

# The Microcredit in Tunis: Enda InterArabe<sup>1</sup>

## 1. General Information and economic situation<sup>2</sup>

Tunis has a surface of 162.155 Km<sup>2</sup> and a population near to 9,5 million inhabitants, mainly centralized in the Northwest and on the coast. The country is advanced in the diversification of his economy, which does it more resistant to external oscillations. The most important sector as for contribution to the GDP is the sector services that supposes more than 60 % of the same one. It follows in importance the industrial sector, which generates 30 % of the GDP, and the agriculture, which represents 14 % of the GDP.

Every time the tourism is receiving major importance and it contributes to the GDP with 6 % and with 15 % at the inflow of currency. Tunis has reserves of oil, natural gas and some minerals. Inside this general frame, it is estimated that the size of the informal sector in the economy is not lower than 20 % of the GDP.

In 1986 there was started a program of structural adjustment from which the country initiated a process of transformation, Passing from a strongly protected economy, where the state was the principal investor, to an economy based every time in major measurement in criteria of market, where the private sector so much national as foreigner has turned into the principal engine of the development. In 2001 there was tackled a process of liberalization and exterior opening in the productive, commercial and financial area, considering the company as the fundamental nucleus for the creation of wealth. There was propitiated a decrease of the commercial barriers and of the restrictions to the investment, followed by the introduction of reforms in the bank sector, the privatization of some state-owned companies and the deregulation of prices.

According to official sources, the inflation places around 3 %, though the real rate reaches 6 %, being the foreign debt around 50 % of the GDP. The active population is approximately 3.300.000 persons, of which 820.000 are women. The rate of strike according to official information is 15,6 %. Additional it is estimated that more of 9 % of unemployed is not registered. The last available statistics indicate that near 15 % of the population lives below the national limit of the poverty.

### Principal indicators

Total population (million)	9,5
GDP per cápita (PPA in dollars of 2000)	6.363
Index of human development	0,722
Life expectancy on having been born	70,2

<sup>1</sup> This case could have realized thanks to the collaboration of Enda Inter-Arabe, that has given all the information contained in this document

<sup>2</sup> Great part of the information relating to the general aspects of the case is extracted from the book: The Microcredit in the North of Africa and Middle East (Agustin de Asís Orta (coord.) Foundation social Promotion of the Culture.

Rate of adults' literacy (15-year-old and major %)	71
Rate of primary, secondary and tertiary matriculation combined (%)	74
Urban population (% of the whole)	65,5
Import of goods and services (% of the GDP)	48
Exports of goods and services (% of the GDP)	44
Official assistance for the development received (clear disbursement) in % of the GDP	1,1
Service of the debt	9,8

Source: Report of Human Development

## 2. Financial sector

The financial sector in Tunis it is integrated by more than thirty institutions that possess a net of approximately 800 branches of diverse nature, Fourteen commercial banks, eight banks of development, eight bank institutions not residents (off-shore) and two business banks, besides some financial institutions. The bank sector continues being inefficient enough, it is dominated by the state that controls the principal entities. The sector is regulated by the Banque Centrale de Tunisie (BCT). Among the principal commercial banks there is the Banque Nationale Agricole, Which develops activities related to the commercial banking combined with those of a bank of development specialized in the funding of the agricultural sector. Among the banks that operate in Tunis they emphasize also Banque's Société Tunisiense (STB) that played an important role in the moment in which the tunecin state achieved the independence. Recently the tunecin authorities decided the merger of the STB with the Banque de Developpement Touristique (BNDT). The resultant entity of the merger has turned into the first bank of the country. Another bank that operates in the industrial sector is Lámen Bank.

## 3. Informal sector and microcompany

According to the available information the informal sector generates around 20 % of the GDP (Charmes, 2000b), centering specially in the periphery of Tunis and of Sfx, which are the principal economic centers of the country and in activities related to the services and the trade. The informal sector in Tunis supposes 50 % of the not agricultural employment. Regarding the participation of the woman in the above mentioned sector, it is estimated a 39 % of the feminine employment.

According to information of the National Institute of Statistics and of the National Box of Social Security, 82 % of the Tunecin companies is composed by less than 6 persons, Being calculated that they exist around approximately 340.000 microcompanies in Tunis. For this business type it turns out very difficult to improve his competitiveness owed, among other reasons, to the difficulties to accede to the financial system and for the hiring of qualified personnel.

The great majority of the formal banks do not intervene in the agricultural and rural development (farmers' small business) due to the high costs of transaction of these small operations. Except for some programs of support in the periphery of Tunis, other programs of help do not exist to the urban microcompany. In the same way the majority

of the NGO (non government organizations) are more active in the rural area than in the urban one.

#### **4. The Microfinance in Tunis**

Tunis is a country with few activity in the microfinance area. The strong state investment is also noticed in the development of this sector, stopping to feel his influence due to a regulation in certain way very restrictive.

In 1999 there took place three events of particular importance for the development of the Microcredits in Tunis:

- The decision made by the President of the Republic to promote the microcredit.
- The promulgation in July of this year of the Law n ° 99-67 that establishes the legal terms of microcredit by the associations.
- The creation inside the Department of the Woman and the Family of a mechanism of support for microcompanies managed by women.

The juridical frame of the microfinance in Tunis has special characteristics that are reflected in the mentioned law and that it is different to what would be reasonable to expect, Some of the major obstacles for the development of the microfinance sector are: not allowing the entities to apply an interest superior to 5 %, to prohibit the collection of commissions and to prevent the captation of deposits and private savings. This Law also regulates other aspects such as the maximum amount of the lendings, That cannot overcome 1.100 USD or the maximum period of return, which is 3 years. Likewise it is found that in order that an NGO could grant microcredits it must have the authorization of the Department of Finance, After passing through an excessively bureaucratic process of authorization.

The department in charge of the management of the microcredits in the country is Solidarité's Banque Tunisienne (BTS), created in 1977 by a presidential order. The BTS is a bank of deposit by which the access to the microcredit is facilitated to projects that generate incomes and that create employment in the different sectors of the economy in all national territory (rural and urban area). The available investment for the microcredit program is 29 million dollars.

The BTS has established a mechanism of funding that includes, on the one hand, The grant of small credits directly to the client (operating as an entity of the first floor) And for the other , it grants microcredits with the mediation of a non profit entity as the second floor. In this second case the BTS remains flirts with the association by an agreement and by an annual program. The BTS grants a fund of 0 % of interest and each one offers the disbursement of the quantity given in four payments of 25 %. To receive the consecutive payments the entity must certify a rate of return of, at least 80 %. The entities must go to the groups more disadvantaged of the population, excluded from the conventional system of credits.

The Law forces the tunecina entities that develop programs of microcredits to apply the stipulated conditions, independently of the origin of his funding. The entities that want to be part of the microcredit system must be authorized by the Department of

Finance, and its activity endorsed by the National Fund of guarantee that covers 90 % of the unpaid credits, assuming the entity 10% of the remain .

