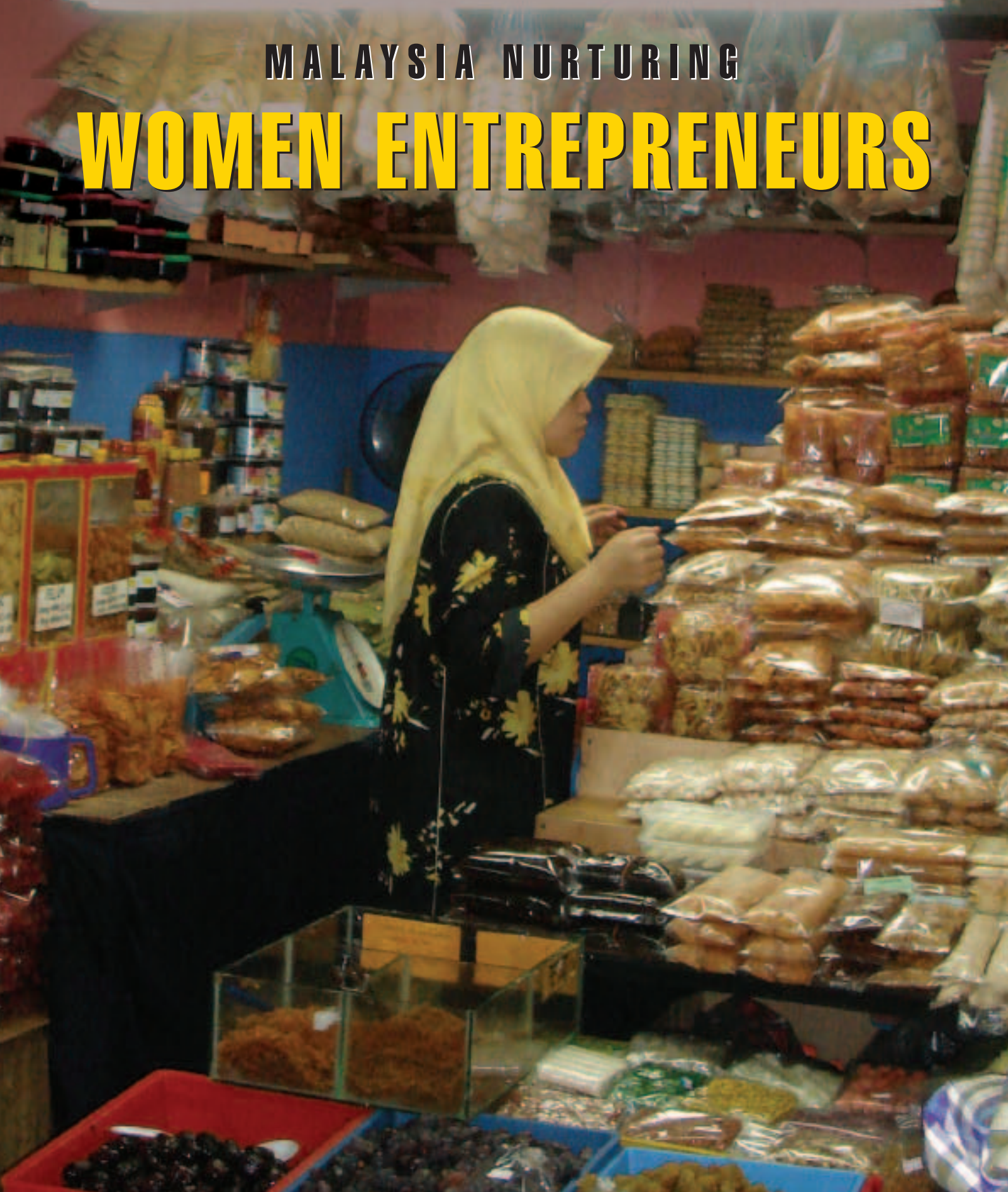




MALAYSIA NURTURING WOMEN ENTREPRENEURS



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Foreword

International evidence has shown the tremendous entrepreneurial potential that access to finance can unleash in poor communities. With continued help, families and communities can provide their children with opportunities they themselves never had.

Poor women in particular benefit from microfinance services. Such women, often the most disadvantaged group in a society, tend to be good credit risks. Increasing women's access to microfinance has wide-ranging benefits, not just for their well-being but also for the welfare of their families, the communities in which they live and for society at large.

However, the provision of microfinance on its own is insufficient. In some instances, such loans can become a burden due to poor management, or unsound investments. Microfinance schemes have to be complemented with adequate training so that recipients are empowered with the skills necessary to benefit from the loans.

The UNDP Entrepreneurial Skills: Empowering Women project was undertaken in partnership with the Ministry of Entrepreneur and Cooperative Development (MECD) and the Malay Chamber of Commerce (MCCM). The project aimed to empower women by creating greater awareness of microfinance and various small loans available to low-income women, and through a skills training programme. Additional support was provided by Rumah Nur Kelantan, Amanah Ikhtiar Malaysia, Universiti Teknologi MARA, Agensi Kaunseling dan Pengurusan Kredit, Microsoft Malaysia (Unlimited Potential), Mydin Mohamed Holdings Bhd, and BRM Advanced Technologies Sdn Bhd.

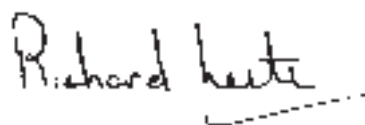
A communications campaign on microfinance was conducted in Kelantan, Terengganu, Penang, Kedah and Melaka to increase awareness and understanding of microcredit and microfinance, especially among low-income rural women. Helpdesks were set up at the state level MCCM offices to act as one-stop centers for independent information on microfinance and workshops were conducted at the district level to educate and inform women of the various microcredit and microfinance opportunities available.

Complementing the communications campaign was a six month training programme for a select group of low-income women to equip them with the necessary tools to enhance their business skills and upscale their enterprises. The training programme was directed towards low-income women with existing food businesses in Kelantan and Terengganu, the two states in Peninsula Malaysia with the highest poverty rates and lowest human development. While emphasizing the multi-faceted nature of enterprise management, the programme also focused on providing motivational training to build confidence, and creating business matching activities to expand market opportunities for low-income women. More importantly, the project has developed a training module that can be readily replicated.

The project saw about 50 low-income women blossom into more confident and creative entrepreneurs. These women showed tremendous dedication to learning and a determination to succeed. Some travelled long distances to attend class. These women, who previously had no reliable income, have benefited from microcredit loans, and are slowly gaining the confidence to expand their markets and connect with other entrepreneurs and suppliers, including some from outside their states. It has enabled them to expand their horizons and potentially achieve their dreams.

This publication documents some of the significant lessons that can be drawn from this project. This volume is the ninth in a series of periodic publications reporting on UNDP Malaysia's work in its energy, environment and human development practice areas. The large range of projects being undertaken in this portfolio is designed particularly to support Malaysia's efforts to achieve the Millennium Development Goals (MDGs), especially to eradicate poverty, promote gender equality and ensure environmental sustainability.

I would like to express my sincere appreciation to MECD and MCCM for their support in implementing this project. I would especially like to thank members of the Project Steering Committee, our private sector partners, trainers and other stakeholders from Kelantan, Terengganu, Penang, Kedah and Melaka for their commitment. I would also like to express my sincere gratitude to all project participants and members of the Project Team (listed on page viii), led by Ms Trudy Tan, for their strong commitment to the success of the project, and for putting this publication together. I sincerely hope that it will be widely read and will provide inspiration for its replication on a larger scale elsewhere in Malaysia. Such projects contribute positively to the elusive goal of attaining gender equality and women's empowerment.

A handwritten signature in black ink that reads "Richard Leete". The signature is written in a cursive style with a long horizontal line extending from the end.

