global economy. Along with a new outlook and a different approach to business, the African business community says that the world should see Africa as a place where democracy has taken root—in all but 12 of 53 countries—and a continent that is open to business.

"We are not asking for handouts," says Ms. Okereke-Onyiuke. "We are asking for development partners. And we don't believe in poverty alleviation. We believe in wealth creation."

According to Ghana's Finance Minister Yaw Osafo-Mafo, "the only way to develop is to make money. "But we need support from grown-up stock exchanges," he added.

The officials were on Wall Street in New York for the two-day African Capital Markets Development Forum, an event organized by UNDP in partnership with the African Stock

Exchanges Association and the New York Stock Exchange and attended by more than 500 international investors, analysts and capital markets experts.

The thinking in development circles, UNDP Administrator Mark Malloch Brown said, used to be that the capital for development lay completely in the public realm. "But the Millennium Development Goals—goals for the medium term—will never be reached without very large amounts of private capital being raised." He called the future of African stock markets "the future of Africa's poor."

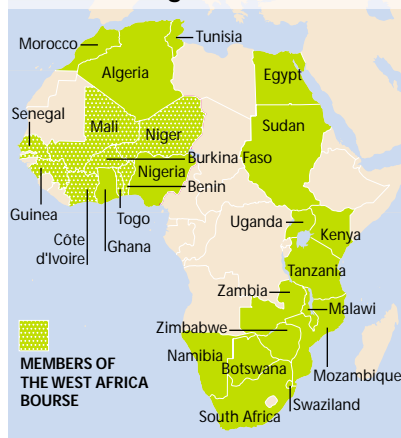
UN Secretary-General Kofi Annan, in a statement delivered by Deputy UN Secretary-General Louise Fréchette, acknowledged that "it has never been easy to draw attention to the capital markets of Africa." But it was important, because "there can be no credible vision of a humane and peaceful world order for the 21st Century that does not include a positive future for Africa."

Wall Street has noticed the high returns of the African markets in 2002, which run counter to the trends in much of the rest of the world. The returns ranged from 28 percent on the Johannesburg Stock Exchange, the continent's largest, to an average of 8.8 percent on the other markets.

Yet Africa's exchanges remain small and fragmented and desperately in need of capital. The companies that are listed are, by world standards, small but still growing. That, to Ms. Okereke-Onyiuke, should make the African companies more attractive, "because how much more can IBM or Microsoft grow?"

Bryant Seaman III, Group Executive Vice President of the New York Stock Exchange, said equity investors typically look for high growth opportunities and that many of the

### Countries that have established stock exchanges



newer, well performing listings on the New York Exchange came from Africa. "Africa offers an unparalleled opportunity in that regard."

But obstacles remain. According to Alan Patricof, Chairman of Apex Partners, a firm specializing in financing for small and medium enterprises, "there are tremendous challenges that must be dealt with sooner than later." These challenges include finding financing for small businesses that are capitalized under \$5 million. While there are some 2,000 African businesses listed on the exchanges, he said there are probably hundreds of thousands of smaller businesses that have to be nurtured. "You need a farm team, a minor league." He said African countries also need to beef up their legal systems, which are not transparent, and their infrastructure. Other factors that deterred investors include a failure to follow rules of corporate governance, corruption, a lack of basic business and entrepreneurial skills. ■

*Daniel Shepard is the Editor of CHOICES.*



UNDP's African Stock Markets Handbook

## Iraqi Oasis for Learning: A Model to Build On

Before the war in Iraq, there were few places in Baghdad where Iraqi citizens could watch international news broadcasts, read a foreign newspaper or engage in a dialogue on development issues—except for UNDP's Learning Resource Centre (LRC). Located next to the main UN offices on the banks of the Tigris, the Centre operated for and by Iraqis—served as a place to take courses, hear lectures and use a library.

The Centre offered courses in 17 computer-related topics, including Windows and PowerPoint as well as language training in Arabic, English, French and Spanish. All were taught by Iraqis. And the Centre offered Iraqis access to the Internet.

There were monthly lectures on topics such as the Arab Human Development Report, HIV/AIDS in the Arab world, as well as micro-credit and women's empowerment. Cultural events were also arranged. These included performances by the Baghdad Chamber Symphony Orchestra, movies, and presentations from the Louvre Museum in Paris.

According to the UNDP Resident Representative in Iraq, Mr. Francis Dubois, the Centre was an "oasis" for Iraqis. In addition to the air conditioning that made the Centre a refuge from the blistering Baghdad summer heat, it was also a refreshing showcase of modernity.

"The Centre was a window to the outside world," Mr. Dubois said, "You have to keep in mind that Iraqis, having been isolated and humiliated for so long, need to rejoin the international community as representatives of one of the oldest civilizations on Earth."

Despite recent lootings and the damage done by bombing raids on one of the presidential palaces located directly across the Tigris, the LRC building is the first to be rehabilitated within the UNDP compound. "The LRC was a flame of hope that we want to rekindle," Mr. Dubois added. ■

—By Daniel Shepard, Editor, CHOICES.