The entities of microfinance are in disagreement with all the impediments that the above mentioned regulation supposes. Only the NGO object of our case of study Inter-Arabic ENDA is exempt from the above mentioned regulation, since it is a NGO with international statute.

## **5. Environment & Developpement dans le Monde Arabe (Enda inter-Arabe)**

Enda Inter-Arabe is an international NGO, member of enda Third world family (based in Dakar, Senegal) which is active in 21 countries world-wide. Created in 1990, enda inter-arabe is the only MFI in Tunisia with micro-finance best practices. Enda inter-arabe is a founder member of the network on microfinance in the Arab Countries, Sanabel and affiliate of Planet Finance.

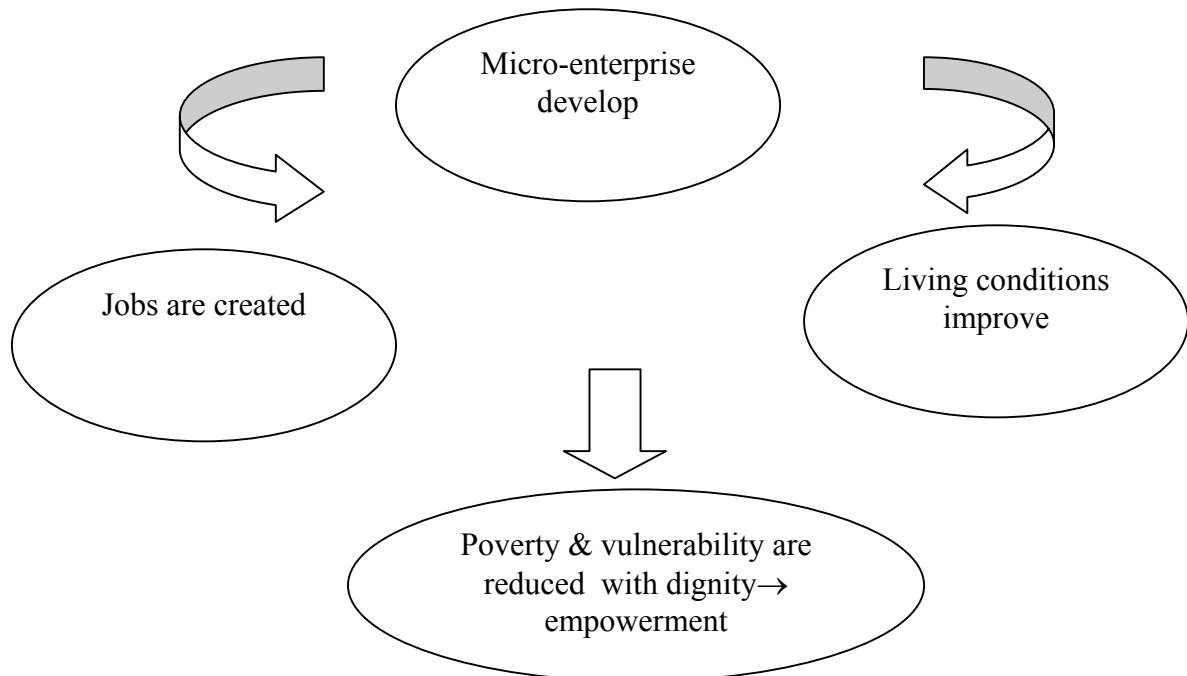
In a strict sense, it is possible to think that ENDA is the only institution of Microfinance in Tunis that one dedicates to activities related to the grant of Microcredits. Due to the fact that it is a International company, it does not suffer the limitations established by the Law of 1999, it is not forced to attach to its regulation, having freedom to apply real types of interest. Though recently it was developing also another type of programs, at present it has specialized itself in microfinance.

In 1992 it threw a program of urban development integrated, in the most big agglomeration of the urban periphery of Tunis, Hay Ettadhamen that has 250.000 inhabitants. Among its activities one finds the support to the microcompanies by means of the microcredit grant, the professional training and the orientation to the work, as well as activities of literacy, education and creativity. In 1995 a specific project of Microcredits was created, known as CRENDA, destined specially to microbusiness women. It was deploy with a capital of 20.000 USD proceeding from international Emmaus (France).

### **5.1. Enda Mission**

The enda inter-arabe mission is poverty alleviation through credit and support to micro-enterprise, with a clear vision: A loan, a job, a chance for a better life.

## The Enda philosophy of Microcredit



### 5.2. Microcredit programme

The programme was launched in 1995, enda is currently serving 17.124 active clients (with a current loan) in 28 delegations and 7 “governatores”, served by a staff of 138.

During this 10-year period:

- ❑ 82.000 loans had been disbursed
- ❑ 28.000 micro-entrepreneurs (93% women) had received at least one loan
- ❑ The cumulative value of loans granted reached 33 million DT
- ❑ A 99% repayment rate had been achieved

Enda offers three types of financial services:

Enda offers three types of financial services:

- ❑ Basic Loan

Group loans	Individual loans	Investment loans
Group-guaranteed loans	Third party guarantee	Reserved for clients with an excellent repayment record

□ Parallel loans

Seasonal loans	Express loans	Emergency loans
To seize an opportunity (2 months)	Seasonal (4 months)	To face sudden difficulties (floods, fire...)