Richard Leete PhD
Resident Representative
United Nations Development Programme
Malaysia, Singapore, and Brunei Darussalam

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Abbreviations and Acronyms

AIM	Amanah Ikhtiar Malaysia
BPM	Bank Pertanian Malaysia
BSN	Bank Simpanan Negara
BRAC	Building Resources Across Communities
DFI	Developmental Financial Institutions
FFH	Freedom from Hunger
FINCA	Foundation for International Community Assistance
ICT	Information and Communications Technology
INSKEN	Institut Keusahawanan Negara
MARA	Majlis Amanah Rakyat
MCCM	Malay Chamber of Commerce Malaysia
MECD	Ministry of Entrepreneur and Cooperative Development
MFI	Microfinance Institutions
NGO	Non-governmental Organizations
RISDA	Rubber Industry Smallholders Development Authority
SMIDEC	Small and Medium Industries Development Corporation
SME	Small and Medium Enterprises
TEKUN	Yayasan TEKUN (Tabung Ekonomi Kumpulan Usaha Niaga) Nasional
UN	United Nations
UNIFEM	United Nations Development Fund for Women
US	United States of America
WIPG	Women's Income Generating Projects

Participants

Institutional Participants

Executing Agency	Ministry of Entrepreneur and Cooperative Development
Implementing Agency	Malay Chamber of Commerce Malaysia
Project Steering Committee	Planning and Evaluation Division, Ministry of Entrepreneur and Cooperative Development

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Economic Planning Unit
Malay Chamber of Commerce Malaysia
Ministry of Women, Family and Community Development
Ministry of Agriculture and Agro-based Industry
SIRIM Berhad
Universiti Teknologi MARA
Microsoft Malaysia (Unlimited Potential)
Amanah Ikhtiar Malaysia
Yayasan TEKUN
Bank Pertanian Malaysia
Bank Simpanan Nasional
Bank Negara
Agensi Kaunseling dan Pengurusan Kredit
Mydin Mohamed Holdings Berhad

Empowering Poor Women



“Rajamma lives in Karnataka, India. Before she received her first loan from The Bridge Foundation (TBF), she was doing housework in “upper-caste” homes so she could feed her daughters the leftover scraps of food. She became so desperate that she borrowed money from a rich landowner. Unable to repay him, she was forced to send her daughters to work in his home – as virtual slaves. Rajamma joined TBF’s local Self Help Group and took out a loan of Rs 7,000 (US\$196) to purchase a milk cow. Within 10 months, she cleared the loan and released her daughters from their bond. She earns over Rs 1,200 (US\$34) each month. With her savings she bought half an acre of land and has taken another loan to irrigate it for groundnut cultivation. Rajamma’s eldest daughter is

learning tailoring while the younger girls are in school.

With visible pride, Rajamma says that TBF has helped her regain her dignity and self-worth. She is one of the most active members in the group and is accepted as an equal in her village.”

2000 Microcredit Summit Campaign Report

This is not a random story. Eighteen years ago, Nobel Laureate, Muhammad Yunus, the founder of the Grameen Bank, was asked, “What is the first thing a woman does with proceeds from her microloan?” His answer: “Bring her children home”. But for every woman like Rajamma who has been able to bring her children home, many are still wallowing in despair from their dire straits.

In the world today, there are still nearly one billion people living on less than US\$1 a

day, an estimated 70 per cent of whom are girls and women. Women are over-represented amongst the poorest of the poor, suffering the twin oppressions of poverty and gender inequality. Globally, the participation rate of women in economic activities is 52.5 per cent, which is equivalent to 67 per cent of the male rate. Across the board, income earned by women is less than that of men's, with the ratio ranging from 0.83:1 in Kenya to as low as 0.19:1 in Oman. Structural economic failures in their countries aside, women have been prevented from participating fully in the economy, from lifting themselves out of poverty, by a variety of reasons. Amongst them are cultural and religious inhibitions, low adult literacy rates, and being tied down by unpaid housework.

It is necessary to overcome these barriers to enable women to participate in the economy because of its empowering impacts. Greater gender parity is often achieved in the household by the sheer independence that women gain from having their own source of income. Women then have a bigger decision-making role in the family, providing input on what to do with the household income, what to invest their surplus in, what to do about their children's education, and so on. Income in the hands of women has also been found to have a greater effect on the well-being of their households, as reflected in higher per capita household expenditure. Engaging in economic activities takes women out of their homes and ends their isolation. They develop wider social networks and support structures that can have a tremendous

Table 1 Adult Literacy Rate, selected regions, 1995–2005

Regions	Female Rate (% aged 15 and older) 1995–2005	Ratio of Female to Male Rate 1995–2005
Arab States	59.4	0.88
East Asia and the Pacific	86.7	0.99
Latin America and the Caribbean	89.7	1.01
South Asia	47.4	0.81
Sub-Saharan Africa	51.2	0.84
Central and Eastern Europe and the CIS	98.7	1.00
World	72.7	0.92

Source: Human Development Report 2007/2008, Table 30

impact on their outlook, self-perception and self-esteem. Some also assume bigger social roles and are increasingly valued and respected by the local community.

Microfinance and microenterprises are two mechanisms well suited to enabling poor and unskilled women to enter the economic arena, and are therefore crucial empowering tools. Millions of women micro-entrepreneurs the world over stand testimony to this.

"Microcredit is about much more than access to money. It is about women gaining control over the means to make a living. It is about women lifting themselves out of poverty and vulnerability. It is about women achieving economic and political empowerment within their homes, their villages, their countries"

Noeleen Heyzer, Executive Secretary, UN ESCAP



Through Microfinance

“*Balkisu Amadu [of Ghana] owns a small roadside food stand. Although “own” may be too grand a word – Balkisu’s stand is nothing more than a simple table covered with a cloth beside a coal fire for cooking. For years, she made no more than 81 cents a day profit.*

Desperate to increase her income and provide for her family, just over a year ago, Balkisu joined an Opportunity International Ghana Trust Bank. After four loans, Balkisu’s income has more than quadrupled – today she makes \$4 a day! Her children have reaped the benefits. Balkisu’s first priority is to provide good food, shelter and education for them. But she has also learned to manage her income effectively and now not only has enough to provide for her family, but to continually reinvest in her business. She also has her very own savings account in a bank.

However, Balkisu says the most important thing that the Trust Bank has given her is a newfound independence.”

State of the Microcredit Summit
Campaign Report 2006

This is a success story that has been repeated millions of times over the past three decades, with the inauguration of microcredit, and it is success stories like this that have ensured the spread of the microcredit movement across the continents. No story about microcredit is ever told without mentioning the pioneering Grameen Bank founded in Bangladesh by Muhammad Yunus in 1976. Appropriately, the year after the UN designated



“International Year of Microcredit” (2005) and exactly thirty years after the establishment of the Grameen Bank, Muhammad Yunus was conferred the Nobel Peace Prize. In its citation the Norwegian Nobel Committee stated that the prize was awarded

“to Muhammad Yunus and Grameen Bank for their efforts to create economic and social development from below. Lasting peace cannot be achieved unless large population groups find ways in which to break out of poverty. Microcredit is one such means.”

Indeed, Grameen Bank has spawned countless replications in many lands, including in Malaysia, although it should be stated that not all microfinance institutions (MFIs) necessarily draw their inspiration from Grameen. The outreach of microfinance services has been widening all the time and as of 31 December 2006, the Microcredit Summit Campaign had 3,316 MFIs, representing 133,030,913 clients, reporting to it.

The signature features of the Grameen model are: no collateral, no legal instrument, no group-guarantee or joint liability although each borrower must belong to a five-member group. Repayment responsibility rests solely on the individual borrower, while the group and the centre oversee to ensure that everyone behaves in a responsible manner and none gets into repayment problems. Each week, the lending groups of five meet at their designated centres with the loan officer to pay their weekly instalments on loans outstanding, saving deposits and fees. The Grameen Bank boasts of 1,952 branches working in 63,712 villages; 5.89 million borrowers, 96 per cent of whom are women; a loan recovery rate of 98 per cent; and as of 1995, receiving no fresh funds from donors.

Although the exact manner of operation differs between MFIs, “group lending” has become synonymous with microfinance. Also, to many, microfinance is all about banking for women. Although not all MFIs focus specifically on women, studies consistently find they constitute more than 80 per cent of the clientele. There are a few compelling reasons why. Microfinance is about small businesses which most often involve self-employment in the informal sector, and women form a large and growing segment of such small business or microenterprise operators. Women tend to have fewer options in terms of credit access and are, therefore, more likely to select themselves into microcredit contracts with all kinds of strings attached: small loans, training sessions, weekly meetings, and joint responsibility. MFIs prefer women because of their better repayment records. Microfinance directed at women also deliver

Table 2 Progress in Outreach of Microcredit, 1997–2006

Year	No of Institutions Reporting	No of Clients Reached	No of Poorest Clients Reported
1997	618	13,478,797	7,600,000
1998	925	20,938,899	12,221,918
1999	1,065	23,555,689	13,779,872
2000	1,567	30,681,107	19,327,451
2001	2,186	54,932,235	26,878,332
2002	2,572	67,606,080	41,594,778
2003	2,931	80,868,343	54,785,433
2004	3,164	92,270,289	66,614,871
2005	3,133	113,261,390	81,949,036
2006	3,316	133,090,913	92,922,574

Source: State of the Microcredit Summit Campaign Report 2007, Table 7
Note: Poorest clients means those with daily income of US\$1 or less a day

stronger development impacts because women tend to be more concerned about children’s health and education than men. As women make up the bulk of “the poorest of the poor”, because of the social, legal and economic inequalities they face, microfinance is seen as a road to gender empowerment.

“The poor were not able to access capital from traditional banks. So when banks lent to the rich, we lent to the poor. When banks lent to men, we lent to women. When banks made large loans, we made small loans. When banks required collateral, ours were collateral free. We did so successfully and still the bankers balked.”

