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The Port Sudan Small Scale Enterprise Program

Eve Hall

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SEEDS is a pamphlet series developed to meet requests from all over the world for information about innovative and practical program ideas developed by and for low income women. The pamphlets are designed as a means to share information and spark new projects based on the positive experiences of women who are working to help themselves and other women improve their economic status. The projects described in this and other issues of SEEDS have been selected because they provide women with a cash income, involve women in decision-making as well as earning, are based on sound economic criteria, and are working successfully to overcome obstacles commonly encountered. The reports are not meant to be prescriptive, since every development effort will face somewhat different problems and resources. Rather, they have been written to describe the history of an idea and its implementation in the hope that the lessons learned can be useful in a variety of settings. They are also being written to bring to the attention of those in decision-making positions the fact that income generating projects for and by women are viable and have important roles to play in development.

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The Port Sudan Small Scale Enterprise Program

Story by Eve Hall

Introduction

It was the presence of desperately poor refugees which first brought Euro-Action ACORD to Port Sudan in 1980, at the request of the Sudanese Commissioner for Refugees, who asked EAA to do "something in the area of income-generating activities for spontaneously settled refugees." What resulted is The Port Sudan Small Scale Enterprise Programme. The program is not specifically a "refugee project," because early on it became apparent that the very poor of Port Sudan, both refugee and Sudanese, were facing the same problems. Nor is it a "women's project," because both women and men are poor. However, it is unusual among development projects in that it did recognize from the start that women would be an important target group, perhaps the most important. A large number of the poorest families in the slums depend on women's earnings, even when there are men in the family, and poor women, even more than poor men, find it difficult to ask for and to get help or loans for their businesses.

EAA developed a program offering training, services and credit to poor women and men entrepreneurs, both refugee and nonrefugee. No activities are considered suitable only for women, and while equal consideration is given to all businesses, a little "positive discrimination" is often exercised in favor of women clients. From the beginning, a goal of the program has been that at least half of the small businesses receiving help at any one time should be those run by women.

In some important ways, therefore, this is the story of a women's project because it shows how poor illiterate women can improve and increase even the tiniest and most marginal of businesses if they are given the right kind of help in the right kind of way. It also provides an example of how women are faring in a project which sets out to make no fundamental distinction in the way self-employed men and women are assisted.

Background

Port Sudan has been described as a "town of recent immigrants." In it live people of several different nationalities, many ethnic and religious groups, and refugees from drought and political conflict. In 1956 there were 50,000 people living in Port Sudan; in 1986, just 30 years later, the town had around half a million inhabitants.

There are many reasons for the sudden and enormous growth in the town's population. A port anywhere in the world lures the unemployed and the poor who hope to find a niche in its busy economic life. For many years, Port Sudan has attracted migrant workers from as far away as West Africa. But since 1965 disasters, natural and man-made, have turned this trickle of immigrants into a flood. Drought, increasing rural poverty, and the growth of large mechanized farms have forced many Sudanese peasants and nomads to seek a living in the towns at the same time that thousands of people have fled from civil strife in Chad, Uganda, Eritrea and Ethiopia to find refuge in the Sudan. In January 1986, there were over a million refugees in Sudan: the largest refugee population in any African nation.

Most of the newcomers live in shantytowns, the so-called "fourth-class residential areas" that surround this Red Sea port and its town. More recent arrivals have to squat illegally on the fringes of these "official" slums, throwing up their packing crates and sacking shelters wherever they can find space, even on rubbish dumps.

The majority of slum dwellers have little to do with the formal economic life of Port Sudan and receive few city services. Some men work in the port, particularly in the transport services attached to it, and some women have found employment as domestic servants. The majority, however, make a living in the "informal sector" which draws its customers mainly from the slums themselves. Petty traders, cooked food and tea sellers, carpenters, water carriers, tailors, mattress makers, bicycle repairers, blacksmiths, and a host of other entrepreneurs provide many of the slum's basic goods and services and answer a demand created by its rapidly expanding population. But just as the customers are poor, so are the businesses, which are almost always tiny and provide no more than a precarious marginal income for their operators.





Wendy Wallace

The Lives of Poor Women in Port Sudan

In Sudanese society few uneducated women take jobs outside their homes, though many rural women are active in agriculture. But when families come to the slums, life becomes really hard and women often must find some way to earn money, even if doing so takes them outside the home. For widows, divorced or abandoned women, Port Sudan can be a place of last resort. There are many families (their numbers are unknown, but thought to be high) with no husband or father to provide even a minimum income. It is estimated that up to fifty percent of refugee families may be headed by women whose children and other dependents rely totally on them for their survival. However, most of the women slum dwellers have little or no education, few marketable skills in comparison with men, and are often restricted by custom and tradition as to the kind of work that is considered "acceptable" for women within their communities.

Setting Up a Program

Euro-Action ACORD (EAA) is a consortium of twenty European and Canadian aid

agencies. EAA had already been working in refugee farming settlements in Central and Southern Sudan, and with various rural development projects in other parts of Africa, when it responded to the request from the Sudanese Commissioner of Refugees to work in Port Sudan. This was the first time the agency considered working with poor urban people, and staff were determined from the start to do their homework very thoroughly so as to understand the economic and social forces which governed life in the slums. The project's first coordinator recalls that they were, "embarking on a totally new undertaking . . . the organization allowed for an unusual degree of research, preparation and ambiguity in the process of designing the Port Sudan Small Enterprise Programme."

The program began with a three-month feasibility study initiated in 1980, which concluded that there were enough skills among the refugees in Port Sudan, and enough demand in local markets, to make a small-scale enterprise development project possible. Plans lay dormant for over a year, however, and it was only in mid-1982 that two EAA consultants, a husband and wife team of urban specialists with a good deal of working experience in African countries, came to Port Sudan

to begin the program.