## UNDP TO FIX IRAQ POWER NETWORK WITH \$11 MILLION FROM UK

The United Kingdom will contribute more than US\$11 million to fund UNDP's emergency work in assessing damage to Iraq's power network and for the installation of generators to power hospitals and water pumping and treatment plants.

The contribution of \$11,245,607 (£7,035,100) from the UK's Department for International Development came in response to the \$2.2 billion appeal by UN agencies for emergency humanitarian work in Iraq over the next six months. UNDP requested a total of \$71.3 million for repairs to Iraq's power network.



Photos: Sonia Dimmar/UNOHCI/OIP

With about US\$1 billion from the UN's Oil for Food Programme, UNDP has worked to increase electrical generation capacity in northern Iraq over the last decade.

UNDP has nearly 400 trained international and national staff in the country, and additional experts are on standby for deployment to Iraq. The work will be country-wide in scope and will begin with the identification of highest-priority projects.

The repair of electricity transmission networks and feeders to hospital complexes, water-pumps, water-treatment plants and other critical power users will be given priority and mobile substations will be provided to supply power in the short term while damage to key power substations is assessed.



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# CHOICES

THE HUMAN DEVELOPMENT MAGAZINE

Alvaro Umaña, head of UNDP's Environment and Sustainable Development Group, and Misako Konno, UNDP Goodwill Ambassador at the launch of UNDP's Community Water Initiative.



## Fire in Baghdad, Water in Kyoto

### KYOTO, JAPAN

While the world's attention was concentrated on a controversial war in the Middle East, it was nothing short of a miracle that more than 5,000 people from over 180 countries traveled to Kyoto, Japan to take part in the Third World Water Forum from 16-22 March. For the policy-makers, water experts, engineers, company executives, activists and non-governmental organizations who made their way to Japan, the World Water Forum was aimed at fighting the 'real war,' the war against water-related diseases that kill more people a year than HIV and conventional war combined.

"The water crisis and the discussion that will take place at the Forum will have a greater effect on humankind in the 21st Century than the current Middle East crisis," said World Water Council Vice President William Cosgrove at the opening ceremony.

"In the time it takes to drink a glass of water, a child has quietly died," said Alvaro Umaña, head of the UNDP Environment and Sustainable Development Group. "Yet they die quietly, away from the media lime-light," he said during the Kyoto launch of a UNDP Community Water Initiative, aimed at providing small grants to local innovative water projects.

In fact, each night almost half the world goes to bed thirsty. In a place like Afghanistan, which has experienced drought conditions for three years, 75 percent of the population has no access to clean water. The result is that one in four children never make it to their fifth birthday. Furthermore, the poorest of the poor, worldwide,

pays 10 to 100 times more—as a percentage of their income—for water than the rich.

Water is a linchpin for achieving the Millennium Development Goals. Without access to clean water and adequate sanitation, the world will never be able to reduce poverty. Both are a basic requirement for progress in education, reducing child mortality and improving the standard of living for the poorest populations. Lack of clean drinking water also affects gender issues in areas where girls cannot go to school because they have to fetch water for their families.

Proper water management at local, regional and national levels is an absolute requirement to adequately tackle the water challenge. This means

more efficient governing institutions to manage the distribution and use of water, and more widespread use of simple technology at the community level. "Global problems are both created and solved by action at the local level," said Mr. Umaña.

While Forum participants hovered around gigantic television screens that screeched war scenes from Iraq, a quiet war relentlessly raged in much of the rest of the developing world. Away from the cameras and the anxious war correspondents, the 'other war,' the highly preventable war, continued daily to claim the lives of 6,000 people, mostly children under five. ■

—By Cherie Hart, Regional Communications Officer based in UNDP Thailand.

## Projects Making Headlines at 3rd World Water Forum

- The Global Flood Warning System to create precipitation maps for the world every three hours will provide flood warnings to about 4.8 billion people. The project, supported by Japan, is part of the newly launched International Flood Network.
- The World Water Council, with its partners, aims to provide governments with appropriate tools and analysis for priority setting, planning, development, management, and budgeting for the water sector.
- UN-Habitat signed an agreement with the Asian Development Bank to provide \$10 million to build the capacity of Asian cities to secure and manage pro-poor investments and improve access to clean water and proper sanitation. The Bank will also issue \$500 million in loans for water and sanitation projects in cities across Asia over the next five years.
- The United Nations Educational, Scientific and Cultural Organization and the World Water Council announced efforts to resolve transboundary water disputes.
- UNDP's Community Water Initiative, aimed at building on the power of the local community to solve water and sanitation challenges will provide innovative communities with small grants to expand and improve their solutions to the water and sanitation crisis. The Initiative has an estimated target budget of \$50 million for 2003-2008.
- Indigenous Peoples formed a network to give their communities a greater voice on water issues and to empower local communities struggling to protect their water rights.
- The Water and Sanitation Programme committed itself to funding national capacity building projects for MDG monitoring.
- Price Waterhouse Coopers, and UN Water and Care International announced the launch of the Global Water Initiative that will begin with a pilot project in Africa, supported by the French Government, with results promised by the end of 2003. ■

## Hollywood Director Singleton Mobilizes HIV/AIDS Campaign in Africa during Ouagadougou Film Festival

OUAGADOUGOU, BURKINA FASO

The setting could not have been farther removed from the everyday reality of award-winning US film producer, director and screenwriter John Singleton as it was in Soubeira, a rural village down a dusty, pothole-ridden track about an hour and a half outside of Ouagadougou, the capital of Burkina Faso.