Muhammad Yunus, founder of Grameen Bank and Fazle Abed, founder of BRAC



Over the years, the scope of work of MFIs have widened considerably. This follows

from perceptions that obtaining microcredit for operating microenterprises alone is not enough. This shift in thinking is mirrored in the changing nomenclature used. During the 1950s to 1970s, the poor were seen as small or marginal farmers, usually male, whose poverty could be overcome by credit-induced increases in productivity. They were generally offered **agricultural credit**, which were seasonal loans tied to specific crops and recovered in balloon repayments made after the harvest was gathered. From 1980 to 1995, the poor were seen as mostly female microentrepreneurs with no assets to pledge “but a world to conquer”, using **microcredit** to finance investments that would raise their incomes. But critics charge that the borrowers are saddled with loans for years on end and are not able to use the loans for non-enterprise related needs which are often more pressing. The microcredit is labelled microdebt. There were also questions about the sustainability of microcredit institutions which were dependent on donor funding. This ushered in the era of **microfinancial services** that attempt to cater to “vulnerable households with complex livelihoods and varied needs”. Many MFIs, including Grameen, now offer a plethora of services ranging from microcredit to savings schemes, education, health, business training and microinsurance.

Whatever the criticisms, however, it is undeniable that microfinance has helped poor women by improving their economic well-being and empowered them in a number of ways. First, by providing them with independent sources of income, microfinance tends to reduce economic dependence of the women on their



husbands and thus help enhance autonomy. Second, microfinance programmes, by providing control over material resources, generally raise women’s prestige and status in the eyes of husbands and thereby promote greater gender parity in the home. Third, independent sources of income, together with their exposure to new sets of ideas, values and social support, make these women more assertive of their rights. The beneficiaries of MFIs have been reported as being more confident, assertive, self-reliant and conscious of their rights. Studies have also shown that women perceive more respect from their communities after joining a microfinance programme.



Box 1 Pro Mujer

Pro Mujer (meaning “Pro Women”, in Spanish) is an international microfinance and women’s development network whose mission is to provide Latin America’s poorest women with the means to build livelihoods for themselves and futures for their families through microfinance, business training, and healthcare support.

Pro Mujer was founded in 1990 in Bolivia by Lynne Patterson, an American school teacher, and Carmen Velasco, a Bolivian psychologist. It was modelled after the Grameen Bank, but modified to suit the social context of Bolivia. Pro Mujer targets poor women who lack the education and skills they need to qualify for employment or to access credit. Most of these women work in the informal sector as vendors because they do not have any alternatives.

Pro Mujer takes a holistic approach to providing women with the resources and education they need to increase their income, maintain their health and the health of their families, and to achieve equity at home, at work and in their communities. Its communal associations and neighbourhood centres provide the space and social support women need to gain a stronger sense of their own value and potential, to develop their leadership skills, and to help each other build their businesses.

Women participating in Pro Mujer’s microfinance programme self-select into lending groups of 18 to 28 and form a communal bank, which requires them to guarantee each other’s loans. If one woman cannot meet her weekly payment, group members make the payments on her behalf and she reimburses them as soon as she can. The communal banks meet regularly in neighbourhood centres where they repay their loans, make deposits into their savings accounts, and receive ongoing training sessions in business development and good health practices. The business training teaches the women to analyze and improve their businesses.

Pro Mujer currently operates MFIs in five countries: Argentina, Bolivia, Mexico, Peru and Nicaragua. As of 2007, it had distributed US\$327 million in small loans and expects to disburse US\$140 million in 2008. It currently serves 193,000 clients and approximately 965,000 children and extended family members. A measure of Pro Mujer’s success is a repayment rate of 99 per cent for its loan portfolio.

Source: Wikipedia and Pro Mujer website, <https://promujer.org>



Box 2 BRAC (Building Resources Across Communities)

BRAC (formerly known as Bangladesh Rural Advancement Committee) was founded by Fazle Hasan Abed in 1972, initially as a small-scale relief and rehabilitation project to help refugees after the Bangladesh Liberation War of 1971. At the end of 1972, when relief work was over, BRAC re-organized itself as a multifaceted development organization focusing on the empowerment of the poor and the landless, particularly women and children. In 1974 BRAC started its microcredit programme and today is amongst the biggest NGOs in the world in terms of microcredit activities. It now operates in all 64 districts of Bangladesh, in over 65,000 villages and has 4.8 million group members, of which 4.3 million are borrowers. In recent years, BRAC has extended its development activities to Afghanistan, Sri Lanka and Africa.

BRAC provides collateral-free credit using a solidarity lending structure as well as obligatory saving schemes through its Village Organizations. In addition to microfinance, BRAC provides sector-specific enterprise training and support to its borrowers in areas such as poultry and livestock farming, fisheries, community forestry, agriculture and sericulture. BRAC also has a number of commercial programmes that contribute to the sustainability of BRAC's development programmes. These include Aarong, a handicraft retail chain, BRAC Dairy and Food Project, and BRAC Salt.

On the social front, BRAC provides educational and public health services. Included in these are educational programmes for youths on reproductive health, early marriage and women's legal rights. In collaboration with women's groups, BRAC conducts a programme to empower women to protect themselves from social discrimination, violence and exploitation such as dowry, rape, polygamy, acid throwing, domestic violence and oral divorce, all of which are common in rural Bangladesh.

Source: BRAC website, www.brac.net

Through Nurturing Entrepreneurs

“Janet Deval, a client of Fonkoze, a microcredit institution in Haiti, is one of the 66.6 million poorest clients reached [by the Microcredit Summit Campaign]. Janet has been a credit client for more than two years and comes regularly to all meetings. She has also been a part of every literary program available and is about to start the newest module on developing business skills.”

State of the Microcredit Summit
Campaign Report 2005

The question has always been asked: “Can basic entrepreneurship be taught?” Most academic and development policy discussions about microentrepreneurs focus on their access to credit, and assume their human capital to be fixed. Given the close linkage between microfinance and microenterprise, it is not surprising that the MFIs would examine this question seriously and have a different take on it. They recognise that the self-employed poor rarely have any formal training in business skills and a number of them have added capacity building of the microentrepreneurs into their programmes in order to improve the livelihood of their clients and help further their mission of poverty alleviation. Studies show that such capacity building and entrepreneurial skills training led to improved knowledge, practices and revenues. They also improved repayment and client retention rates for the microfinance institutions.

MFIs such as Pro Mujer, BRAC and the Foundation for International Community



Assistance (FINCA) in Peru have successfully carried out entrepreneurial training and attest to its efficacy. The entrepreneurial training materials used by these organisations were developed in collaboration with Freedom from Hunger (FFH), a United States-based non-profit organization which is considered a leader in “credit with education”. The goal of the training programme is to teach entrepreneurial skills and business practices such as how to deal with clients, how to use profits, where to sell, the use of special discounts, credit sales, and the goods and services produced.

It was found that the knowledge gained from such training programmes translated into better business practices, thus increasing incomes. The training increased the likelihood that individuals reinvested profits in their businesses, maintained sales records, and introduced innovations into their enterprises. The MFIs also benefited from conducting such training as improvements in their clients’ business outcomes led to higher repayment capability. Further, the training engendered goodwill and sentiments of reciprocity, also leading to higher repayment and client retention rates.

Box 3 ACCION International

Accion International was founded in 1961 by an idealistic American law student named Joseph Blatchford who returned from a goodwill tennis tour to 30 Latin American cities haunted by images of the urban poor in crowded shanty towns. Blatchford and his school friends raised US\$90,000 from private companies to start a community development initiative designed to help the poor help themselves.

After ten years of installing electricity and sewer lines, building schools and community centres, and launching training and nutrition programmes, ACCION's leaders became increasingly aware that their projects did not address the major cause of urban poverty in Latin America: lack of economic opportunity. In 1973, ACCION started providing microfinance to microentrepreneurs.

ACCION's model stresses an anti-poverty strategy that is self-sustaining, meaning its microfinance programmes are designed to cover their own costs. This is achieved by having the borrowers pay sufficient interest to cover the expense of making the loan. In this way, each borrower helps finance the cost of lending to the next. Borrowers either apply for loans individually, or, if they lack physical collateral or a co-signer, they team up with a few other borrowers. Known as solidarity group lending, this method allows members to cross-guarantee one another's loans in lieu of collateral. First loans start small – as low as US\$100 in Latin America, Africa and Asia, and US\$500 in the United States. Borrowers who repay their loans on time are eligible for increasingly larger loans. This process, called stepped lending, keeps initial risk at a minimum while allowing microentrepreneurs to carefully grow their businesses and increase their incomes.

The focus on financial sustainability has helped ACCION to increase the number of people it serves from 13,000 in 1988 to 2.7 million in 2007. But what really distinguishes ACCION is its well-developed *Client Education* service which is made up of two components: *Dialogue on Business*, a set of award-winning modules which focuses on building the skills of entrepreneurs; and *Financial Literacy* modules to help low-income clients better manage their personal and household finances and become informed and effective consumers of financial services.