While their assignment was to design income-generating activities for refugees, from the start they felt uncomfortable with this narrow view of who needed help most. In the context of Port Sudan, the identification of refugees as a separate, segregated group could only encourage actual segregation and lead to discrimination. The refugee influx, they felt, was only a part of the problem of rapid urbanization and refugees were not always the poorest people in Port Sudan. To assist only refugees, they concluded, could be counter-productive, so the focus of the program was broadened to include the poorest sections of the population, refugees and non-refugees alike.

With funds guaranteed or promised by several donors, the program actually got under way in mid-1982. The initial research was taken very seriously and a determined "hard-nosed" business approach became the guiding principle: assistance would be given to those who needed it most, but only for activities which made sound economic sense. The general aim of the program would be to assist the development of enterprises in the slum areas (known locally as *diems*) by:

- Stabilizing existing businesses by putting them on a more secure financial footing;
- Helping people wanting to start new businesses; and
- Developing and improving the range of goods and services offered in the *diems*.

The first step was to recruit a team of local personnel to gather the necessary background information, to help design the program based on this information, and subsequently to implement all activities after a thorough training period. By December 1982, twenty-five staff members had been recruited through advertisements and word-of-mouth. Initially, EAA stipulated that applicants should be university graduates with working experience in one of the social sciences and a knowledge of the English, Arabic and Sudanese languages, but there were few people with these high-level skills. Therefore it was decided that it might in fact be better for the development of the program if men and women of different backgrounds, ages and levels of education and experience were included. The new recruits

(initially eight women and seventeen men) were a varied group: Sudanese (from Port Sudan and other parts of the country) and refugees, Moslems and Christians, university graduates and secondary school leavers. For some, this was their first job; others had years of experience as teachers or social workers. Between them, the staff represented many of the ethnic, religious and national groups, and spoke all major languages of the people of the slums.

Under the direction of the two EAA consultants, the new staff immediately began work on a four-month, socioeconomic survey of six of the poorest *diems* where many refugees, mainly from Eritrea and Tigre, had settled and where approximately 63,000 families make their homes. This wide-ranging survey primarily sought to understand the economic life of the *diems*. Staff gathered information on what services were available to the inhabitants, where different communities tended to congregate, who belonged to the most vulnerable groups, average levels of income, what kinds of businesses were carried out and by whom, and what technologies were being used. Women staff also set out specifically to assess the employment patterns and opportunities for women. They interviewed 420 women, including domestic servants, wage laborers employed in large local industries, self-employed women and even prostitutes in order to get an understanding of their particular social and economic situations.

Following the survey, a census of more than 5,000 businesses (266 of them run by women) was carried out. Fifty-six occupational categories were identified and studied. From these findings the staff obtained a fairly comprehensive understanding of the basic working of the informal sector in the *diems*, which enabled them to identify what kind of help would be most useful and how it could best be given.

Halfway through the survey period, formal staff training in small-scale business development and management began. This training, which lasted for nine months, was interspersed by field assignments visiting small businesses run by people of the *diems* to become acquainted with their operations, supply channels for raw materials and market outlets. Staff members then shared their findings at seminars and reporting sessions which were an important element of the training.

EAA consultants ran the training sessions, using mainly their own teaching materials developed during their years of working experience. They also used curriculum of an expert in small enterprise development. Case studies of small businesses in many different countries were studied intensively and role playing was used as an important part of the training. Also included was the teaching of basic methods of accounting and business analysis.

The goals of the training were threefold:

1. To familiarize staff with specific techniques and procedures, such as the analysis of a business' profit and loss account, the interviewing of clients, and the type of information needed to determine what assistance would be most useful in each individual case;

2. To sensitize the staff to the needs and problems of small businesses and their owners and, most importantly, how to respond to the needs of different communities (refugees and Sudanese, Moslems and Christians, men and women) and help overcome the prejudices and problems that can arise from such a diversity of cultures and backgrounds; and

3. To develop a team spirit among the staff members who themselves come from many different communities and backgrounds.

During this period all the trainees were ranked at the same level and received the same salary. Later, when the program began to work directly with clients, five trainees (including one woman) were appointed to serve as team leaders and were assigned to head five sub-offices to be opened in the *diems*. The other trainees were appointed as either consultants or assistants, according to their qualifications and experience, with different salary levels appropriate to each category.

As the training and research progressed, some of the donors became impatient at the length of time the program was taking to become operational, but EAA stuck to its belief in the need to do things slowly and carefully. The elaborate, field-oriented training not only gave the staff a sound knowledge about and confidence in their work; it brought them, early in their training, into direct contact with the people of the *diems*. They gradually became known and accepted in the slum communities so that information became progressively easier to obtain. When the program was actually ready to begin its work in January 1984, EAA staff were already familiar faces to many of the *diems'* inhabitants and the staff, in turn, had become well acquainted with the daily pattern of social and economic life in these



Wendy Wallace



communities.

Towards the end of the training period, the final project strategy was drafted, with direct input from all staff members. All details were thoroughly discussed so that everyone would fully understand not only the method of operation, but also the underlying concepts. It was in this way that the aims of the program, the kinds of services it would offer, who would qualify for assistance, and how it would be structured, were finally determined.

Open For Business

In January 1984, the program opened sub-offices in five of the six *diems* that had been studied by the staff: Salalab, Dar es Salaam, El Nour, Korea and Dar el Naeim. (The sixth *diem* was dropped from the program as it was upgraded to a "third class residential area" by the town authorities, and plans were underway to improve official services and facilities.) The first step in implementation was to advertise the program's services and invite applicants to come in and register for assistance. Advertising to reach men was done mainly in tea shops and other

popular public meeting places. To reach potential women clients, staff worked mainly with local grassroots representatives of the Sudan Women's Union (which was attached to the then ruling party) and with the *diem's* midwives.

The first months were to a large extent a trial period for both the program and *diem* residents. Initially staff responded to every request for aid. They discussed each request, and the business involved, at length during the seminars that rounded off their training sessions. Meanwhile, residents too were testing the program to see what this offer of assistance had to give them. The response was enthusiastic and initial registration brisk, as staff did not yet have the experience necessary for that first quick assessment which identifies the obviously unsuitable request. Every application was painstakingly investigated.