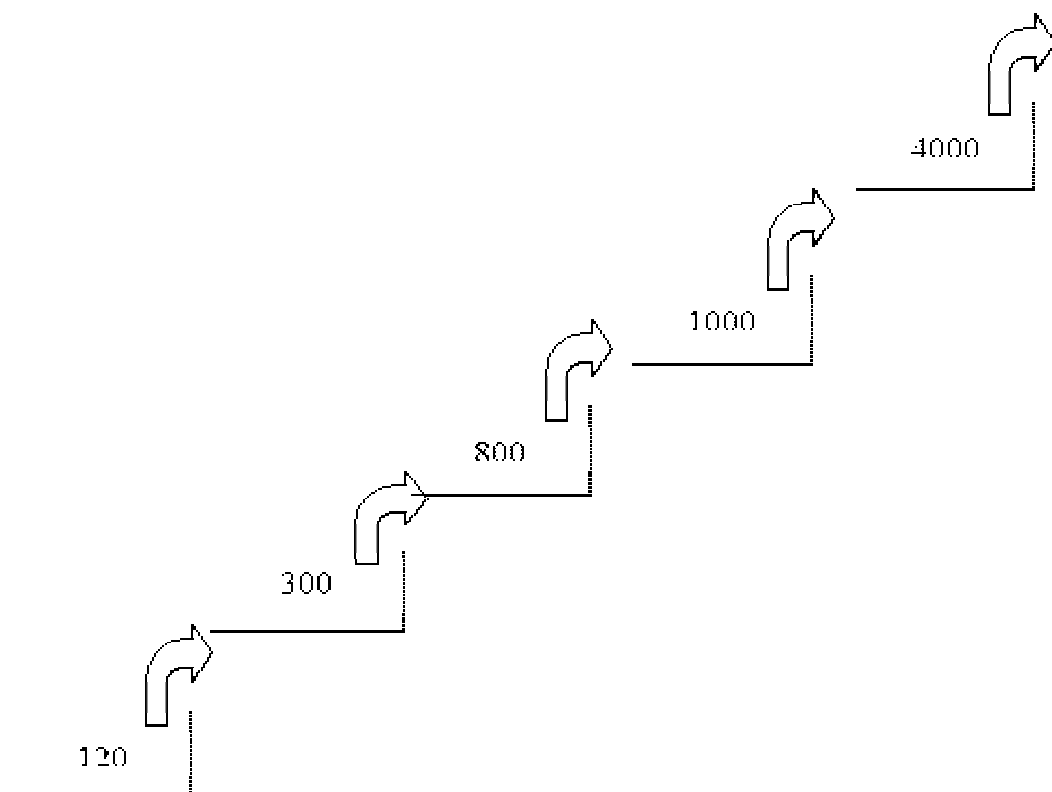
□ Social fund

Loan written off in case of death or permanent disability (and a cash remittance given to the deceased client's family)

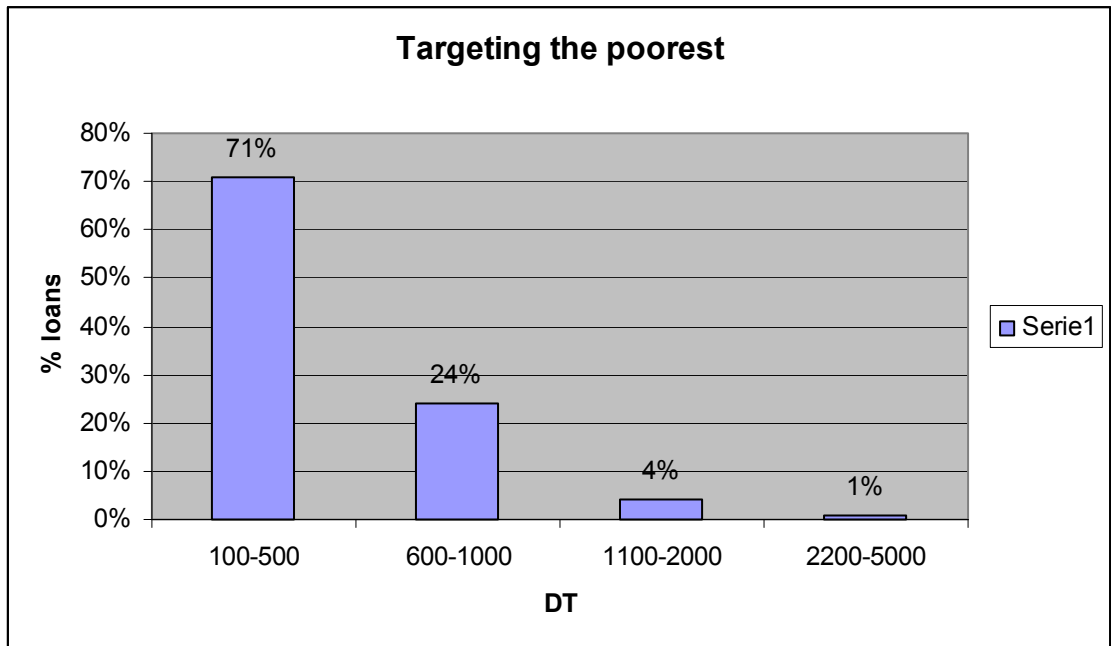
The methodology that they used is based in rapid and flexible procedures, with the guarantee of the solidarity groups or from an existing client. The clients have access to a progressive line of credit:

The average term of return is 7 months. The interests that they perceive are calculated to cover the operative costs and be able to guarantee the viability of the institution. The type of interest that Enda has been obtaining up to recent dates was 24 % per year (2 % monthly ) Having managed by means of the achievement of economies of scale to reduce it nowadays up to 12 %. It offers besides a varied scale of microfinancial services adjusted to the needs of the clients.

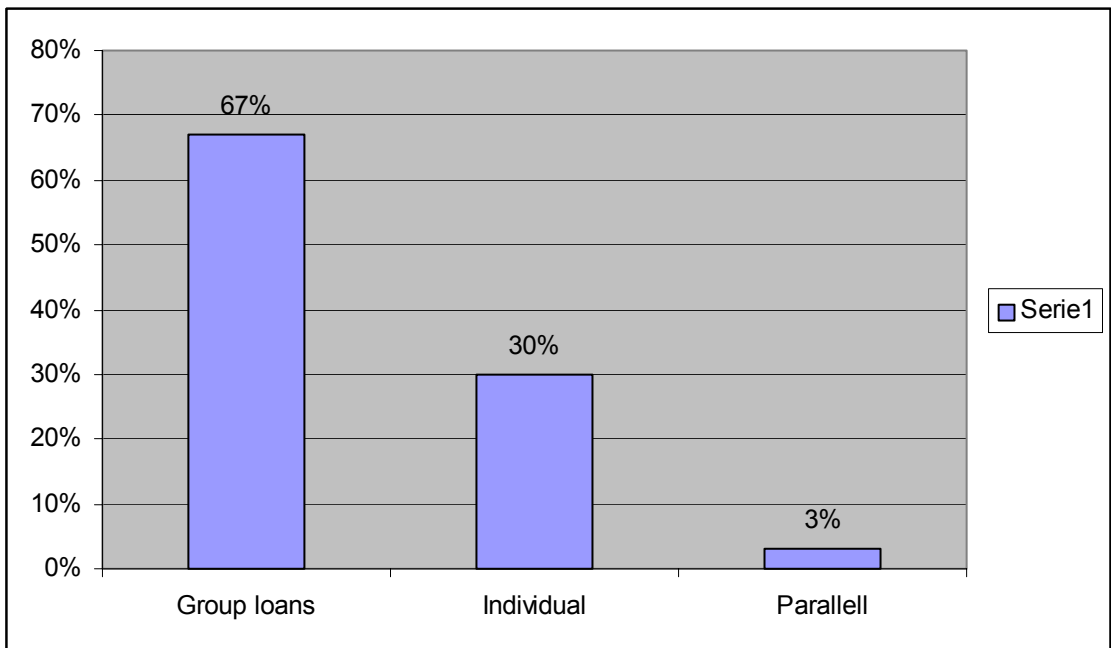
The credits are progressive as it appears in the graph, beginning with an amount of \$120 and being able to reach a maximum of \$ 4000 . The interests are paid monthly, the delays are being sanctioned and incentives are offered to the best clients.



In reference to the target 71% of the loans are  $\leq 400$  \$ , the distribution is the next one:



The active loans per loan type are showed in the next table.