Dialogue on Business is a business training model developed for adult learning, based on the knowledge and experience of participants. It uses interactive games and role-playing to solve real-life business challenges. Because the workshops are participatory and reality based, they are especially engaging for people with little formal education. Among the topics covered are:

- ~ Developing Business
- ~ Rediscovering the Environment
- ~ Optimizing Management
- ~ Improving Production Techniques
- ~ Using Information Technology
- ~ Managing Solidarity Groups
- ~ Looking for Job Opportunities
- ~ Improving the Home

Source: ACCION International website, www.accion.org

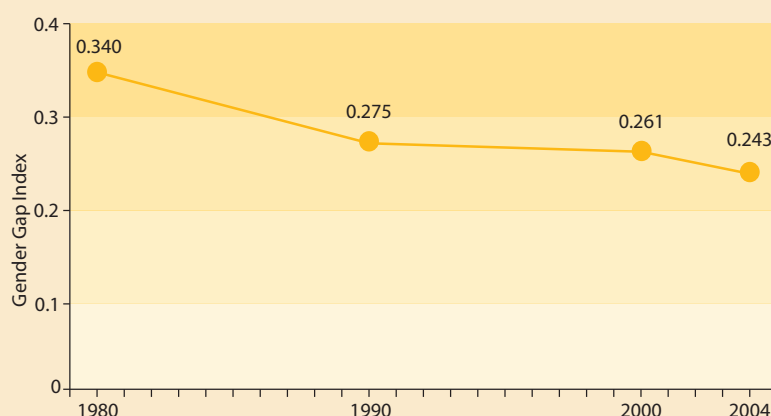
The Malaysian Way



Malaysia has made great strides towards achieving gender equality and women's empowerment. The level of gender inequality in Malaysia declined sharply over the period 1980-2004 (Figure 1). Women have been increasingly mainstreamed into development processes, and by playing a variety of roles at the family, community and society levels, they have been able to contribute to national development and prosperity. Of particular note are the higher levels of educational attainment of women, their increased labour force participation in higher paying occupations, their greater involvement in business activities, and their improved health status.

Reflecting progressively increased political will, successive Malaysian development plans have placed greater emphasis on mainstreaming women in national development through affirmative multi-sectoral policies and programmes. Gender as a development focus was first mentioned in the Third Malaysia Plan (1976-1980), which encouraged the active participation of women in development and their contribution to the

Figure 1 The Malaysia's Gender Gap Index (MGGI), 1980-2004



Sources of data: Malaysia, Department of Statistics, 1980, 1990b, 1991a, 1991b, 2000a-2000e, 2001, 2004.
Note: Data from the Population Census 1991 are used as proxy for 1990.

economy. The establishment in 2001 of the Ministry of Women, Family and Community Development (MWFCD), and, in 2004, the Cabinet Committee on Gender Equality, has provided greater coherence to policies for mainstreaming women in development.

At the same time, the efforts of government have been complemented by the active advocacy and programmes of

Box 4 Policy Thrusts for Women and Development in the Ninth Malaysia Plan, 2006–2010

The Ninth Malaysia Plan (2006–2010), which is much bolder than previous 5-year plans in terms of its targets for gender equality and women's empowerment, proposes new policies and strategies to deepen the mainstreaming of women in development. During this period, the Government will undertake the following efforts to ensure women's full participation in the country's development.

- **Participation in the labour force**

Family-friendly workplace practices and the provision of appropriate training programmes will be introduced to ensure a greater involvement of women in the labour force. Measures will also be undertaken to ensure women in the informal sector have better access to social protection

- **Business and entrepreneurial activities**

Financial programmes will be created to enable women to obtain loans to enhance their participation in business. Women entrepreneurs will be encouraged to network with organizations both locally and abroad

- **National machinery and institutional capacity**

Efforts will be undertaken to meet the 30 per cent quota for women in decision-making in the public sector

- **Laws and regulations**

Existing laws will be reviewed to prohibit all forms of sexual harassment and to ensure women are not discriminated against

- **Education and training**

More education and training opportunities will be provided to work towards a knowledge-based economy. More females will be encouraged to enter into the science and engineering sectors. Programmes in computer literacy and applications will also be conducted

- **Health status and well-being**

Efforts to promote the health of women and their families will be continued. As women's HIV infection rates are on the increase, awareness and education programmes will be further promoted

- **Violence against women**

Awareness and training programmes relating to gender roles will be implemented to prevent violence and abuse

- **Poverty and quality of life**

Programmes will be established to ensure poverty amongst women, in both rural and urban areas, is reduced. Special emphasis will be given to single mothers

- **Issues pertaining to women at the international level**

The Government, the private sector, and NGOs will continue to participate in international forums to ensure women's advancement

Source: Malaysia, MWFC and UNDP, 2007

the women's NGOs in the country. Special social, economic and training programmes have also been implemented to reduce poverty rates among women,

especially single mothers. These include provision of microcredit, information and communications technology (ICT), and skills training.

Reductions in gender inequality stemmed from the improved health status of women and the increased levels of girls in post-secondary and higher education. Investing in girls' education provides them with social and economic opportunities and choices throughout their lifetime. Improvements in gender equality have also come about as Malaysian women have benefitted from modern sector employment opportunities.

In general terms, the evolution of female employment has followed the structural changes in the Malaysian economy. The distribution of female employment changed from a predominance in the agricultural sector to the secondary industrial sector as the economy shifted from its reliance on agriculture to an emphasis on industry and services. Since 1990, there has been a particularly rapid increase in the share of female employment in the wholesale and retail trade, hotels, and restaurants sector and the financial services sector.

In 2006, the female labour force participation rate stands at 45.8 per cent (Table 3) and the ratio of estimated female to male earned income is a mere 0.36. The labour force participation rate of Malaysian women has remained remarkably stable throughout much of the last three and a half decades. The tendency for a sizable portion of women to stop working after their first child has been a continuing feature of Malaysia's labour market. This is sharp contrast to that of many other countries where women either do not leave the labour force during childbearing or re-enter once

Table 3 Labour Force Participation Rate by Sex, Malaysia, 1980–2006

Year	Labour Force Participation Rate (%)	
	Female	Male
1980	44.0	85.9
1990	47.8	85.3
2000	47.2	83.0
2006	45.8	79.9

Source: Malaysia, Department of Statistics, 1980, 1990, 2000 & 2004



their childbearing has been completed.

A further challenge for Malaysia is to increase the proportion of Malaysian women in higher professional positions. Further, there is also a need to increase the participation of Malaysian women in political life—a challenge that even the most mature democracies still face.

Through Microfinance

Microfinance in Malaysia had its roots in the Ikhtiar Project pioneered by Universiti Sains Malaysia in 1985. This pilot project in north-west Selangor has the distinction of being the first Grameen replication in the world, and was conducted with an allocation of only RM2,000. The success of the pilot project led to the establishment of Amanah Ikhtiar Malaysia (AIM) as an independent trust body in 1987 to promote microcredit throughout the country in order to help eradicate hardcore poverty. By its 20th anniversary in 2007, AIM had established 69 branches and was serving a total of 173,000 members, referred to as Sahabat (meaning “friend” in Bahasa Malaysia). AIM is funded through interest-free loans from the Malaysian government, beginning from the Fifth Malaysia Plan period (1986–1990). Under the Sixth Malaysia Plan (1991–1995), a loan of RM20 million was allocated to AIM, with another RM300 million added during the Seventh Malaysia Plan period (1996–2000).

A very significant milestone was the decision, within AIM's first year of operation, to disburse loans only to female borrowers although women made up only a third of the Sahabat when the facility first started. The decision was based not so much on gender considerations as the very pragmatic one of much higher repayment rate on the part of female borrowers – 95 per cent as opposed to 78 per cent for all borrowers. It had also been found that the men were not able to meet the credit discipline of AIM in terms of being able to form the groups of five which were the basis for organising the loan activities and also to fulfil the requirement of



attending the weekly meetings, in keeping with the Grameen model.

Many success stories have emerged of women entrepreneurs who had been lifted out of poverty through participation in AIM, but there have also been complaints of this source of microcredit not reaching the intended target group, and thus of mission drift. AIM has also not adopted the global trend of integrating its microcredit function with other services to provide more sustainable microfinance nor combined its microcredit facilities with entrepreneurial training to provide more holistic services to its clients.



Box 5 Success Stories of Sahabat AIM

Hasnah Abdullah, 37 (Perlis)

Before joining AIM, she earned an income of around RM260. Being a single mother with two children and an elderly mother to support, Hasnah found it difficult to make ends meet. She took out her first AIM loan of RM500 in 1994, and by 2006 had taken successive loans that amounted to RM121,900. Besides expanding her retail shop, Hasnah has used her loans to buy two lorries which she rents out to derive income. Currently, she owns assets worth RM386,000 and her average monthly income is RM18,000.

Cik Ma Yasin, 83 (Kedah)

Cik Ma Yasin became an AIM Sahabat in 1995, at the age of 72. Her husband who was also 72 then, was still making a living tapping rubber, bringing home no more than RM213 a month. Cik Ma used her first loan of RM500 to replant her one acre plot of rubber smallholding. She has since taken another 7 loans amounting to RM13,000 to rent more rubber smallholdings to tap. Her family can now live comfortably on a monthly income of RM1,400 and can afford a more pleasant home. Cik Ma is grateful to AIM for the assistance she has received and is determined to be a disciplined Sahabat by attending the weekly meetings as long as she is able to do so.