The program applies stringent criteria for assistance. An applicant must fulfill four basic criteria. He or she must:

- Be from among the "poorest of the poor." This is defined as a family whose household head has a monthly income of less than £S 80 or approximately U.S. \$25 (U.S. \$1.00 = £S 3.30 in 1986);
- Be largely or totally responsible for the upkeep of the family;
- Have been resident in Port Sudan for at least two years (this is to ensure that the applicant is familiar with his or her surroundings and the basic lines of supply and demand of a business); and
- Accept the program's conditions and fees, and provide all information staff need to establish the economic situation of the household and the business.

Almost two-thirds of the initial applicants were women. This, says an EAA staff member closely involved with the program, was probably because the women were desperate, "so many wanted help even if it was obvious they couldn't qualify." Therefore it wasn't surprising that less than half these women applicants were found to meet the program's criteria for assistance. Only 13 percent of those who initially came forward were refugees, not only because EAA stipulated a minimum of two year's residence in Port Sudan as a qualification but also, staff believe, because "refugees

have less confidence in offers of assistance and don't believe they will be included." Nevertheless, when the first loan was made, in June 1984, it was "quite by chance" to an Eritrean woman refugee who used her loan to buy handicraft material. By the end of December 1985, the program had assisted a total of 851 businesses, 40 percent of them owned by refugees; 534 were operated by men and 317 by women. Only 72 of these clients failed to repay their loans, and only six of these "failed clients" were women. (These figures are comparable to other credit programs for women—see SEEDS issue No. 3 & 6—which clearly demonstrate that women *do* repay loans, and that they do so to a greater extent than men.) The program also helped 142 women who had formed small groups in order to buy specially procured flour during a drought period.

Services The Program Offers

There is no limit set as to the size of loans for business development, but each has a maximum repayment period. The amount loaned, therefore, is determined both by the needs of the business and the capacity of the borrower to repay within a given period. The guiding principle is that many small loans are generally a more effective way to help marginal entrepreneurs in the informal sector than a few large ones. Four different kinds of credit are offered through the program:

Hire-Purchase Loans. Loans of this type are for tools and equipment, and/or to build business premises. This enables a business to cut costs and increase returns by providing tools or space that were previously leased or borrowed, and thus increase productivity. The repayment period depends on the size of the loan, but the maximum is twenty months.

Short-term Loans for Working Capital. This type of credit enables a business person to buy raw materials in bulk and therefore more cheaply; (e.g., flour for women who make and sell local pancakes, or wood for carpenters). The size of the loan, which must be repaid within two months, depends on the business' turnover.

Micro-loans. These very small loans, often as little as the equivalent of U.S. \$50, provide working capital. They are given to groups of two to four entrepreneurs who get together to buy stocks for their very small businesses. These loans were originally designed to meet the needs of women market vendors, but men too have found them useful. Micro-loans must be repaid within one month.

Home Improvement Loans. These loans are given to individuals to purchase building materials to improve or extend their houses, to build latrines, or to lay water pipes. The maximum loan is approximately £S 1200 (U.S. \$364). (The current value of a typical wooden house in the *diems*.) These loans must be repaid within twenty months.

No interest is charged on any of these loans, but clients must pay an initial registration fee of £S 2 (U.S. \$.62) and small fixed administration charges: high-purchase borrowers pay one percent of the value of the loan per month; those with short-term or home improvement loans pay two percent; and groups who receive micro-credit pay one percent per week. The charges to the clients go to offset administrative costs and losses incurred from defaulted loans.

How The Program Operates

The program has a main office in the town with a small administrative staff headed by the current Coordinator, the only expatriate member of the staff, and a Sudanese Deputy Coordinator. Each of the five sub-offices in the *diems* has four staff members, known as "consultants,"—two women and two men—one of whom is the group leader. (The sub-office in Diem el Nour is the only one headed by a woman.)

The sub-offices are simple buildings in the middle of each *diem* and almost indistinguishable from the surrounding houses except for a modest sign board. At least one staff member remains in the office to see potential clients throughout the working day. It is usually men, however, who come into the sub-offices regularly, or who take the first step in seeking out assistance. Women find it difficult to come to such a public place, particularly to make an initial request for help.

To overcome this problem, staff often make "cold calls"—unsolicited home visits to women they have heard about or noticed at work, and who they believe might welcome assistance. This method of contact is an important part of the program's aim to reach women entrepreneurs who otherwise would never consider asking for help. This outreach method is sometimes used with men as well. "After all," says the Coordinator, "the Programme is not all that well known, and the *diems* are very large and densely populated." If requests do come directly from women, they are usually made through a third person, either a woman who is already being assisted or a male relative who comes to the sub-office on her behalf.

Once initial contact has been made, and the criteria and conditions carefully explained, the next step is registration, for which the applicant pays £S 2. The fee is considered to be an important statement of the program's philosophy to the prospective client: that this is a business proposition, not charity. The program strongly believes that services which must be paid for (no matter how small the fee) are more valued than those provided free.

Registration is followed by a home visit, during which a staff member establishes the applicant's family circumstances to ensure that she or he meets the program's criteria for assistance. A second visit is then made, this time preferably to the place of business, to conduct a thorough business analysis. Here the client and the staff person discuss the current state of the business, its costs and average income, and its operating methods, so as to discover major problems and identify the most appropriate help that can be given. An important part of this assessment is to judge whether the business is sound enough to support loan repayments after household expenditures have been taken into account.

Applicants sometimes drop out at this stage, perhaps because they are unwilling to disclose what they regard as personal information. Roqhia Hamza Osman, a staff member in Diem Dar el Naeim, recalls how a woman who applied for a loan literally told her to "mind her own business" when asked for details of her income and household expenditure. "Either you give me the money or you don't, but don't interfere," the woman said angrily—and negotiations ended right there. In other cases, staff find that applicants don't



Wendy Wallace

meet the program's criteria, that the businesses they are operating or planning are not viable, or that the enterprise is unsuitable for the type of assistance the program can offer.

