

## **NEW TOOLS FOR ECONOMIC AND SOCIAL AID PROVIDED IN DEVELOPING COUNTRIES**

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### **Abstract**

The paper is intended to share the author's experience with social enterprise gained in the developing countries of Africa. Relying on her ample professional practice, the author believes that many a good idea can be translated into a successful social enterprise project. The paper will therefore provide an example of good practice. Supported by an already accomplished qualitative research and many years of relevant practice, the author argues that social enterprise may lay the groundwork for social recognition, self-determination and improved living generally. The persons involved in such enterprise will also enhance their social status and become fully or partially independent of foreign developmental assistance.

### **Keywords**

Developing Countries, Economic Aid, Social Aid

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### **I. Introduction**

As people engaged in providing aid to developing countries, we consider social enterprise a subject not to be disregarded, particularly because it has yet been viewed as just a minor component of developmental projects, despite its capability of reducing dependence on developmental aid. Since social enterprise has been anything but widespread in Africa, we fully appreciate its not inconsiderable practical potential.

The subject of social enterprise is vast, and seen in the perspective of time it appears to offer plenty of new opportunity for research and exploration also in developing countries. Needless to say, this document cannot cover the topic in its entirety and this fact allows a scope for more relevant studies and inquiries.

To remain true to the facts, social enterprise is not the key tool for tackling the unemployment problem in developing countries, but it can effectively support those tools and activities of developmental cooperation that are designed to reduce or remove dependence on foreign aid. Our hands-on experience leads us to see a promising future for social enterprise, especially because it can put into practice a host of clever ideas and suitable work activities.

### **Zimbabwe**

Zimbabwe is a unitary republic with a presidential system of government. Previously one of the richest countries of Africa, Zimbabwe declined in standing and nowadays the republic belongs among the poorest and least developed countries of the world (a fact the government is unwilling to admit...). The country's economy is very limited, depending primarily on agriculture and the exploitation of mineral resources.<sup>2</sup>

The period 1990 to 2008 witnessed gradual deterioration of economy and social conditions in the country, notwithstanding the government's attempts (often counterproductive) at reversing the development. The resulting collapse was even worsened by the country's monetary policy

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<sup>2</sup> BusinessInfo (2018).

which fuelled historically unprecedented hyperinflation and led to the demise of national currency.

Zimbabwe has to address a multitude of problems: heavy dependence on climatic conditions; insufficiency of finance (including cash); neglected infrastructure; adverse entrepreneurial and investment conditions; corruption; mismanagement of businesses; and inefficient state administration - all factors hindering the country's economic development.<sup>3</sup>

### **Reasoning behind the idea of introducing social enterprise to Zimbabwe**

The idea of establishing a social enterprise in Zimbabwe was based on careful reasoning and encouraged by our experience with the target group of women, clients of the GWAPA organization, who were still practicing or already retired prostitutes.

GWAPA (Gweru Women AIDS Prevention Association) is an organization engaged in HIV/AIDS prevention and community outreach. Using its own ambulance to provide field testing and health care, the organization targets socially disadvantaged women (former and still active prostitutes) who have no other chance of getting a gainful employment than doing this historically oldest trade (NANGO puts the overall unemployment rate in Zimbabwe at 95%).<sup>4</sup> Besides delivering HIV/AIDS education, the organization tries to resocialize the women and offer them an alternative way of earning an income (it operates its own artificially irrigated farm where they grow fruit and vegetables, raise chickens and rabbits). The workers, positioned as members of the organization, will then share the farm's profits. As obvious, GWAPA is an organization efficient in providing the women with a kind of alternative income.

Having seriously considered the options, we chose to establish a social enterprise. The enterprise, however, was not to consist in building a single jointly operated bakery, but we preferred to give equipment to the individual women so that they could launch their own small bakery shops and bake & sell pastry where they resided. We knew that without the introductory investment support the women could hardly succeed in the existing competition.

Our decision to support the women individually followed from a qualitative research in which the members of the target group proved unable to effectively communicate and cooperate with each other, though they were professionally guided by local staff.

The start-up subsidy rested in buying an electrical oven and bakery utensils. The investment in these items was supposed to kick off socially beneficial business activities, but in due course of time the project was expected to become self-supporting without further subsidies. The business entities (self-employed women) should be then economically independent and strong enough to survive in the local competitive environment.