Rokiah Long, 48 (Penang)

Rokiah and her husband are both blind but persevered in making their independent living by transporting bamboo by ferry from George Town to Seberang Perai, earning only RM160 a month. In 1992, Rokiah took out her first loan of RM500 and by 2006 had borrowed a total of RM6,500, which she uses to buy the raw material for making the bamboo baskets that she and her husband weave. With a monthly income of RM1,000 to support herself, her husband and her two children, Rokiah has worked herself out of the community of hardcore poor.

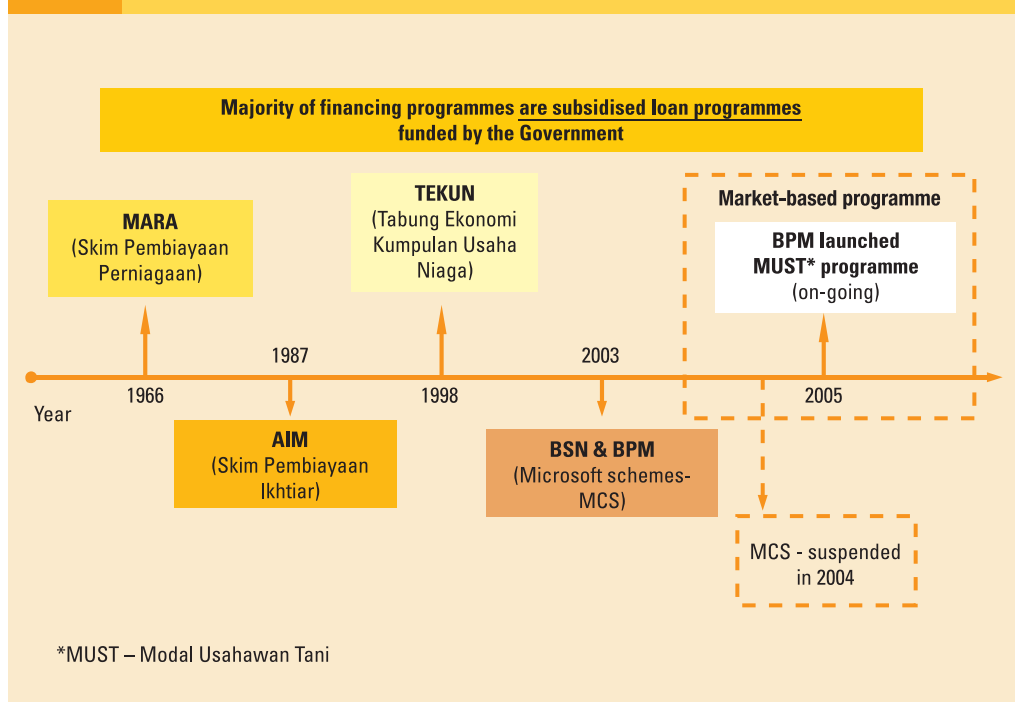
Source: Ikhtiar: AIM 20th Year Special Edition, 2006

Box 6 AIM – Lessons for the Learning

There is no denying the fact that AIM has made a difference in the lives of many of its borrowers, but as always, there are bound to be flaws in design and implementation and some of these have been highlighted by researchers.

- One study found that borrowers did not continue with their original income generating activity when they took out their second loan. The main reason for changing their economic activity was that the previous one failed to raise their income. This essentially means money down the drain. More careful consideration of the viability of the microenterprise to be funded and better counselling of the borrower might have been in order.
- Once an AIM Sahabat signs on to the institution, it appears to be for the long haul, proceeding from one loan to another – they appear to be tied to permanent “microdebt”, not graduating out even if they have definitely left poverty behind. The case of Hasnah Abdullah related in Box 5 is a typical example. She should certainly have moved on to other schemes higher up the microfinance ladder, such as those offered by the SME Bank or BPM (see Figure 2), or better still, operate a self-sustaining enterprise without dependence on credit. Maintaining already successful entrepreneurs like her on an AIM portfolio may be depriving other more deserving cases, the designated target group, of the facility – a clear example of mission drift.
- AIM tends to measure its performance by the number of borrowers served, the amount of loans disbursed and the repayment rate. There is less concern over whether the borrowers are derived from the hardcore poor. The inclination is then to lend to those who show promise of being able to repay their loans, have a track record of doing so, or long-term borrowers seeking bigger and bigger loans; and these are usually borrowers who are already doing better economically. Once again this leads to mission drift.
- There is a need for better impact assessment and the concomitant re-evaluation of the design of the credit schemes, delivery mechanisms and performance indicators.



Figure 2 Microcredit Schemes in Malaysia – a Timeline

Source: Bank Negara



Various other microcredit schemes have since been introduced in the country to cater to the differing needs of differing clientele. In May 2003, there was a major push, with the Microcredit Launch, which saw more than RM 1 billion being disbursed to developmental financial institutions (DFIs) such as Bank Simpanan Nasional (BSN) and Bank Pertanian Malaysia (BPM), in addition to MFIs like Yayasan TEKUN Nasional (TEKUN). This national microcredit spurt was considered by critics as being ill-conceived, with the DFIs and other implementing agencies caught off-guard and unable to oversee the disbursement properly. It was terminated the following year. Lack of transparency and political linkage in the approval of microcredit are also issues that have been

cited as besetting the MFIs.

The current policy inclination is to establish a comprehensive microfinance institutional framework to promote the development of a sustainable micro-finance industry in Malaysia, providing microenterprises an important avenue to obtain financing from the formal financial system. Within this framework, banking institutions, DFIs and credit cooperatives have been identified to provide micro-finance products to complement existing government sponsored microfinance programmes such as AIM and TEKUN. As at end December 2007, there were 22,788 microfinance accounts with total financing outstanding of RM224.7 million, up from 2,000 accounts with total outstanding of RM25.6 million just a year before.

Table 4 Profile of Microcredit Institutions in Malaysia

	Amanah Ikhtiar Malaysia (AIM)	Yayasan Tekun Nasional (TEKUN)	Majlis Amanah Rakyat (MARA)	Bank Pertanian Malaysia (BPM)
Target Group	The poorest in the low-income community	Bumiputera microentrepreneurs	Bumiputera entrepreneurs	Agriculture-based entrepreneurs
Age Limit	18 years and above	18–60 years	18–60 years	21–60 years
Loan Amount	No minimum, Max: RM20,000	Min: RM500 Max: RM30,000	No minimum, Max: RM50,000	Min: RM1,000 Max: RM10,000
Loan Period	Min: 6 months, Max: 3 years	Min: 6 months, Max: 5 years	General finance: 1–5 years. Contract Finance: Contract period +6 months	MUST: Max 4 years MUST Raya: Max 4 months
Loan Processing Period	About 3 weeks	First loan: 45 days Further loans: 30 days	35 days	11 working days
Repayment Period	Weekly	Weekly or Monthly, dependent on agreement	General Finance: 5% profit rate per annum. Contract Finance: 6% profit rate per annum	Monthly, Quarterly or Half-yearly, dependent on type of loan
Rate of Interest/ Service Charge	10%	1–8%, dependent on type of loan	5–6%, dependent on type of loan	1.25% a month
Other Services	Insurance, Business training	Business training	Business training	General advice and business matching

As part of this practice of sustainable microfinance, DFIs and MFIs are to adopt well defined business models and be self-sustaining in their funding. A graduation programme has been developed to enable microfinance borrowers to access different microfinance schemes to cater to the needs of their enterprises at different stages of growth (Figure 3). The credit facilities are supplemented by entrepreneurship pro-programmes conducted by various ministries, government agencies and DFIs.

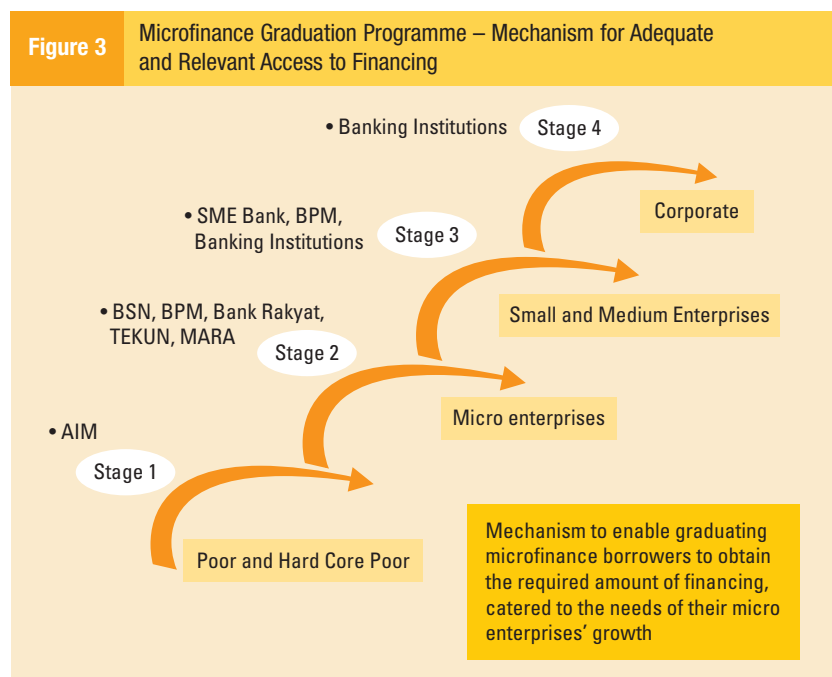
Although there has been an attempt to develop a more consolidated and systematic framework for the country, microfinance services in Malaysia continue to be stand alone services which are not integrated with other services that the poor or the microentrepreneurs might need. Hence, it is still practising a model that many microfinance institutions in the world have abandoned more than ten years ago. Policy makers in the country should, perhaps, review the microfinance framework to bring it more in line with current thinking.