Once these visits are successfully concluded, and the type of assistance decided upon, a "case book" is prepared, which records all the information collected on the client's background, a detailed analysis of the costings and current profit and loss accounts, and the kind of help proposed. The "case" is then discussed with other members of the sub-office staff and, if they give their approval, the book is sent to the main office for final approval by the program coordinator.

If the case is a difficult one, it is discussed at the weekly staff meetings of group leaders and the coordinators held at the main office. Requests for large loans, or for types of assistance which have no precedent, also must be discussed and decided upon at these group meetings. Ultimately, the Coordinator has the final say, but almost all decisions are reached through general consensus at group leaders' meetings.

A contract, with the photograph of the client attached, is then signed by EAA, the client, and a third person he or she has brought as a guarantor. Guarantors can be men or women and may simply be a friend or neighbor, someone outside the family who is prepared to sign and assume responsibility for repayment should the client be unable to pay. Experience has shown that women do not have more difficulties than men in finding a guarantor. Micro-loans to groups of three people or more do not need a guarantor. If the loan is for more than £5 1,000, the contract must be signed in front of EAA's legal advisor. Formalities completed, the cash is secured by a staff member from the main office and he or she then accompanies the client to purchase the equipment or other materials for which the loan has been given. The staff member keeps the receipts and gives the client an invoice for the amount of the loan. "This looks like a tedious process," says a former Coordinator, "but at present it seldom takes more than a week to be completed."

During discussions, the staff and the client will have agreed on the time period over which the loan is to be repaid. Throughout the repayment period, a staff member visits the client regularly to monitor the progress of the

business and to give advice whenever necessary. The client is expected to bring the loan installments and small regular fees charged by the program to the local sub-office, but this requirement is often waived for women clients: staff generally go to their homes, at suitable after-business hours, so that the women who also have household and childcare responsibilities do not need to make this time-consuming and, for some, unwelcome public visit.

If for some obviously legitimate reason a client finds it difficult to make payments because of illness, family problems or other unavoidable demands on a client's resources, an extension of the repayment period can be granted, or (in exceptional circumstances) the timetable can be rescheduled so that the repayments are smaller and made over a longer period of time.

Information, Management Services and Supplies

Business Premises and Market Shelters

Many of the small businesses in the *diems* operate in the open as their owners cannot afford to build or rent premises. In two *diems*, the program has built wooden workshops and communal market shelters which can be rented for a very reasonable fee, on a monthly or even a daily basis (as in the case of women vendors whose businesses are very small and often intermittent). Monthly rents are from £5 1.50 to £5 2.50 for a square meter, while daily charges are £5 .30. The program has, for example, built welding workshops, butchers' stalls, radio repair shops, etc., and communal stalls in specially constructed market areas for women petty retailers of goods such as spices and pancakes. More recently it has completed "women's centers" which are attached to each of the program's sub-offices in the *diems*. These centers can provide rental facilities for skills-training businesses, such as tailoring classes.

Management Consultancy

Advice is offered in areas of business management, such as costing, financial analysis, marketing, etc. The small fees which are charged for this service depend on the business' income before assistance is given. Rates vary from £5 1.00 to £5 5.00 per month.



Wendy Wallace

Generally, this service goes hand-in-hand with other types of assistance, but it is always optional; some may not need it because they are already well versed in the running of their business. The consultant may advise the client that he or she would benefit from this service, but clients are not required to accept assistance as a condition for receiving a loan.

Marketing

The program sometimes acts as an agent to secure purchase orders for large quantities of a product which a single business could not possibly fulfill. The order is then divided among many small businesses. For example, large orders have come from Oxfam, UNHCR and UNICEF for women's and children's clothes (divided among women tailors), aluminum cooking pots, wooden pallets for grain storage, and even for painted sign boards.

Raw Material Supplies

Although not a very frequent form of assistance, the program has on occasion procured bulk quantities of raw materials for businesses when these supplies have suddenly become scarce: flour for women pancake makers, for example, during the 1984-85 drought, or special wood for local bed makers.

These raw materials are not imported, but are procured from other parts of the country.

Women's Businesses

Businesses operated by women tend to be small and almost all production is home-based. Of the 47 different types of businesses that have been or are being assisted by the program, women are active in thirteen:

Tailoring, catering, cake-baking, sweet making, ice cream making, hairdressing, laundry, soft drink selling, henna decoration, spaghetti and macaroni making, shira (handicraft) production, needlework, knitting.

In all, 673 women's businesses, out of a total of 1678 businesses, were assisted between June 1984 and December 1985. The most common activities were tailoring (122 businesses), and catering (111), which includes not only small restaurants but also the making and selling of *kisra* (local pancakes eaten as bread), tea and coffee, and cooked food sold at vantage points by the roadside (near a busy intersection, for example, or a truck terminal).

Tailoring, which is the most popular activity, is not necessarily the most lucrative. Its great attraction, particularly among more conservative communities, is that the work can be done at home, the most socially acceptable place for women to work, and it can be done in hours snatched between household chores and child care. The largest loans requested by women are usually to buy sewing machines. While no woman tailor has yet defaulted on her repayments, staff say this does not necessarily mean that a woman tailor's business is thriving: prompt repayments can often mean that she is borrowing money from relatives to repay EAA, rather than meeting the installments from her earnings.

Not only do women tailors compete with men in the same trade, they also are hampered by the fact that it is not as easy for them to operate from public workplaces or to go outside the home to sell their products. Rather they must either wait for customers (generally their neighbors) to come to them with orders, or depend on a male relative to sell their ready-made garments outside. EAA staff try to help solve these problems by suggesting such things as advertising to attract more customers or alternative market outlets for the male "agents." Too often, however, a woman's tailoring business operates irregularly and marginally and lapses into little more than an income-saving activity by which she can make her family's clothes more cheaply.