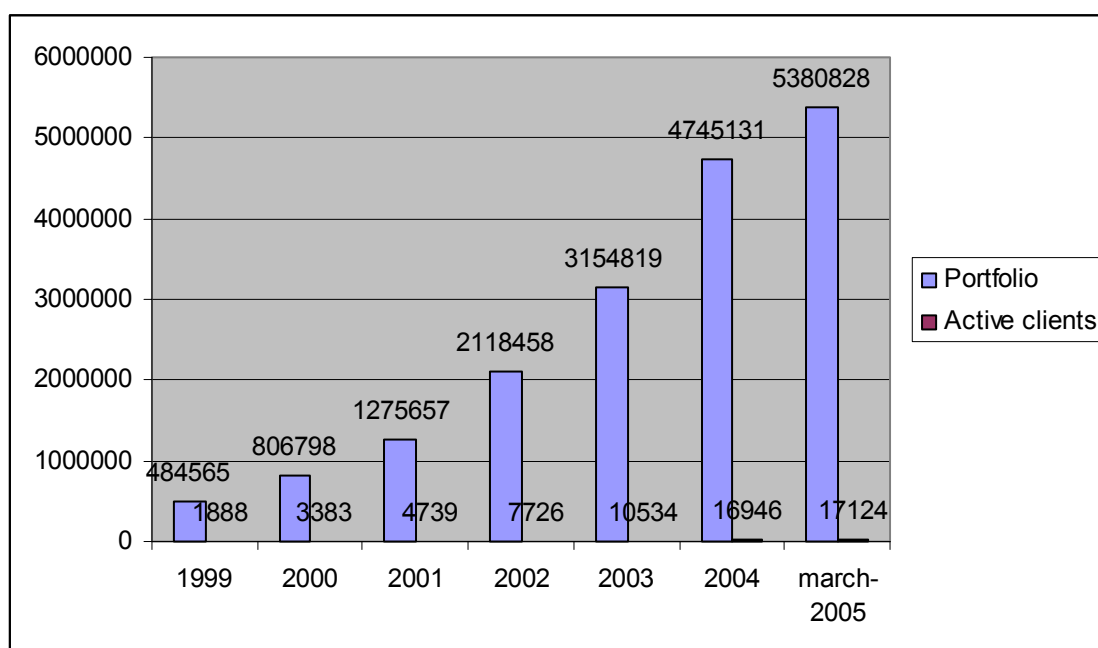
## Enda's Performance Indicators (DT)

	2003	2004	First quarter 2005	Cumulative
<b>Outreach summary</b>				
Active clients	10.534	15.946	17.124	
Outstanding portfolio	3.154.819	4.745.131	5.380.828	
Value loans disbursed	7.184.350	10.959.250	3.413.200	33.583.568
Number of loans disbursed	17.600	26.086	7.383	82.088
Average loan size	327	420	463	
New borrowers	5.402	8.260	1.999	28.447
Number of loan officers	35	48	65	
Total staff	84	109	138	
Field staff	55	72	96	
Number of branches	10	15	16	
<b>Portfolio quality</b>				
Portfolio at risk $\geq$ 30 days (%)	0,65%	0,34%	0,34%	
On time repayment rate	93,3%	93,47%	94,03%	
<b>Sustainability/Profitability</b>				
Operational self-sufficiency	128%	147%		
Financial self-sufficiency	117%	125%		
Donations to loan capital	1.4111.072	1.606.570	0	

1\$ = 1,26 DT

1€ = 1,62 DT

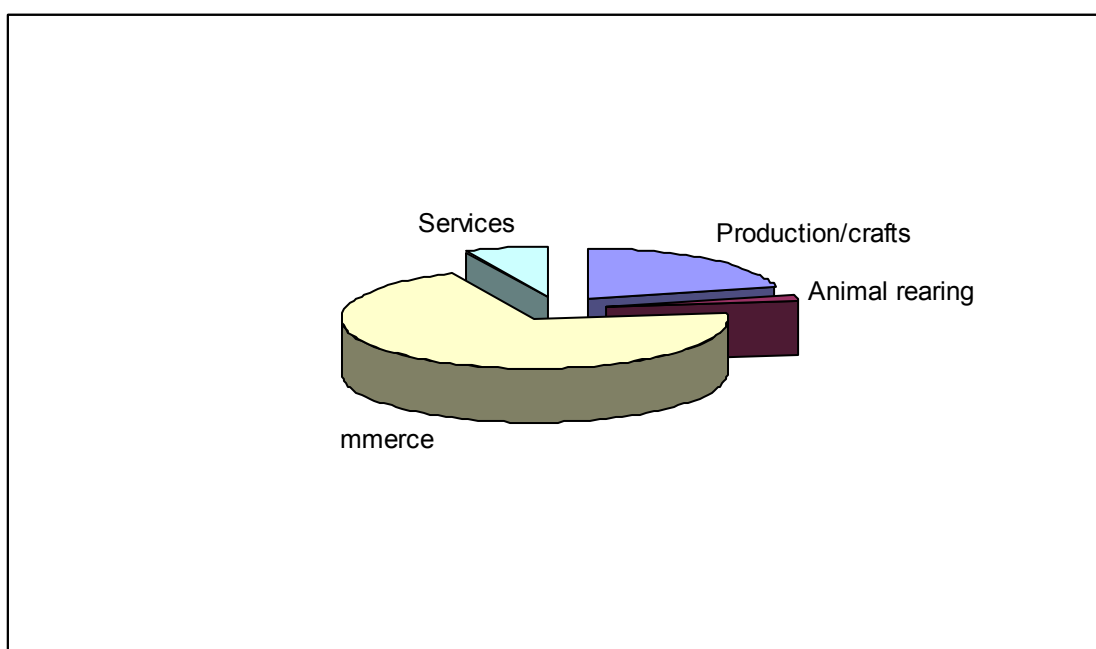
## Outstanding portfolio & active clients 1999-march 2005