The key factor to be considered was sustainability, i.e. the percentage of women subsidized to establish small bakery shops who were still in the business after 1 to 1.5 years.

## **II. Method**

Seeing that the number of women supported in their effort to found a bakery shop was just limited, we opted for the method of qualitative research. The chief sources of information were interviews and observation.

Wishing to capitalize on good practices and strategic analyses, we also wanted to give other interested parties a chance to draw on our experience and create stable social enterprises capable of surviving in the competitive markets of developing countries.

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<sup>3</sup> Freedomhouse (2018).

<sup>4</sup> Nango (2018).

Our data were gathered through observing and interviewing the women. Data needed to conduct financial analyses were picked up from balance sheets and financial statements published by the different social enterprises, i.e. by the home bakeries that the women possessed. The paper presents also case studies wherein the individual women are introduced.

### **Reasoning about the chosen target group**

Our research targeted women, former prostitutes, who resolved to restore their social position and dropped (or planned to drop) the trade that they had practiced previously. Working at the farm, they enjoy regular monthly income and all of them are included in a GWAPA implemented program through which the women can once or twice a month receive useful things (clothes for their children and themselves; household appliances; drugstore goods, and the like...). Moreover, their kids are enrolled in what is known as Cross-Border Adoption, an assistance program set up and run by another NGO.

Women participating in the project of social enterprise and assisted by being given an electrical oven and kitchen appliances have been chosen in consideration of their occupational training and the relevant experience which they proved in GWAPA. Specific regard was also paid to the results of our qualitative research, i.e. interviews and observations. The chosen women were paid the full cost of a small bakery shop as required to start a small-scale independent business without ever having to return the acquisition cost or even a part of it.

We thought very carefully about whether or not to build a larger bakery directly on the GWAPA premises or somewhere near them. Considering the interviews, our observations and an output from our focus group, we concluded that the target group was a very special one because its members used to be competitors in their previous job of offering sexual services. This fact, supported by the interviews and observations, led us to believe that their cooperation in a common bakery was not a good idea, particularly as regarded staff positions, fair sharing of profits and even everyday communication... We have therefore concluded that collective social enterprise would not work for these women burdened by their past. That is why each of them was granted a subsidy for her own bakery shop, and the individual shops were scattered around the region spaced no less than 50 to 80 km from each other. The distance was intended to prevent competition in their goods.

The women meet regularly once a month for workshops and supervision. These joint meetings represent one of the conditions that their participants undertook to satisfy so that the assistance could be provided. We believe the meetings to be very important, and the women themselves see them as highly beneficial. These occasions are employed to impart know-how; to share problems and successes; to pass on advice and trade good ideas. We have noticed that during these monthly sessions the target group women are able to effectively communicate, appreciate achievements and to discuss difficulties entailed by their new trade.

### III. Results

Below you will find presented a selection of results:

**Table 1: Basic data**

Respondents	Age	Marital status	Kids	Education
Adlen	41	divorced	6	primary
Beatrice	37	divorced	7	primary
Anna	35	married	5	primary - not completed
Sylvia	28	divorced	4	primary
Christ	26	married - with husband in prison	3	primary - not completed
Jane	35	unmarried	4	primary - not completed

Source: author (Nova, 2018)

**Table 2: Involvement in developmental projects before starting own business**

Involvement in developmental projects before starting own business	Number of respondents	Details
Yes, I already receive developmental assistance	6	6 respondents already depended on assistance, receiving clothes and other useful things from charity. They took advantage of the possibility once or twice a month. All were beneficiaries of a cross-border support (not cash handouts but material support for living). Their children of school age were included in the Cross-Border Adoption program.
No	0	

Source: author (Nova, 2018)

**Table 3: THE PRESENT - Involvement in material / financial assistance**

Respondents	THE PRESENT - involved in material / financial assistance
Adlen	no / no
Beatrice	no / no
Anna	no / no
Sylvia	no / no
Christ	yes / no
Jane	no / no

Source: author (Nova, 2018)

**Table 4: THE PRESENT - Income**

Present income	No. of respondents
I live by the bakery shop and I even generate excess profit	5
I live by the bakery shop but I do not generate excess profit	1
I not only fail to generate profit - I make a loss	0

Source: author (Nova, 2018)

#### **IV. Discussion**

Interviews held with the women who were financially assisted in launching their own business by building a bakery shop revealed these facts:

- (1) the respondents appreciated counsel given to them in marketing and financial management in the form of regular workshops and educational seminars.
- (2) they also appreciated that without being financially supported and advised, they would never be able to start a successful business on their own. They specifically mentioned the importance of the relevant know-how about how to attract new customers and keep them.
- (3) they were also happy about being advised on future business plans, with special attention paid to assessing their feasibility and attendant risks.