Rakia Ebrahim – Tailor

Rakia Ebrahim is a forty-year old Sudanese woman, divorced, who has lived in Diem Korea for 14 years. Since 1970 she has tried to support her family of six, including her old mother and father, by tailoring, supplementing this for the past ten years by selling cooked food to children on their way to school each morning.

In 1983 a family crisis forced her to sell her sewing machine. She later heard of the EAA program from the Sudan Woman's Union and, in November 1984, she received a loan of £S 375.00 to buy another machine. Originally, she was due to repay this loan in ten monthly installments, but this proved difficult so the amount of the repayments has been reduced and the time period extended for another six months.

Rakia Ebrahim works from her home, has about ten regular customers, and earns a net monthly income of £S 43 for a 20-hour working week. In itself this is a tiny weekly income, but not unjust, considering her working hours. If her work time could be increased, so could her income. On the advice of EAA staff, Radia Ebrahim has recently bought some cloth to make garments which she is hoping to sell through her eldest son, who will hawk them in the local markets.

Some businesses which at first glance may seem to hold little prospect for a steady income, can prove to be rewarding. The decorating of brides with henna designs is a rare and valued skill, and once a woman has established her reputation as a talented artist, she can expect quite substantial payments for a single assignment.



Wendy Wallace

Ekhlis Soliman – Henna Decorator

Ekhlis Soliman is a single woman in her early twenties who has lived in Diem Dar el Naeim all her life. She lives with her divorced mother (who sells kiswa for a living and also has been an EAA client), her old grandmother and nine younger brothers and sisters, in a small wooden house. It is in this crowded environment that she practiced the art of henna decorating for three years. In August 1984, she requested a loan of £S 436 to build a small separate shelter in the family compound to which her customers could come, "so that I could work in peace, away from the family." She has already made 16 of her 20 monthly installments.

Ekhlis Soliman is self-taught. "I wanted to do this work, and I thought I would be good at it. Most other decorators get their designs from books, but I like to make up my own patterns." She has built up a good reputation and a steady clientele. She receives on average three to four orders for bridal decorations every month, when she spends several hours painting elaborate patterns on the bride's hands and feet. For this her fee is £S 50, but she admits that she tailors the price to what the customer can afford, and often charges less. She can, however, sometimes recoup on this loss as customers who are better off will quite frequently "top off" the fee to show

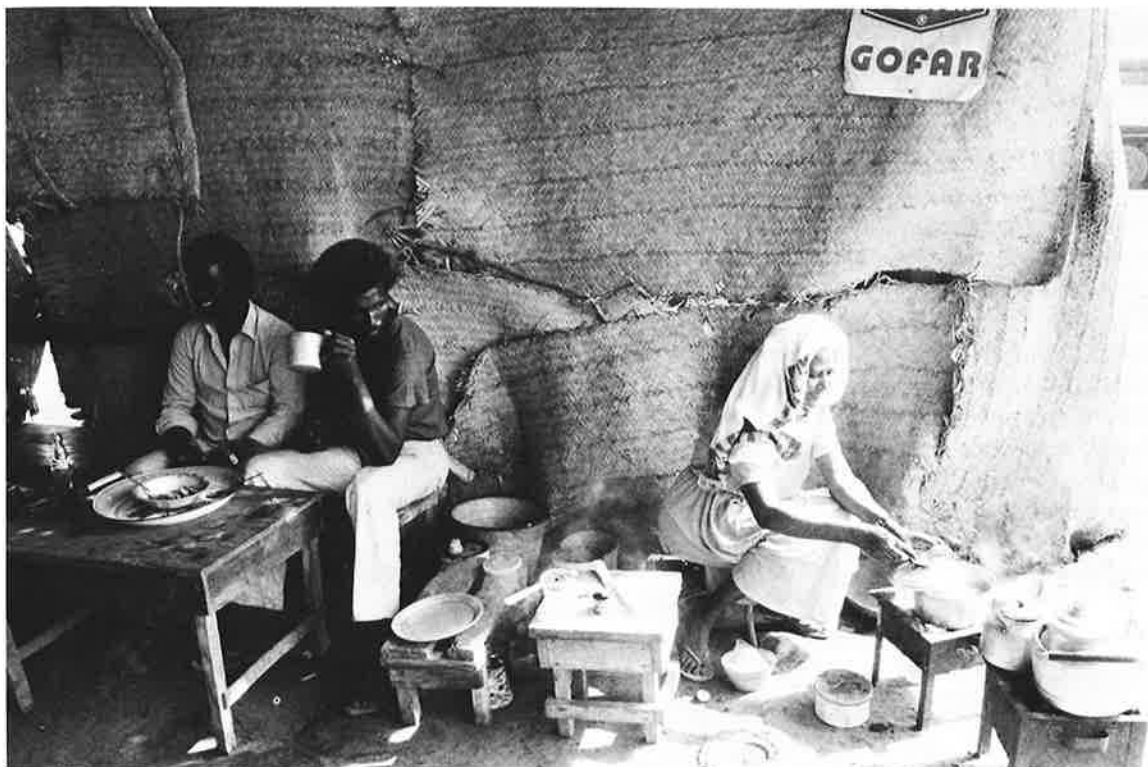
their appreciation if they are pleased with her work. She also earns money from customers who want only their hands decorated for other special occasions, or perhaps "just for beauty." For this she charges £S 15.

Apart from her loan repayments, her major expense is for materials, particularly the costly dyes which are imported from Egypt. Her average monthly income has been a quite respectable £S 150, but she is a little pessimistic about the future. Another woman henna decorator has moved into the area and is drawing customers away: last month only two brides came to her. Ekhlis Soliman understands her marketplace well: "People don't necessarily choose the best decorator. They tend to go the nearest one."

Perfume making, a local skill, can lead to brisk sales, particularly if a woman can sell her products in a central marketplace. Perhaps the most inhibiting factor for any of these businesses is competition: as Ekhlis Soliman has learned, supply can easily outstrip demand.