### Evolution (1995-2005)

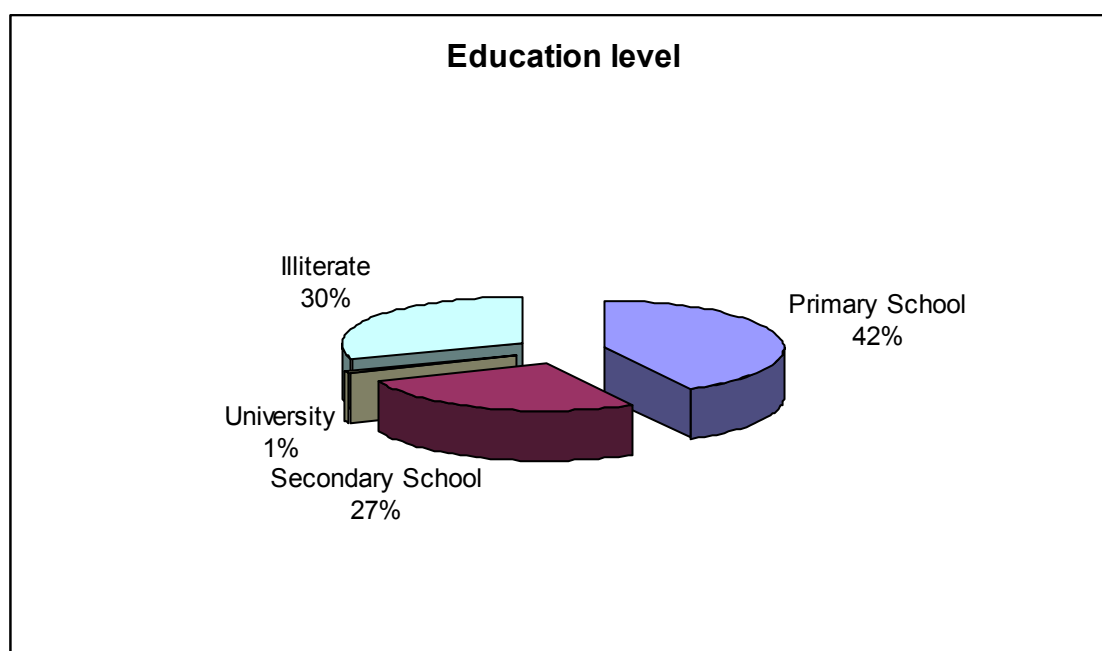
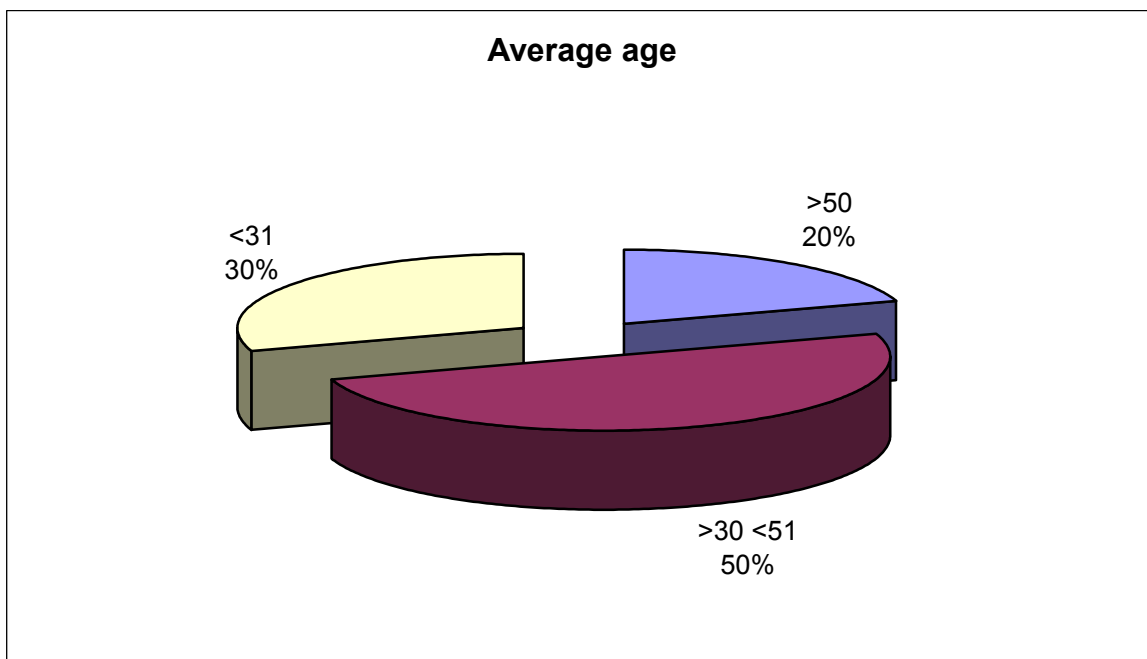
	December 1995	December 2001	31 may 2005
Outstanding portfolio	20000	1,3 million	5,56 million
Donated lending capital (cumulative in DT)	20000	1 million	2 millions
Value of loans granted(cumulative in DT)	22000	3,2 millions	36 millions
Active clients	22	4700	18391
Loans granted (cumulative)	28	18255	87944
Staff	6	44	134
Branches	1	7	17 (28 delegations 7 governorates)