Through Entrepreneur Development

The role of women in poverty eradication was given recognition under the 5th Malaysia Plan, when social programmes to uplift the condition of women were replaced by economic programmes. They mainly took the form of women's income generating projects (WIGP) in the rural areas, which facilitated the establishment of microenterprises owned and operated by women. The primary goals of the WIGPs were to increase the income of the women,

Box 7 Financial Institutions Offering Microfinance Products (as at end-2007)	
Bank Pertanian Malaysia	Alliance Rakan (Alliance Bank)
Bank Rakyat	Public Bank
Bank Simpanan Nasional	United Overseas Bank
CIMB Bank	EONCAP Islamic Berhad
AmBank	

Source: Bank Negara Malaysia



Source: Bank Negara Malaysia

provide them with meaningful employment, and empower them to assume a broader role in society. Besides the entrepreneurs themselves, the WIGPs could potentially create jobs for members of their families and other women in the village.

The microenterprises were primarily engaged in the production of snack food; fresh, canned or bottled food; traditional cakes; handicrafts and agricultural

products. Through participation in the WIGPs, the women were able to contribute significantly to monthly family income. Involvement in these projects also conferred upon the women new knowledge and skills as well as facilitate the development of solidarity among them. Personal empowerment manifested itself in the ability to make decisions related to their project activities, such as planning and implementing daily project routines, managing workers, and marketing products. On the home front too, joint decision making with their husbands became more of a norm.

Agencies involved in supporting the women's rural microenterprises included RISDA, the Department of Agriculture and Farmers' Organisations Authority. In 1995, there were about 820 WIGPs operating under the auspices of the Department of Agriculture. Data in the Sixth and Seventh Malaysia Plans showed an increasing trend of women engaging in business activities. WIGPs were intensified and were no longer aimed only at poverty eradication but also at capitalizing on women's entrepreneurial interests, skills, and abilities to heighten productive activities at the local level.

A survey among women micro-entrepreneurs conducted in 1994 came up with the following wish list for improving the WIGPs. In order of priority:

- Opportunity to attend relevant training
- Technical input assistance
- Financial assistance
- Wider market coverage
- Advisory Services
- Support from family/husband
- Increasing productivity and quality
- Group cohesiveness
- Production of own raw material



Subsequent government entrepreneur development programmes have taken cognizance of many of these concerns and microenterprises have been mushrooming, but there might not be a causal link between them. Not all entrepreneurial skills training are customized for the microenterprises, many cater more for the needs of those higher up the SME ladder.

A census conducted in 2005 showed that the 548,267 small and medium enterprises (SMEs) made up 99.2 per cent of the business establishments in the country. Of this, 80 per cent were microenterprises and 88 per cent were in the services sector. The microenterprises were mainly sole proprietorships and relied for the most part on their own sources of funding and borrowings from family and friends. Only 13 per cent of them accessed funding from financial institutions. This indicates that the wide pool of microfinance instruments in the country is not reaching the most needy. Availability is not synonymous with accessibility for them.

Entrepreneur development programmes are offered by a number of different institutions, including the National Entrepreneurship Institute (INSKEN, Institut Keusahawanan Negara) of the MECD, Majlis Amanah Rakyat (MARA), Penang Development Corporation, Johor Institute of Development Management, Franchise Association of Malaysia and Cooperative College of Malaysia. Under the Ninth Malaysia

Plan, INSKEN was appointed as the focal point to undertake and coordinate training programmes for all implementing agencies involved in entrepreneur development.

In addition, other assistance programmes are made available to women entrepreneurs through MECD and the Ministry of International Trade and Industry (MITI). The Groom Big programme administered by MECD provides assistance in improving



Box 8 Training Programmes Offered by INSKEN

- **Entrepreneurial culture:** aimed at instilling an entrepreneurial culture among students and the general public through motivational talks, training and workshops.
- **Introduction to Entrepreneurship:** provides basic exposure and entrepreneurship training to budding entrepreneurs as preparation for them to start business. The programme is also designed to help existing entrepreneurs improve and strengthen their businesses. Activities conducted include: basic business training, business encouragement training for civil servants and a graduate entrepreneurs scheme
- **Entrepreneur Enhancement Programme:** provides continuous skills training to existing entrepreneurs with a view to enhancing and strengthening their existing businesses. Courses are complemented by workshops and seminars aimed at increasing entrepreneurial knowledge and skills. Courses conducted include: strategic finance planning, marketing, distribution, branding, packaging and labelling.
- **Expansion and Networking Programme:** develops a network of cooperation with government ministries and agencies, chambers of commerce, individual trade associations, non-government organizations, training agencies and established entrepreneurs in order to enhance business performance and networking among entrepreneurs.
- **Research and Development Programme:** increases the effectiveness of entrepreneurship training programmes through research and development activities as well as analyzing training requirements, in addition to identifying business opportunities through market intelligence and other related activities.
- **Curriculum Development Programme:** develops compact and comprehensive entrepreneurship curriculum that meets with the certification standards of all government agencies and other entrepreneurial training institutions.
- **Entrepreneurship Reference and Advisory Programme:** provides advisory services and guidances as well as runs a centre for entrepreneurial reference for entrepreneurs, potential entrepreneurs and other relevant parties.

Source: MECD website, www.mecd.gov.my

the packaging and labelling of the entrepreneur's products to enhance their marketability. MECD also has a New Franchise Scheme for graduates, women and SMEs to link them with package franchise programmes. Bank Negara's SME portal provides a free online platform for the promotion and marketing of SME products. MITI's Women Trade Outreach Programme encourages women-owned SMEs to export their products. The Small and Medium Industry Development Corporation (SMIDEC), a MITI agency, offers a range of services for women entrepreneurs.

Once again, as in the case of microfinancing, the wide range of training and services available might not be easily

accessible to the women micro-entrepreneurs because they tend to fall outside the radar screens of the aid agencies since most of them operate in isolation and do not have institutional affiliations. There is also a predisposition towards grooming big, leading to a neglect of the very small. Such policy orientations need to be corrected in the interest of the microentrepreneurs. Entrepreneur development programmes are conducted in isolation from microfinance schemes, and by separate institutions. Often, the beneficiaries of one service cannot avail themselves of the other. Greater synergy and integration between these providers would deliver more holistic services and nurture the full potential of the women entrepreneurs.

Table 5 Special Assistance Schemes for Women Entrepreneurs Executed by SMIDEC (August 1999–August 2007)

Finance Scheme	Approvals	Amount Approvals (RM mil)	Disbursement (RM mil)
1 Business Start-up	133	3.02	0.13
2 Product and Process Improvement	66	9.2	0.13
3 Certification & Quality Management Systems	85	3.58	0.17
4 Industrial Technical Assistance Fund 4	84	0.58	0.34
5 Market Development Grant	44	0.27	0.27
6 E-Commerce	104	0.87	0.07
7 E-Design	8	0.34	–
8 E-Manufacturing	7	0.53	–
9 Y2K Grant: Phase 1	54	0.34	0.34
Phase 2	23	0.34	0.34
10 Soft Loan for Small and Medium Enterprises	55	36.31	13.46
11 Financial Package for SMLs (PAKSI)	36	19.57	1.93
12 Industri Kecil Sederhana Terengganu	35	1.98	1.59
13 Dana Khas Kerajaan Persekutuan	10	0.6	0.55
14 Packaging and Labeling	63	4.46	–
15 Development & Promotion of Halal Products	42	3.4	–
Overall Total	849	85.39	22.23

Source: Statistics on Women, Family & Social Welfare 2007

Entrepreneurial Skills: Empowering Women, The Project



In 2006, MECD, the Malay Chamber of Commerce Malaysia (MCCM) and the United Nations Development Programme (UNDP) came together to initiate a project aimed at increasing the awareness and uptake of microfinance among low-income women and equipping a group of rural women with entrepreneur skills. The first component of the project, the **Communications Campaign** on micro-financing was conducted in the five selected states of Kedah, Penang, Melaka, Kelantan and Terengganu, whilst the second component, the **Capacity Building** programme was carried out in Kelantan and Terengganu.

Communications Campaign

The objectives of the communications campaign were to:

- Alleviate the fear of potential microcredit applicants of multiple and complex application documents.

Box 9 Entrepreneurial Skills: Empowering Women – Project Objectives

- Educating and enhancing the awareness of the public, especially rural women, on the availability and advantages of microcredit and microfinance schemes in the country.
- Developing and enhancing the capacity to support the empowerment of women entrepreneurs and at the same time promote the food sector within the Malaysian cottage industry.
- Empowering a group of women to become successful entrepreneurs by enabling them to acquire entrepreneurial skills through activities such as business coaching, hands-on training and ICT training.
- Upscaling the production of local food products by microenterprises through increasing their awareness of and capability in branding, labelling, packaging, marketing and promotion.
- Matching the enterprise owners with companies that can market their products through the development of business networks.