The recent advancements in digitization sparked interest in doing business through social networks and employing their public-relation possibilities even in Africa. Our practical experience shows that a single most beneficial activity is providing consultancy on financial management, particularly on the corporate cash flow. We suggested, for example, that the target group members pool their resources to deliver pastry to schools, orphanages, hospitals, etc.

The financial support should be accompanied by education and communal outreach. It is a good and practically tested idea to provide supervision and professional consultancy services in the form of workshops and educational seminars. These activities will then boost the professional prowess of people engaged in social enterprise, increasing stability, sustainability and competitive edge of their effort.

As follows from our research, persons gathered in our target group benefited from social enterprise by earning recognition, by self-determination and by improved living generally. Moreover, the activity has won them new social status, detached them from their dependence on foreign developmental aid and included them in support programs such as the Cross-Border Adoption, etc.

#### **V. Conclusion**

Writing the paper, we wished to wed theoretical concepts to practical observations.

When choosing a suitable subject, the author opted for social enterprise on the strength of her long hands-on experience with social & health-care projects in developing countries.

In making the choice, the author has also considered the recent extensive discussions on the subject, the foothold it has already gained in Europe, and the transferability of the model to other countries, the developing ones not excluded. Due regard, however, should be paid to attuning the projects to the local national conditions - the activity should be carefully thought out in advance and also directly on the spot during implementation. We are fully convinced that social enterprise, now fast progressing throughout the Western world, can also be applied in the developing countries.

People new to establishing a social enterprise in a developing country will have to surmount many obstacles as regards finance and legislation. A position of advantage will be enjoyed by those already familiarized with the local situation and the ways applied to manage projects, who will be well oriented in the country's business environment and conversant with the financial & business plan of the project in hand.<sup>5</sup>

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<sup>5</sup> Djankov, Montalvo and Reynal-Querol (2005).

Examples of projects are also given Ndidu Nwuneli, author of the book „Social Innovation in Africa: A Practical Guide to Scaling Impact“, mentions that social innovators should have scaling at the top of their minds from day one, also examples of projects.

The results of our research reveal quite clearly that social enterprise alleviates unemployment and reduces dependence on foreign aid. This conclusion is supported by the obvious fact that social enterprise generates staff vacancies then available to a range of disadvantaged people who would otherwise experience a hard time to land a job.

Flexibility of employment as a strategy of response based on non-standard or alternative models of employment has become an established standard in business practice.<sup>6</sup>

Our effort has been made difficult by the reluctance of local and foreign sponsors and governments to advance social enterprise by contributing to the foreign grants of developmental aid and/or to similar activities. The people and agencies still fail to fully appreciate the benefits that this kind of business delivers for making the people of Africa employed and thus for reducing the need of assistance from abroad. Certain unwillingness to sponsor social enterprise in developing countries can also be seen in the non-existence of exhaustive researches examining this phenomenon and its consequences.

A social enterprise, just like any other business, has to be meticulously planned. Business planning should always start with market surveys and economic considerations, paying proper attention to also community targets, i.e. to benefits for society. The business plan covering our target group may not look like a major undertaking, but if successful, it will do a lot of good to the group, i.e. to people otherwise marginalized by society.<sup>7</sup> That is the reason why we believe that social enterprise is a very promising road for such people to take in quest of overcoming prejudices, lifting themselves out of poverty and finding purpose in their life. The case from a developing country described above testifies also to its potential for making the people independent of developmental aid.

Though social enterprise is not a chief remedy for unemployment in developing countries, but just a complement to other tools and ways of developmental cooperation, this activity can make the difference between dependence and independence on assistance from outside.

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<sup>6</sup> Cierniak-Emerych and Hamplová (2018).

<sup>7</sup> Salamon and Helmut (1996).

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