While most women would prefer not to work in public, financial pressure often necessitates such activity. Catering, in all its forms,





Wendy Wallace

can be relatively lucrative and many women have taken up this work. The acceptability of this trade depends to a great extent on the social status, ethnic background and age of the woman, as well as whether she is the head of household.

Success in catering depends on sound cost analysis and price setting, but the most important factors are location and hours of business. A woman selling cooked food or tea, for example, can develop a good, regular clientele among men workers who eat breakfast or lunch away from home. *Kisra* makers too find a ready market because restaurant owners, housewives and working women often buy their pancakes ready-made. And while there are peak selling hours in the day, the demand for tea and coffee is constant.

Since the profit margins for such catering businesses are small, the amount of income depends on the daily turnover, which can be quite substantial. The working hours needed to make these businesses profitable, however, can be extremely demanding and difficult for a woman with household responsibilities. To catch the lucrative breakfast trade, for example, caterers must have prepared their food or beverages and be at their selling point as early as 5:30 a.m. Often they must return home again

to prepare food or drink for their lunch time customers. In addition, they must buy fresh food every day, so it is not surprising that women with children and other family duties find it difficult to carry out their businesses without interruption—and these interruptions mean not only less income, but a loss of regular customers to other caterers.

Aziza Ismael—Cooked Food Seller

Aziza Ismael is a thirty-year old Eritrean refugee, divorced and the sole breadwinner for herself, her mother and her three brothers who are all under 10 years of age. She sells cooked food in a rented, make-shift shelter at "Kilo 8," a large flat wasteland beyond the diems where the scores of transport trucks which serve the port park while they wait for business. All kinds of allied services have sprung up in this area, such as mechanics, welders, tire repairers, etc., and quite a few are among EAA's clients.

The men employed in transport services generally live in Port Sudan without their families and buy their food ready-cooked. They come from a variety of backgrounds and each seeks out the kind of food he is used to at home. Aziza Ismael serves Eritrean food and she is well

known to her countrymen at Kilo 8. She has been there for more than three years, many mornings by 5:30, to sell them Eritrean pancakes, tea and meat and vegetable stews throughout the day.

She first came to the Sudan in 1975 and moved to Port Sudan three years later. Shortly after her arrival, her husband divorced her "because my children always died very young." Since then, he has given her no help. To support herself and her family, she began to make cooked food at home to sell at Kilo 8, borrowing the necessary equipment from relatives. Her health was poor in those early years and she could only work intermittently. But gradually her health improved and so did her business—until her relatives took back the equipment they had lent her.

Aziza Ismael learned of the EAA program through a woman friend who was already a client. She applied for a hire-purchase loan to replace her equipment. EAA quickly approved the request. Her case book note that: "She needs to work to support her family. She already knows how to get supplies and knows Kilo 8 very well." There is much competition at Kilo 8, but caterers who build up a regular clientele can do quite well. In October 1985, she was given a loan of £S 300.00 to buy equipment, to be

paid back over 15 months; and a short-term loan of £S 75.00 to buy a stock of sugar wholesale, to be repaid over two months.

Although women loan takers are usually illiterate, they have their own ways of keeping track of costs and income which, while not totally accurate, are reliable enough to use as a base for the initial assessment of a business' viability and potential which the client and the staff member examine together. A business is judged to be viable if, when all the costs are taken into account, it has the potential to make a genuine profit. Lack of working capital is the most common problem facing women. On average, businesses run by men operate with three times the capital of those run by women. This often means that women cannot buy raw materials in bulk, and therefore more cheaply, thus adding to operating costs and lowering profit margins.

Once a loan is approved, the borrower is assisted in making her calculations more accurate and in working out a detailed cost and profit account. It is usually at this stage that the woman is first introduced to the concept of counting her own labor as a cost—that



Wendy Wallace

she must pay herself a fixed wage and that this wage must never be regarded as "profit." The concept of costing her working time is always difficult for a woman to understand, because so much of her other daily work is unpaid. She therefore tends to consider all income as profit. As a female staff member notes: "We try to help the client understand, *you* are different from *your business*. The wage you pay yourself must come out of *business expenses* because you are *spending your time*."

For example, in reviewing Aziza Ismael's business procedures, it was found that she was not setting her prices according to her costs, but simply charging the same as caterers nearby. A full analysis was worked out to determine more accurately how much she should charge for different types of dishes, how much she should pay herself as a monthly wage, and what her profit margin might be. These were the calculations:

Monthly Expenses:

Rent	£S 60
Transport (to & from Kilo 8)	£S 8
Water, charcoal, kerosene	£S 15
Loan repayment	£S 29.82
Administrative charge (1%)	£S 2.98
Consultancy fee	<u>£S 2</u>
	£S 117.80

Monthly Wage:

This is an additional monthly expense. Aziza Ismael works eight hours a day, six days a week. Labor costs are figured at £S .70, the amount currently judged to be the wage earned for this kind of work by an employee. This cost, therefore, comes to a monthly total of £S 145.60.

Expenditures on Raw Materials:

Vegetables, oil, meat, beans, sugar, tea, etc. These costs were worked out on the average number of meals prepared and sold over a one-month period. Total per month: £S 1,279.50

Monthly Sales:

Meals of meat (866 @ £S 1.50 each)	£S 1,300
Meals of vegetables (200 @ £S 1.00 each)	£S 200
Tea (1,213 glasses @ £S 0.15 per glass)	<u>£S 182</u>
TOTAL	£S 1,682

TO SUM UP:

Total revenue from sales	£S 1,682
All expenses (including wages)	£S 1,542
Net profit (estimated)	£S 139

Thus Aziza Ismale's net income, including her wages and estimated profit, was calculated to be approximately £S 284.60 per month. Of this income, the wage is a fixed amount: the profit will obviously change each month, depending on sales. Cash from the profits can be used to reinvest in wholesale purchases, replacement of equipment, etc. With the injection of a little capital (to buy tea wholesale) and with her own equipment, Aziza Ismael has, potentially, a business which can earn enough to support her and her family.