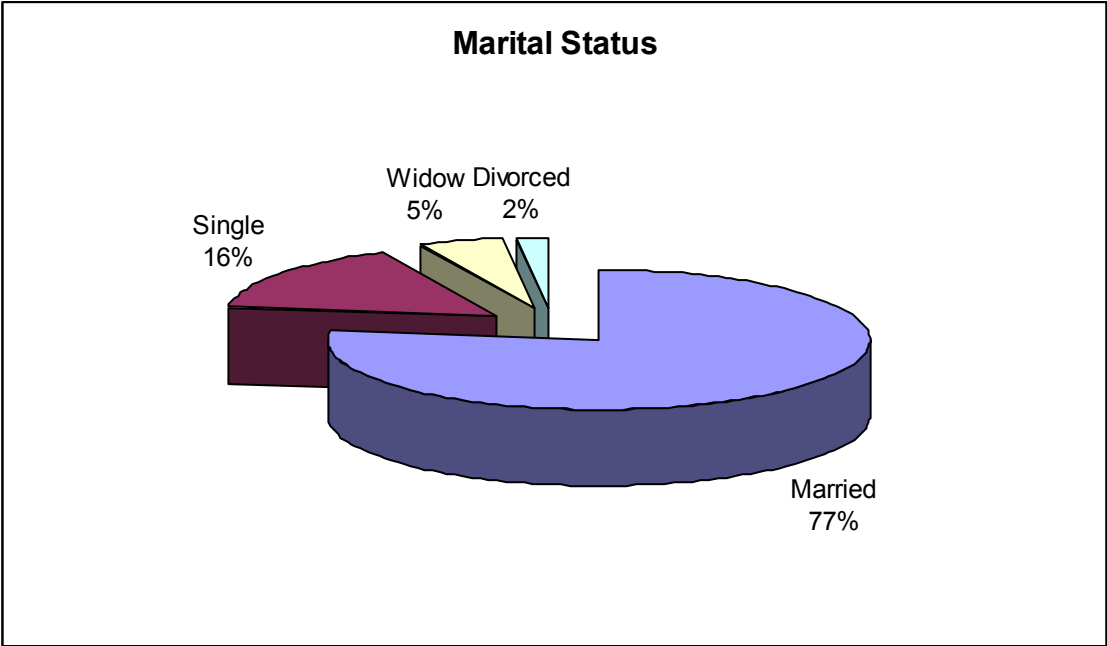
### Type of Business



### Characteristics of the clients (Borrowers)

In Enda 93% of their clients are woman



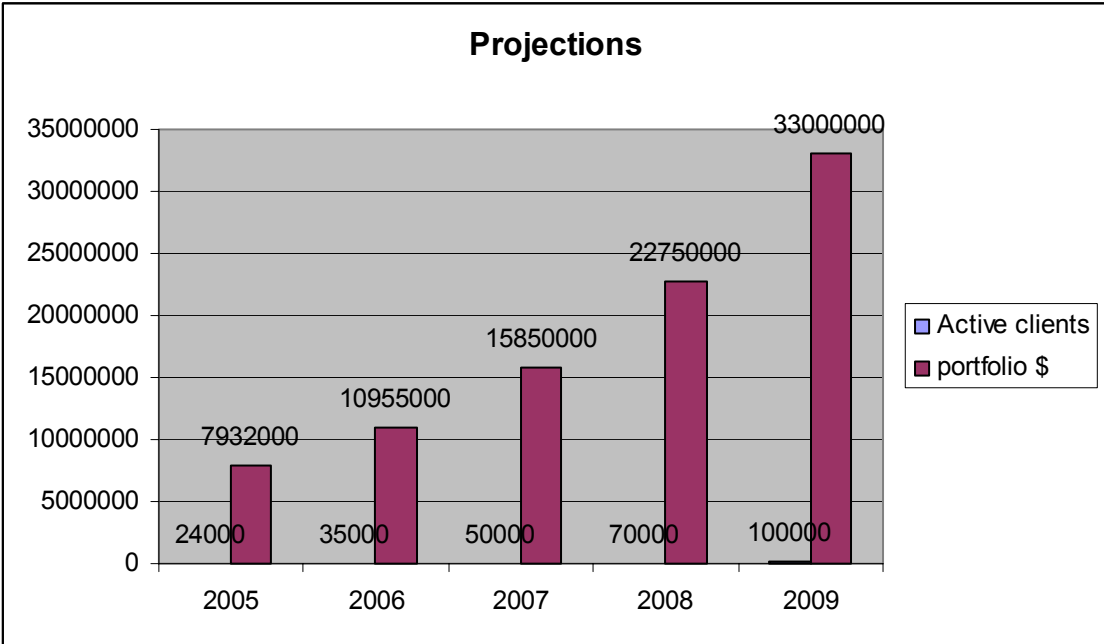


**Non financial services**

Enda tries to strengthen micro-entrepreneurs capacities by:

- ❑ Training in simple accounting and management marketing
- ❑ Counselling (legal, health, regulations)
- ❑ Marketing (trade fairs, small sales outlet)
- ❑ Supplies (excursions to low cost supply areas)
- ❑ Networking (discussion groups, excursions, parties, trade fairs, get-togethers....)
- ❑ Technical support (most clients are self-taught)

**Projections for the future**



Enda is a very active NGO. They made a movie called "Mères Courage" (that is attached to the case) where there appears the work of the institution and its effects. In addition they take part actively in meetings, seminars and conferences relative to the microcredits in the entire world and have published numerous articles about the woman and the viability of the NGO (they are attached as annexes). It was in a seminar organized by this institution in March of 1999 where the development of a microfinance network at the Arabic world was started. Network that possesses nowadays representatives of 14 institutions of microfinance proceeding from the Arabic countries.

## 6. Impact

We attach some information on the impact that this NGO is having in the economic situation of its clients and of its companies:

### Monthly benefits

New Clients	12 to 18 months clients	Old clients
199 DT	418 DT	777 DT

### Treasury crisis during the last 12 months

	New Clients	12 to 18 months clients	Old clients
Clients victims of the crisis	40%	33%	18,2%
Duration of the crisis (months)	3,75	1,25	1,14

### Improvement of the level of the company during the last 12 months

	New clients	12 to 18 months clients	Old clients
Enlargement of the place	2,9%	28,6%	8,6%
Purchase of small material	25,7%	32,4%	42,9%
Purchase of great material	5,7%	38,2%	40%
Investment in a structure of stock	0%	6,1%	14,3%
Improvement of the sales place	34%	50%	31%
Big investments in	11,4%	21,2%	8,6%

the place of sale			
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#### Income and Saving

	New clients	12 to 18 month clients	Old clients
Clients who have a saving	40%	71%	73,5%
Increase of the Saving	61,5%	72%	66,7%
Increase of the individual saving	68,6%	91,2%	62,9%
Increase of the family income	61,8%	87,9%	19,7%

#### Creation of employment and work of the children

	New Clients	12 to 18 month clients	Old clients
Creation of new employments	2,9%	32,4%	20%
To place the children as employees at the business	0%	5,8%	17,2%

#### Use of the benefits of the company during last 12 months

	New Clients	12 to 18 month clients	Old clients
To cover the family expenses	41,2%	5,8%	57,2%
Reinvestment in the project	44,1%	91,4%	34,4%
Saving	11,7%	2,9%	0%
Others	2,9%	0%	3%

## 7. Clients Interviews

Kaother Jaouali  
Client of Lamia Hmaidi  
Ettadhamen Branch

Residence: Ettadhamen  
Education: primary school, cashier diploma  
Activity: Glazier

My name is Kaother Jaouali and I am 42 years old, and the mother of three children. I was born in the south suburb of Tunis, Zahara. My mother is native of Metouia and my father is from Gabes (south Tunissia), but I was brought up in Tunis.

When my mother died, my father remarried and moved to Hay Ettadhamen and I moved to my grandmother's in Medina. I was married two years later. I met my husband at his sister's house across from my father's house in Hay Ettadhamen. He had lived in Libya and come back to set up a shop as glazier. But when he was unable to run his own business we returned to Lybia. There he had an accident. When carrying a pane of glass it broke, slashed his wrist and severed his nerves, destroying his sense of feeling in his three major fingers.

Following the accident we returned to Tunis and settled in the Darjed (medina) with his sister. He was still in a shock, and actually never recovered. He didn't want to touch glass ever again. This is where my story as glazier begins.

At that time we had no children or money. To cover our expenses we needed to sell something. Using a piece of wood from our bed, the mirror off our wall, and the bookshelves. I succeeded in making a phone desk. My nephew wanted to sell it so I gave to him asking only 30 dinars, though he could sell it for whatever price he could get. He managed to sell it 50 dinars in only a half an hour. With the 30 dinars I went to buy more glass, and began to work seriously.

One day Si Cheldy, a loan offer from enda, came to me and insisted that I participate in the Kram exhibition. After a long moment of hesitation I accepted. I had to work hard to be ready. My essential problem was my lack of money to obtain raw materials. So I went to several people to borrow money. I already have an experience with enda.. In fact, I used to sell peanuts, and had loan for my business. I worked on the glass in the back of the shop, but did not consider it to be a business. By chance, one of the loan officers came to me when I was gluing two panes of glass in the back. His was so surprised. The following day he arrived with madame Essma to encourage me to transform my passion into my full-time work.

By the second day of my first exhibition at the Kram, all my products has sold, and I was obliged to work more to meet the demand. Now I participate in all the exhibitions that enda organizes. Many opportunities have come my way and many doors have been opened.