But when Mr. Singleton came face-to-face with the dozens of people—from village elders to young children—who had gathered together in the late afternoon heat to welcome him into their community, something felt surprisingly familiar to him. A Los Angeles native known for his gritty film portrayals of inner-city life, Mr. Singleton said, “One of those guys shook my hand the

Ouagadougou, brought together some 4,000 film professionals and journalists from across the continent and beyond.

United Nations Secretary-General Kofi Annan, in a statement read by UNDP’s Communications Office Director Djibril Diallo, told the filmmakers, “By putting your cameras at the service of the people, you can help breathe life into the vision of an Africa on the move toward the millennium goals and towards a more peaceful and prosperous future.”

Mr. Singleton did take time out from viewing the festival’s main attraction, films, such as the winner of the festival’s grand prize, *Heremakono* by Mauritanian director Abderrahmane Sissako, to see how Burkina Faso is dealing with the HIV/AIDS challenge. About 6.5 percent of adults in the country are living with the virus, the highest infection rate in West Africa after Côte d’Ivoire.

Away from the commotion of the festival in Soubeira, where there were no films showing, Mr. Singleton saw a

HIV positive status spurred him in 2000 to create this fledgling community-based organization which supports vulnerable children and people living with HIV/AIDS. With funding from UNDP, *Vie Positive* is helping some 350 children who have lost one or both parents to AIDS.

Mr. Singleton also participated in a panel on the role of the African actor in the fight against HIV/AIDS, which drew some 150 FESPACO participants. Joined by speakers such as Chantal Compaore, Burkina Faso’s First Lady, Mr. Singleton said, “AIDS can undo civilization and the future, and we must bring all the arts into the fight against this scourge.”

After a screening of *Baby Boy*, Mr. Singleton’s 2001 film hit earned a standing ovation at a screening during the festival, the director announced that he plans to work with UNDP to mobilize his celebrity and private sector contacts to fight HIV/AIDS in West and Southern Africa.

Mr. Singleton made history as the first African-American director and the youngest filmmaker to receive an Academy Award (Oscar) nomination for best director, for *Boyz N the Hood* in 1991. His next film, *Fast and Furious 2*, is scheduled for release in the summer of 2003. ■

—By Cassandra Waldon,  
Communications Specialist in UNDP  
New York.

- > Are We On Track to Meet the Millennium Development Goals?
- > Can We Cut Poverty in Half by 2015?



The answers are in the *Human Development Report 2003*

DUE THIS JULY



Film director John Singleton meeting with village leaders in Soubeira, Burkina Faso.

way they do on Crenshaw Boulevard.”

Mr. Singleton traveled to Burkina Faso in February at the invitation of UNDP and the Pan-African Film and Television Festival, known as FESPACO and considered the “Cannes Film Festival of Africa.” This year’s edition of the event, held every two years in

hard-hitting, yet humorous play about HIV/AIDS performed by the community’s male theatre troupe, which has worked with the US Peace Corps.

Back in Ouagadougou, he visited several UNDP-supported HIV/AIDS projects. At *Vie Positive* (Positive Life), he met Hamidou Kaboré, whose

# MATTERS OF FACT

A rice mill launched and operated by women in Panama has boosted income and confidence in the village of Santa Librada.

## **New businesses create new jobs**

A new law has allowed 55,000 new businesses to open in Viet Nam in the last three years, generating over **one million**

**new jobs.** China cut its income poverty in half during the 1990s, lifting 150 million out of poverty. **Unemployment** in the world is on the rise. The number of **working poor** living on US\$1 a day is approaching the 550 million mark, a level last seen in 1998. About 125 countries have either become poorer or have barely grown in the last decade. Countries will have to achieve a **growth rate** of more than 3.75 percent to halve the poverty rate. Growth is not necessarily shared by all. The top one percent of the **world's rich** earn as much as the poorest 57 percent. Average per capita income in developing countries grew from \$989 in 1980 to \$1,354 in 2000. About 80 percent of **economically active women** in sub-Saharan Africa and South Asia work in agriculture. **Microcredit** helps the poor create their own jobs and increase their income. More than 2,100 microcredit institutions in the world report reaching almost **55 million people.** More than 26 million people living below the poverty line have benefited from microcredit.



Elio Rojas/UNDP Panama

Sources: UNDP Human Development Report 2002 and ILO report *Global Employment Trends*.

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