The distinction between wages and profit is vital to understanding what income the business is actually earning. Some women grasp this new concept quite quickly once it is explained to them and they then become accustomed to an analytical approach to the business' finances. Others, however, reject outright what seems to them to be an artificial division. "They say 'no, the business is not separate from me, and whatever I earn is mine to use as I like.' So they end up using working capital for household expenditures and don't realize that this is why their business doesn't work properly."

Women caterers and vendors, particularly, keep daily accounts, so EAA staff assist them with their monthly accounts, recording the costs, income and profit. Staff generally go to the women's homes to do this, rather than to their places of business, as it isn't very practical to conduct what amounts to a training session in accounting while squatting by the roadside, where so many of the women's businesses are located.

Frequently staff will visit their clients more often than once a month if some aspect of the business requires special attention. "If we notice that the price of a basic commodity has gone up," says one staff member, "we visit the client to see how she is adjusting her business to this. For example, a woman client might have received a loan when meat cost £S 6 a kilo. Now the meat has gone up by about 20 percent. We can advise the client either to put additional capital, to reduce production, or to increase her prices. In the case of most caterers, we would advise them to increase the cost of the dish—though we have to keep an eye open for what others are charging, so that our clients will still be competitive."

Amlasa Mokenen—Kisra Seller

Amlasa Mokenen is a refugee from Eritrea, a 55-year old woman who has been in Port Sudan for 20 years. During all this time she has struggled to support a family of eight dependents by making and selling kisra in Diem Korea. Although she already had quite a brisk business turnover, she never had enough capital to buy her flour in bulk. This meant not only that her basic raw material was unnecessarily expensive, it also resulted in a very low profit margin. In addition, it added to her transport costs as she frequently had to make special journeys to buy flour. In September 1985, she received a loan of £S 300 to buy 270 kgs. of flour. This she repaid in three months, although the installments were high (including administrative charges £S 105 per month).

Since receiving the loan, she sells approximately 2600 pieces of kisra a month (at £S .25 each), a considerable increase over previous sales. Her monthly income is now approximately £S 220, even considering that some of the flour bought for the business is occasionally used for home consumption.

The loan has helped her to increase production and she has a good repayment record. However, the question now is, how will she be able to keep up her high level of production once she has used up the flour bought with the loan? She is being urged to set aside money to buy another bag of wholesale flour and not to use any of the flour to feed her family. But with so many dependents and high household expenses, she may not be able to follow this advice.

Regular personal contact between clients and EAA staff builds up a mutual trust and encourages an open, friendly relationship in which advice is readily accepted. The staff member is often treated as a family friend. As the former project Coordinator describes it: "The modest but unfailing hospitality of the clients is matched by their relaxed and entertaining reception at the sub-offices." Which is another way of saying that the tea flows during visits and there is much joking and laughter in between the serious analysis of business performance and the handing over of monthly installments. It is rewarding for EAA staff to see



that, despite the problems these small entrepreneurs face and their often exhausting work loads, their women clients generally possess an enviable zest and an enthusiastic approach towards their businesses.

Fatima Osman—Tea Seller

Fatima Osman is 25 years old, divorced, with no children. Although she was born in Port Sudan, her parents were refugees who came from Eritrea in the early 1960s. Her mother is also divorced, and neither her father nor her ex-husband contribute towards the family's upkeep. Fatima Osman has supported herself, her mother and a younger brother and sister by selling tea in a rented kiosk in Diem el Nour's central market since 1984.

In 1985 she asked EAA for a loan of £S 120 for additional equipment to expand her business (she had heard of the program from a friend). She repaid this loan promptly over five months. She then received a short-term loan to buy a sack of sugar wholesale, which she repaid within a month.

As she is not currently a loan holder, she is considered a "closed" client ("active" clients are those who have not yet repaid all loan install-

ments) but staff members still drop by her kiosk to buy a glass of tea during their busy round of visits to clients in the vicinity. Fatima Osman's stall is always crowded and it is clearly one of the favorite meeting places for the market's men workers. She sells approximately 300 glasses of tea (at £S .15 each) daily, and works nine hours a day, every day of the week: from 6:00—10:00 a.m., then again from noon until 5:00 p.m. Her net monthly income is approximately £S 200.

Special Problems of Women's Businesses

The women clients profiled above are fairly typical of business women in the *diems*. Singly and collectively, they demonstrate several of the common problems which prevent these businesses from providing a better income to their operators: lack of adequate capital or equipment; poor management skills; lack of regular business hours; competition; an inability to market products outside the home; and heavy family responsibilities which frequently force women to use business capital to meet immediate needs.

Most staff feel that at least some of these problems could be overcome if women were encouraged to give higher priority to their businesses. "Women often don't succeed in business because, even when they are the main breadwinners, they are not as tough as men in resisting pressures that limit their business production. We should help women find ways of coping with this problem," says the Coordinator. But as a female staff member notes: "You can't compare women's heavy family responsibilities with those of a single man. Women have to do everything, and sometimes they fail. We try to help women work out a way to divide their time, but many can't make fixed hours if they have children." She also feels strongly that women have a higher commitment to the family, and this pushes them into using business capital for daily needs. "It's well known that almost all women's income go back into the family, much more than men's. Women don't go to the cinema or buy cigarettes." It is women, not men, she stresses, "who must everyday find the food to feed the children."

Saadiya Mahmood Aman, the female group leader of the Diem el Nour sub-office,

largely agrees with this view and believes that the program must find new ways of helping women. "We give the same help to women as we give to men. But it's not only capital that women need. They also need training and much advice. We must introduce new kinds of businesses for women. There are so many women who need training in a skill, not only equipment." This is an important point that must be underscored. For example, she is doing all she can to encourage the tailoring teacher who rents a room in the sub-office's women's center to give classes to young women for a small fee. The teacher has received a loan to buy a sewing machine for these classes. She would also like the program to buy the finished products from the trainees for a small sales exhibition in the nearby market in order to encourage them to continue their training and help them get started in business.