Unfortunately my husband has never helped me and I became fed with his negative attitude. We separated, and I raised my children on my own. He returned to Libya pretending that he couldn't stand the Tunisian way of life while I become Known for the quality of my products, particularly for my aquariums.

The first credit that Kaother received from Enda was of 150 dinars, and the last one is of 2000 dinars. Kaother works alone ,her children help her in periods of vacations, she has 4 children two girls and two children. They are enrolled in school and she is very demanding with their studies, at the moment they have excellent results. She learned her trade by her self . She exposes her, work in the fair for which from 200 to 300 clients happen a day, her plans for the future it is to be able to put her, own shop.



Kaother in the stand of the fair, his daughter in the fund.



This Kaother's miniature work of art reflects the moment where the fiancée hand is asked. That day Kaother had received a request of all the miniatures exhibited in aquariums of the fair.

Emna Larguet  
Client of Aida Ayari  
Douar Hicher Branch

Residence: Douar Hicher  
Education: Primary school, Taylor's diploma  
Activity: Taylor

Emna Larguet was born in 1954 in BabSouika in the Medina of Tunis (Old Town)

My family has been living here for one generation. But we are natives of Bizerte (North Tunisia). We come from a modest background: my father was a driver in the harbour. He was very strict. We received a good education. When I got my diploma from the professional school I bought a sewing machine which I have kept until now. From my own savings, I took a several trips to France, Italy and other countries.

I married my neighbour who lived across from my family home. We rented a house in Ariana once we were married. He was a topographer but he tried to run his own business and eventually failed. When faced with unemployment he began to work with me. In fact he helped a great deal because we had discovered that he was a good designer.

The worst experience I had, which I never forgot and suffered a lot was my undergoing major surgery on my leg after I fell down the stairs from the second floor. As if that was not bad enough, I was pregnant at that time and did not have any money. My daughter, thank god, was born in 1983 and is now twenty years old and attending University,

After the accident I moved from Ariana to live with my parents in the Medina again. I took a while to be able to buy this piece of land (in Douar Hicher). Before I bought it, my friend recommended I rent space in Hay Ettadhamen, where the rent is cheaper.

I had spent years working out of my mother's home. In Hay Ettadhame, we began making hats bearing the mark of local football clubs and we sold them 800 millimes each. Little by little, we expanded the business, with my husband making the hats, and me making the skirts.

It was in 2000 that I went to the BTS (Tunisial solidarity bank) to obtain a loan to buy expensive machines, which cost me 7.000 dinars. With the BTS loan I was able to buy the machine, but Enda helped me to buy the materials to really begin my work

My first loan was for 200 dinars, but I was nor sufficient. Due to my regular and problem free repayments, I have qualified for higher loans and have able to receive 1000 dinars in loans.

The best things at enda are the exhibitions, which permit me to have the opportunity to sell my stock and turn my profit. Once, in less three days, I made 500 dinars in profit. I hope that enda open new branches in Sousse of Sfax, and even in Libya and Egypt.

The sudden death of my husband made things worse for me. His death was horrible shock so sudden. He died two days before our daughter's birthday pour soul, and he had been planning to buy a computer, a present that suited her well. But unfortunately he died before he could offer it to her. I couldn't bear it. Then my father died six months later. To this day, I feel bitter.

When I was in despair, a manager of handy craft agency come to me and suggested I train a small number of girls and in return the government would give me financial support. This helped me greatly because I have no pension. And of course, I continued to work on my own. I spent half of each day training and the other half sewing.

Madame Essma, a woman whom I admire a lot for her modesty, has encourage me to innovate. These days I am so downtrodden, the only thing that I want to do is sew on my machine.

In the interview that we had with Emna she told us that nowadays she was selling her products in five hotel shops. She has 8 persons working with her depending on the season, The winter is when they have a lot of because of the Ramadan the demand increases very much. Several of them are disabled. Her daughter who studies economics helps her in this time of the year. She has received formation to design with modern techniques. In Enda she has learned accounting and communication in the negotiation. Habitually, she asks for loans when she needs to buy new materials. Her plans for the future are to have a bigger shop and she wants to sell to Lybia, Europe and Egypt.



At Emna's workshop several employees are working



Emna in the foreground with her workshop in the background

Leila Saida Argüi  
Client of Nizar Toujani  
Douar Hicher

Residence: Douar Hicher  
Education: Primary school  
Activity: Photographer

Her name means *happy night*. She was born in the night of destiny which corresponds to the 27<sup>th</sup> of Ramadan.

I am 41 years old, born in Tunis and brought up in Ras Darb (neighbourcapital). My family is from Tozeur (South of Tnisia)

My parents were blue-collars workers. My father had a grocery and my mother was a cleaner in the post Office.

I met my husband in my sister's wedding. He was a photographer. When we got married, we set in this small house with his three children. He was a widower. At the same year, I gave birth to Montasser and then Tarck. I was strict with them to ensure a good education.

He had a shop at the Orient Palace hotel and I went to assist him. Finally, we found that the cost was too expensive so we closed it. At the same time, I learned from him the art of photography,

I really need it when my husband went to prison for beating of his daughter. To provide money for my children and pay the lawyer's expenses. I was obliged to take of his photography work. I even sold my jewellery.

The fact that his daughter's accusations were the cause of his imprisonment hurts me a lot.

During that period. I bought a new camera. The first loan that I got from enda was 200 dinars and little by little I reached 1000.

I want to buy a new printer before my husband is released.

In the interview that we had with Leila she told us that from the first credit of 200 dinars She was obtaining successive credits of increasing quantities as 400 dt, 500 dt, 600 dt, 1000 dt, 2000 dt. And she has received of Enda formation in accounting and communication with her clients. They have bought the place in 2004, and now her idea is to invest in new technology, in concrete to buy a new camera.



Leila in her shop of photos.



Leila in the door of her shop

**Attached 1.**

**MDF3  
Cairo, Egypt, March 2000  
Civil Society Workshop Rehearsal**

**Empowering Women Through Micro-Credit:  
A Case Study from Tunisia**

**presented by  
Essma Ben Hamida,  
Co-Director, ENDA Inter-Arabe, Tunisia**

**Cairo, March 2000**

## **Empowering Women Through Micro-Credit: A Case Study from Tunisia**

**presented by  
Essma Ben Hamida<sup>3</sup>,  
Co-Director, ENDA Inter-Arabe, Tunisia**

The image of the Muslim women in Western eyes is often a caricature: veiled, submissive, sharing her husband with several wives, barred from the workplace, confined to an indoor role, eating sweetmeats all day long...

The reality is that the condition of many women in many Arab countries is changing even where the law remains very much male-biased. In Tunisia, economic realities, women's determination to tear free from submission, and the law have all combined to contribute to the on-going process of women's empowerment.