- Educate and inform potential applicants of the current microcredit and microfinance opportunities available.
- Promote all Developmental Financial Institutes (DFIs) and their current micro-credit products.

- Create a mindset shift from pro-poor microcredit to sustainable microfinance.
- Promote positive policy shift in the provision of sustainable microfinance.

This was to be achieved through activities such as:

- An **Awareness Campaign** through the launching ceremony of the project at the respective states, followed by workshops to introduce targeted women to the various microcredit and microfinance services available.
- Setting up of **Bestari Helpdesks** at the state level Malay Chambers of Commerce and DFIs to act as one-stop centres to increase awareness, understanding and uptake of sustainable microfinance among low-income women in the five selected states.
- A **Rebranding Exercise** which was aimed at rebranding microcredit into sustainable microfinance as the financing mechanism of choice through the launching of a common logo, theme and key message for the DFIs.
- A **Media Relations Campaign** which involved the project team appearing on a number of television programmes to explain the nature of the project and to promote its objectives. Press coverage was also sought for a number of the project activities.
- A **Networking Exercise** which comprised a policy dialogue which brought together DFIs, MFIs, government agencies, chambers of commerce and other interested organizations in a bid to encourage and establish innovative and smart partnerships amongst them.

The scope and objectives of the

Box 10

Intended Outputs of the Entrepreneurial Skills: Empowering Women Project

- Increased awareness and understanding of microcredit and microfinance of the public, especially among the rural population and women.
- Rural women entrepreneurs empowered to become successful entrepreneurs.
- A model for developing successful rural women entrepreneurs capable of running, sustaining and improving their businesses in the most efficiency way identified.



Communications Campaign were rather ambitious and could not be fulfilled in full. The implementation of the campaign was hampered by some contentious issues that arose between the project partners. As a result, its achievements were modest. The Communications Campaign could also have tapped more fully into the global knowledge base on sustainable microfinancing to advance its goal of promoting a policy shift in microfinance provision in Malaysia. Lessons from international best practices such as ACCION International, BRAC, FINCA and Pro Mujer could have been incorporated into the training workshops and the policy dialogues.

Capacity Building Programme

The Capacity Building programme was conducted with the objective of:

- Developing a group of women equipped with various entrepreneurial skills such as branding, packaging and marketing to enhance the products of the women so as to empower them to become successful entrepreneurs.

It was a six-month programme directed at assisting low income women entrepreneurs to enhance their business skills and upscale their enterprises. A total of 75 women were selected to attend the training in Kota Baru and Machang in Kelantan, and Kuala Terengganu in Terengganu.

Due to a number of constraints, the Selection Panel could not adhere strictly to the set criteria in certain cases. For instance quite a number of the trainees had household income exceeding RM1,500; had previously received or were receiving government grants; or had already benefited from a number of training courses. However, this was not necessarily a bad thing as a number of the trainers reckoned that a mix of participants was beneficial for the group, the more established entrepreneurs sharing their experiences with the less established ones, indeed acting as role models for them.

Another effective selection criterion which, in the opinion of some trainers, contributed to the success of the training programme was the requirement that the women must have had experience in operating small enterprises. With this experience, they were better able to see the relevance of issues raised by the trainers, grasp the possible solutions offered and

Box 11 Selection Criteria for Trainees

Required components:

- ~ Already running her own small business.
- ~ Aged under 50 years.
- ~ Involved in the food industry.
- ~ Literate, with a minimum of a primary school education.

Point-based components:

- ~ Can read and write competently. (20 points)
- ~ Household income of RM1,500 or less per month. (20 points)
- ~ Has not received government grants. (20 points)
- ~ Has not received other training. (20 points)
- ~ Demonstrates potential business aptitude. (20 points)



apply them immediately to their businesses in a hands-on manner. This made them appreciate the training programme even more. The decision to limit the trainees to those in the food industry also turned out to be a wise one. As one of the trainers noted, it allowed the training programme to be more focused as opposed to certain other government training programmes where there is a mix of participants engaged in different natures of business.

A total of 14 training workshops were conducted, covering a comprehensive range of topics. This was one feature that the trainees greatly valued. As many of them remarked, they had previously received ad-hoc training in single aspects of entrepreneurship. The comprehensive nature of this programme provided them with the whole picture, made them realise the multi-faceted nature of enterprise management – and also how much more they needed to learn. One contributing factor to this successful blend of training workshops was the dynamic and flexible manner in which the project team added on to the training programmes as they identified gaps and new needs arose. The trainees found all the topics to be highly relevant and eye-opening.

“The training method was fun and effective and we can apply the knowledge gained to our specific businesses. Attending this training was like waking up from a dream. Before this we were walking in the dark, we felt alone in our own businesses because we had no business networks and no peer support.”

Mardhiyyah Mohd,
Trainee from Kuala Terengganu

A lot of care was given to the choice of trainers. The project team interviewed a pool of potential trainers to select the few who had a proven track record of having conducted similar courses for a similar audience. As a result of their experience, the trainers were able to deliver the contents of their workshop in a manner that could be clearly understood by the trainees and with an interactive approach that

Box 12 Course Content

The topics covered in the training programme included:

- Packaging and labelling
- Food Structure and Tasting
- Costing
- Motivation 1: The Self
- Good Handling Practice
- Marketing
- Motivation 2: The Family
- Financial Records
- Business Simulation
- Computer Literacy
- Halal Certification
- Grooming
- Motivation 3: The Team



engaged them. All the trainees testified that they could understand the course content, although certain subjects – especially the more mathematical ones like costing and accounting – were found to be more challenging. On their part, the trainers were very impressed by the trainees’ enthusiasm and high level of participation.

“The participants are very motivated and eager to learn. They are happy with the way their businesses have benefited from the course because they can apply the hands-on knowledge to their enterprises. Their confidence level has increased substantially. There is a great contrast between the first time I met them and now [a span of five months]. At the first workshop it took a lot of probing

before they would respond, now they can verbalize very serious points of view spontaneously.”

Prof Azahari Ismail, Motivation Trainer

Great pains were also taken to ensure that the course content fitted the needs of the programme and the trainees. The project team engaged in long discussions with each of the trainers to customise the course content in accordance with the objectives of the project. The proof of the pudding is the near unanimous high ranking accorded by the trainees to each of the trainers and the course content. Practically all the trainers were adjudged good to excellent. The trainees were also very impressed by the sincerity and approachable nature of the trainers. They felt particularly blessed (syukor) for having been given the opportunity to learn from university professors and lecturers.

When asked the question “What was the impact of the training on you?”, many trainees answered without hesitation: “I am so fired up”, “I have become so motivated”, “I have become so much more confident”, “I know so much more about running a business”. There could be no better testimony to the effectiveness of the workshops.

Besides the entrepreneurial skills attained and the mindset changed achieved, the trainees in the various locations had also built up a peer support system amongst themselves. Apart from sharing information and knowledge, this newly established peer network is also being used to help each other market their products and buy supplies in bulk to reduce production cost. The group in Machang is



discussing the possibility of setting up a shop to market their products together. This peer network is extremely important to ensure that the trainees do not become invisible and atomised again, each striving in isolation.

The lack of marketing channels is definitely a major challenge facing micro-entrepreneurs, the trainees of this project not excepted. This spurred the project team to explore the establishment of a marketing arrangement between the trainees and

Mydin Mohamed Holdings Bhd (Mydin). Mydin has an expressed policy of promoting local SMEs by retailing their products. A briefing session was conducted for the trainees by one of the Mydin managers, who acquainted the trainees with the pre-requisites for acceptance of their products for retail in Mydin stores. Although there are still kinks to be smoothened out, much progress has been made in opening up this very important marketing channel for the trainees. Getting their products into Mydin

Stores would indeed be a major achievement for the trainees as well as the project.

Another innovative exercise conducted during the training programme was to teach the trainees to make hampers, using a combination of their products. Besides introducing to them a new and higher value-added channel of marketing their products, it also served as a platform for them to work together and apply the various new skills they had gained, such as costing, packaging and marketing.

Box 13 Portrait of a Trainee: Umi Kartini Awang (Machang)

Umi is the second of her husband's four wives and is basically left to fend for herself and her seven children. For the past ten years she has been making snack food which she sells to her neighbourhood grocery stores. Umi confessed that she "started from zero", having only enough money to buy a kilogramme of flour. Since joining the training programme, she has expanded her retail network to a few mini-markets. She has also obtained the approval from four school cooperatives to sell her snack foods, which she packages into small packets to be sold to the students. She now earns about RM500 a month.

Umi is unequivocal in her praise of the training programme, in terms of the knowledge she gained and the practical use she can put it to. The tips from the trainer on food structure and tasting improved the quality of her product and she surmised that the motivation sessions were very good for orang kampung (village people) like her. It's rare for people like her to have the opportunity of learning from such fantastic lecturers, she enthused. Her appreciation of and dedication to the course is indicated by the fact that she brought her four-year old daughter along to every training session because she had no alternative childcare arrangement to rely on. The six months went by too fast, the course was too short, she lamented.