In this she is supported by her colleague Haw Hamid Idris, but other group leaders and the coordinators are very reluctant. They see this as a departure from the program's philosophy of giving help only to businesses which have proven potential. "The others say, 'the project is for self-reliance. If we accept this exhibition idea, then we no longer support self-reliance.' But we say that we would be helping women to become employed and that they would eventually become self-employed."

Project Cost

The total cost of the program, including the revolving fund, from its start in 1980 to the end of 1986, was one million British pounds (sterling) (approximately \$U.S. \$1.2 million). Almost one-third of this sum was spent before the program became operational and any loans had been made (1980-1984).

A large component of the start-up costs was staff training and research. This was primarily due to the experimental nature of the program. However this is considered to have been a vital component in its successful implementation and staff training remains a continuous process as more people are recruited to meet the needs of the expanding program.

EAA staff stress that the relatively high cost for the preparatory stage of this project was largely unavoidable and necessary. With hindsight, however, EAA feels that perhaps the research sought more information than was really needed for the program's operation. With the experience and knowledge gained from the planning and preparation of this program, a similar one developed elsewhere would probably need no more than four to six months research, instead of the 18 months used in Port Sudan. Thus start-up and preparatory costs would be far less.

The Future

The debate over and the search for better ways to help women and to reach more women clients continues. "Softer" loans for women, or help that is not directly aimed at improving the viability of a business are not planned. But there is one element of positive discrimination for women entrepreneurs already in the program: men who request loans for catering businesses are refused so as not to increase competition with women in an already crowded field. EAA has also begun to give assistance to retailing activities by women, a departure from their stress on credit for producers who sell their own goods. Thus, assistance has been given to women who sell goods produced at home by other women, and who take a percentage of the sales as their payment.

Annual Expenditures 1980-1986

1980-1983	£ 217,625		Preparatory Phase
1984	270,311		
1985	290,900		
1986	310,862		
TOTAL	1,089,698**		Operational Phase*

*The program began operation in June 1984.

**Approximately U.S. \$1.2 million.



Wendy Wallace

Home improvement loans are another aspect of the program's services which have proved to be increasingly popular. Some EAA staff believe that this kind of help may serve to considerably improve the quality of women's lives in the *diems*.

Within the program, women and men staff are treated equally and receive the same basic salary, depending on whether they are team leaders, consultants or assistants. To this salary is added incentive payments based on the number of clients handled by each staff member. In practice, however, there are some differences in the working conditions and pay of women and men. Because women clients frequently must be sought out and often need more sustained advice, since their businesses are more precarious, women staff tend to have a heavier work load than their male counterparts even when they have fewer clients. And social constraints hamper women staff too. While men staff members are given loans to buy motor scooters to make their rounds in the sprawling *diems*, it would be considered "unacceptable" for women to use them. Women staff members must take buses or walk, which again is more time consuming. As a result, women's incentive pay, based on numbers of clients, is generally lower than the men's. To

redress this unwelcome and unexpected imbalance, which only emerged as the program developed and grew, EAA is gradually phasing out incentive payments.

The long-term future of the program is not yet clear. EAA sees a strong possibility for the development of a local organization within the program and hopes that it will eventually be able to hand over its work to such a non-profit organization. EAA would then remain as a member of the board of trustees. As a first step in that direction, the case load of team leaders in the sub-offices has been reduced to enable them to take on more of a managerial role in preparation for the gradual shift in responsibility from the head office to the individual teams. But, says the Coordinator, "we have set no time limit, we have made no definite plans, we learn as we go along."

Lessons Learned

1. Reaching out to women where they live and work is a very effective strategy to increase their participation in a loan program. Unlike so many other loan schemes (not only in Sudan), women can take part in this program without having to gather up their cour-

age to take the daring, often disapproved of, step to go to a public office to ask for a loan. Negotiations take place privately, in the women's homes, and even the tiniest loan is given serious consideration by sympathetic program staff, rather than the usual impersonal "loan committees" which often include representatives from banks and other formal credit institutions that would dismiss such small loans as not worth the bother of administration. While the needs of refugee women are much the same as those of other low-income women (income-earning opportunities that will enable them and their families to survive) they are often more hesitant to believe that they will be included in offers of assistance. Thus unsolicited introductory visits to women's homes have proved particularly helpful to them.

2. There is a great advantage in having women work with women. Both unsolicited and regular home visits are unremarkable and unobjectionable if they are made by women. However, all the staff work with, and are encouraged to seek out both men and women clients. Although only eight women staff members were originally recruited, more were later employed and given on-the-job training. There are now 11 women and 10 men staff members working in the sub-offices, and EAA is intent on keeping this balance.

3. The type of management training offered must be well-suited to women's needs. They cannot be expected to find time to attend formal, theoretical group training sessions. Instead staff visit them at home, at times which suit these women who have both business and household work to do every day. The instruction they receive is related specifically to their business, and is given in familiar sur-

roundings by someone a woman has learned to know and trust and who speaks her own language.

4. A program to assist women entrepreneurs must take into account all the realities of their lives and not expect that they will always be able to meet the same performance standards as male clients for whom, generally, business is the major focus of their activity. Women's businesses are under constraints that don't affect businesses operated by men: because few kinds of businesses are socially accepted as "women's work," they struggle against greater competition, and social sanctions often stop them from selling their goods in public places thus limiting the markets available to them. Women also have less time to devote to their businesses because they also have time consuming daily household and childcare responsibilities.

5. The quality or relevance of technical services will be suspect if they are given free of charge, and so will the motives of the service givers. Serious people, even if their businesses are of the smallest dimension, appreciate and honor straightforward contractual relationships.

6. Efforts to force or encourage women's individual small businesses to band together as a group are generally counterproductive and impractical. Collective activities need a clearly defined objective, such as a number of small businesses coming together to purchase supplies at bulk cost. Another successful approach has been for the program to secure large contracts for goods itself, which it divides amongst various individual clients.

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