She emerged as a leader and focal point for the Machang group. The group members sent their products to Umi's house for the making of the hampers. Some of the trainees also send their products in bulk to Umi, who then repackaged them for sale to the school cooperatives and her neighbours. The trainees in Machang have become like a family and some of them are planning to set up a shop to market their products together.

"The course has infused in me a burning spirit. 2008 looks very bright to me", Umi concluded.

Based on interview with Umi Kartini Awang, 21 January 2008

The training programme has opened many doors for the trainees, but there is some concern as to whether the gains made can be sustained beyond the pilot phase. Such is the case with pilot projects. Often, when the resources available during the pilot phase no longer exist, the situation gradually returns to the status quo pre-project. Among the recommendations proposed to prevent dissipation of the project's achievements are:

- To continue to provide some training sessions for the graduates although at a much less intensive pace. This will serve to both enhance their skills further and facilitate continued contact and networking between them. The networking is a critical support system to ensure that they advance further as entrepreneurs rather than stagnate, or worse, slide back.
- To ensure that the marketing platform initiated with Mydin becomes firmly established. With a ready and potentially expanding market for their products, the graduates will definitely be spurred to develop their enterprises further.

Happily, at the final National Steering Committee Meeting of the project, there was a lot of enthusiasm expressed about extending continued support to the graduates and of replicating the training programme. MECD has undertaken to set up a Task Force for this purpose. The Task Force will look into facilitating the admission of the graduates into MECD's Groom Big programme. It will also seek to replicate the training programme by collaborating with parties in Perak, Penang and Perlis who have expressed interest in doing so.

This training programme has been



pronounced an unequivocal success by the trainees and trainers alike. Many trainees professed to being a lot more confident and motivated because the course has provided them a great deal of knowledge and also helped expand their businesses. However, there was insufficient attention paid to the microfinancing needs of the trainees. They were left with the quandary of having gained new capabilities and ideas for enhancing their businesses but not having the funds to do so. Once again, a combination of microfinance provision and entrepreneurial training would have been more effective in fulfilling the needs of the women microentrepreneurs.

Box 14 Portrait of a Trainee: Sapidah Ismail (Machang)

Sapidah started making lentil and groundnut fritters eight years ago, with a capital of RM17. Today, her factory employs nine workers and generates a monthly turnover of RM10,000. The message from Sapidah is: “it doesn’t matter if you start small, it is hard work that will ensure your success.” She decided to venture into making the fritters because she felt that her mind would stagnate if she just stayed home to look after her children. She obtained the recipe for the fritters from her mother-in-law and started selling them through her neighbourhood mini-market. She recalls being surprised when her first few packets of fritters actually got sold.

She has not looked back since. She takes care of the production while her husband does the marketing. She is applying for a loan from the Department of Agriculture to buy land for her workshop. Currently she operates out of the extension to her house. In order to broaden her market to the supermarkets she needs halal certification for her goods, and to obtain halal certification, she needs to build a workshop. She is also seeking a grant of RM15,000 to buy machinery for her workshop.

Although her business is already quite established, Sapidah decided to attend the training course because she wanted more knowledge. She has found the course most useful for upgrading her business practice, especially with respect to maintaining proper accounts, ways of promoting her products, and improving the quality of her products. The workshop on making hampers provided her a new idea for marketing her fritters. She had earlier tried to interest Mydin in her product but had not been successful. The project provided her a direct line to the Mydin management and she is still in the midst of discussions with them.

Sapidah believes that since she has prospered, she should help others by offering them peer support. She supplied her fritters on credit to other trainees in the Machang group as a means to help them raise capital for their own products. She was also chosen for more intensive IT training and serves as the administrator of the project website, Kuih Pantai Timur, (www.kuihpantaitimur.com) for the Machang group. This website was set up to enable online sales of the trainees’ products.

Sapidah is not confident enough to start up her own retail outlet yet, but she has set her sights far. She is bent on leaving a legacy of her brand name, Tradisi Asli, for her children.



Based on interview with Sapidah Ismail, 21 January 2008

Lessons Learnt

Useful lessons can be drawn from the experience of implementing successful and less successful pilot projects. Thus, both the Communications Campaign and the Capacity Building components of the project, “Entrepreneurial Skills: Empowering Women” highlight effective practices that can be emulated and pitfalls to avoid.

- The Communications Campaign highlighted the importance of clear understanding between project partners of their respective roles and the need to set realistic, realizable goals. Although the targeted outputs of the Communications Campaign formed a holistic package, it was not possible to achieve all of them within the set timeframe. Therefore, even though a substantial amount of work was done and results accomplished, they fell short of target and engendered, perhaps unjustly, a sense of ineffectuality.
- There was insufficient linkage between the two components of the project. As a result, in implementation, the Communications Campaign was not directed at a well-defined target group and the message became too diffused, whilst the trainees of the Capacity Building programmes did not receive sufficient information about micro-financing and assistance in accessing it. The trainees had been equipped with the necessary skills to upgrade their enterprises but were not sufficiently acquainted with the means to access

microfinancing. At the end of the project, many of them felt that the greatest stumbling block to realizing the full potential of their businesses was the lack of capital.

- The Capacity Building programme was a resounding success and proved that a comprehensive training package that delivers multiple entrepreneurial skills to the trainees is more effective than one-off training on single subjects. Prior to this programme, training sessions that the trainees had attended usually focused on single issues or aspects of entrepreneur development. They found such training inadequate as it did not enable them to see the big picture nor acquire sufficient skills to produce any positive impact on their enterprises.
- Training programmes for entrepreneurial skills should be customised and focused on a single industrial sector for maximum effectiveness. A difference between this programme and other training programmes that the trainees had previously participated in was that this one was tailor-made for micro-entrepreneurs in the food industry whilst the norm is to conduct generic training sessions for participants in a diversity of trades and industry. By trying to cater to a wide range of interests, the latter type of training was not able to deal in depth with issues faced by specific industries and was thus less effective.

- Training content should be practical and applicable, and address directly the issues faced by the entrepreneurs in operating their businesses. The trainees were able to apply the knowledge gained from the training sessions directly and immediately to improve their businesses, for instance in enhancing the quality of their products and increasing their profit margins. This makes them appreciate the value of the course and seals their commitment to it. Most importantly, it enables them to make real strides in advancing their business enterprises.
- Choice of trainers should be based on expertise in terms of content and ability to deliver the content in a manner that is interactive and can be easily assimilated by the target audience. A critical success factor for the training programme was the careful choice of trainers and the meticulous development of the course content to suit the needs of the trainees. Being given the opportunity to attend classes taught by university professors and lecturers and finding they could comprehend them left a deep impression and was a great morale and confidence booster.
- Establishment of a marketing platform for the products of the trainees is pivotal for sustaining their growth as entrepreneurs. There is no better enticement than a steady and expanding market to motivate the microentrepreneurs to develop their businesses further. The prospect of seeing their products retailed in Mydin was a tremendous source of motivation for the trainees.
- Practical activities such as the hamper exercise is a good learning experience for participants, allowing them to combine and apply the various skills they have gained. It also opened their eyes to more creative ways of marketing their products and adding value to them. The collective effort required to put together the hampers is also a good means to maintain and strengthen the network amongst the trainees.
- To ensure sustainability, the trainees must not just be left to fend for themselves at the end of the training but must be linked with existing grooming programmes that can take them to a higher level of enterprise development. They should also be plugged into the various other financing and incentive schemes that can help grow their businesses.

CHALLENGES

- The lack of linkage between the two components of the project is reflective of the larger context in which microfinance and entrepreneurial development are undertaken in isolation from each other. Integration of these two services is necessary for more effective delivery and greater impact. For instance, AIM and TEKUN should provide comprehensive entrepreneurial skills development to their borrowers. Alternatively, INSKEN can conduct such courses and all microfinance borrowers be required to attend them.
- A number of different Ministries and agencies, such as MECD, MRRD and DOA conduct training programmes on specific aspects of enterprise development, and usually for mixed audiences. These programmes need to be redesigned so that they are more comprehensive and directed at homogeneous target groups to ensure greater relevance of content. The training module developed by the “Entrepreneurial Skills: Empowering Women” project can be a model. Coordination and consolidation of the programmes run by the different institutions would also help to optimise the use of resources.
- While recognizing the need for microentrepreneurs to be independent and self-reliant in developing their businesses, it is also necessary to provide an adequate support system to ensure that their efforts in upgrading their enterprises are not stymied. Micro-entrepreneurs would need to be able to access progressively more advanced training and grooming as their businesses grow.
- Although a Microfinance Graduation Programme has been developed for the country, it is not effectively implemented. Hence, there are borrowers who have been with AIM for more than ten years when they should have graduated to other microfinancing, or indeed commercial credit, services. In failing to implement the graduation programme, a portion of the resources of institutions like AIM and TEKUN are not directed at the intended target groups. This problem of mission drift needs to be corrected.

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