But before continuing, I should like to say that in my experience of several Western countries, the realities of women's situation vis-à-vis still male-dominated society are not all that different from the realities of Arab women, whatever the rhetoric and however favourable legislation may appear. Otherwise, there would not have been 35 000 women from all over the world at Beijing in 1995 proclaiming the need to "see the world through women's eyes".

To return to Tunisia, mention must be made of the official status of women as embodied in the law. In the 1930s, a Tunisian philosopher, Tahar Haddad, was at the forefront of the nascent debate world-wide on women's status and role in society. He dared suggest at that time that women were equals of men and should be treated so, that they should abandon their veils and free themselves from the constraints imposed on them at the time.

In 1956, immediately after independence, under Tahar Haddad's influence, a law was passed by Parliament on the Personal Status Code. That law introduced many positive changes for women such as abolishing polygamy and giving women the right to vote. In the 1990's further improvements have been added, in areas such as custody over children and nationality.

In the early 1990s, a Ministry for Women and the Family was set up under the Prime Minister's Office and in 1999 this ministry gained its independence and is now a fully-fledged part of government.

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<sup>3</sup> This contribution reflects the empirical observations in the context of a fairly young and still small micro-credit programme run by the NGO I founded in Tunisia, ENDA Inter-Arabe.

Women are to be found in senior positions throughout Tunisian society, from Parliament and high-ranking civil servants to public agencies and private enterprises, from Universities even to the police and armed forces and at least one Tunis Air pilot.

### Poor Women and Family Business

I shall concentrate my remarks on the experience of the organisation I founded in 1990 and still head, ENDA Inter-Arabe, which has been working in a poor suburb of Tunis for nearly ten years. More specifically, I should like to talk about poor women, and the work we are doing with them to accompany them on their path to empowerment, and how much we learn from them and the encouragement and stimulus we derive from being with them. An important thing we have found out is that however well-devised the laws may be, they will be of little assistance to women unless the rights the law confers are known and understood by all.

### Hay Ettadhamen

The suburbs we work in are Hay Ettadhamen and El Omrane, to the north-west of Tunis. Originally a region of small colonial farms, the area was first settled with a few families in 1963. By 1975, the population had reached some 7000 and today it is estimated at some 400 000. The population stems mainly from rural exodus, especially during the 1970s and 1980s and the population still retains many rural characteristics both in the way they organise and live, operate through clans and so on.

Of course, Hay Ettadhamen and El Omrane, being composed of poor people with skills often poorly adapted to urban life, is prone to many of the ills typical of poor suburbs everywhere: high rates of school failure, low levels of training and professional skills, high unemployment and underemployment, especially among the under-25s, the violence and petty crime which are often linked with "idle hands".

However, as one visiting French Ambassador pointed out, Hay Ettadhamen is far from being a shanty town. All the houses are of brick or concrete, usually self-built and owner-occupied, though often with few amenities inside. Home improvements are made slowly but surely. Nearly all the homes are linked to the electricity grid and mains water supply. Main roads are metalled. There are three dispensaries and one out-patient hospital.

But despite the efforts made by the government, problems remain. Most side-roads are still dirt, meaning dust in Summer and mud in Winter. Many areas have no drainage, and garbage collection is often problematic and irregular. The places in the 30 primary schools and 10 secondary schools remain insufficient for the young population. Transport, vastly improved over the past ten years, is still expensive for the population and inadequate. But just as the population is slowly improving their homes, so the government is slowly improving the public amenities. But the problems are considerable and solving them will require considerable means and a creative approach.

### **Women: their starting point**

- The women of Hay Ettadhamen/El Omrane are mainly the product of rural exodus, with few skills adapted to the urban market, mostly

- illiterate, poor. Their daughters were often born at Hay Ettadhamen though they are not necessarily better equipped for the town.
- Many work as house maids or, if they are lucky, find work in a local textile factory.
  - They were usually married young, between 16 and 18, to poor, unskilled and uneducated men, often their blood relations, who find unskilled occasional work in their new urban setting.
  - When the young couple moves to the suburbs of Tunis or other towns, they begin living with relations or rent a single room. But the women dream of a place of their own.
  - Generally they are shy, still wear their *safsari* (the rather elegant Tunisian version of the veil), have no experience outside their family, lack self-confidence, not daring to question their husband, their in-laws, or their new community, yet they usually have hidden skills and silent desires.
  - They spend all their time raising their families, looking after the home, and watching soap operas (often Egyptian) on the TV, which also fill their dreams.
  - Many face family conflicts and, at the risk of generalising, experience shows many cases of domestic violence (often alcohol-related), abandonment by husbands who simply disappear without divorcing or paying alimony, dictatorial male family members, blind application of rules by local authorities which can lead to demolition of illegally-built or other dramas, difficulties in registering children at school when the family is not regularly registered in town, problems of maintaining children at school for reasons of cost.
  - They are victims of male interpretation of religious and legislative texts aimed at keeping them in their lowly position of dependency.
  - Moreover, they usually lack access to information about their rights and duties and the many opportunities that Tunisian legislation and society afford them.

### **The crisis which can open the door to empowerment**

Often in the lives of these women, an economic crisis can spark off a positive change in their lives. It may be the sudden loss of his job by the income earner or serious sickness or death which deprives the family of its means of subsistence, divorce, abandonment, increased needs or demands by the children, the imperative of raising family income to keep the children at school, or many other causes.

Such crises can lead the reclusive wife to surpass herself in order to ensure the family's well-being.

Many poor women are discovering that house cleaning and factory work, too constraining, are not their only options and that by setting up a micro-enterprise, they can find a solution to the dilemma of looking after the house and children while earning some money. Others, former beneficiaries of State handouts, have today understood that they can become self-employed and hold their heads high.

### **Women's Dreams**

Once they have broken out of their cocoon and seen the prospects open to them, many women dream of improving their families' economic well-being, setting their children, especially their daughters, on a path to a better life through school, and even university which they never dreamed of for themselves, improving their own social status, of gaining self-confidence and dignity, of deserving the respect of their husbands and neighbours, of developing their own income-generating project, of travelling, of negotiating and defending their rights, of succeeding in their dreams and helping others.

### **Changes statistics do not reflect**

In the ten years since ENDA first observed the women's situation at Hay Ettadhamen, a positive revolution has taken place. Women have invaded the public space: the markets, the streets, public transport, even aeroplanes. Women are today fruit and vegetable vendors, run second-hand clothes stores, are hairdressers and photographers; there is even a female butcher and at least one taxi-driver. They operate in the open in an area where a decade ago the philosophy of religious extremists projecting the distorted image of women's role and place was rampant, and women largely confined to an "inside" role.

It is worth noting that the rapid expansion of the population of Ettadhamen/El Omrane is a plus for micro-entrepreneurs since it entails a constant increase in demand for products and services.

It is impossible to confirm through statistics, official or not, the empirical evidence of change we observe on the ground every day.

- an increasing share of family incomes in poor suburbs is today female-generated.
- in a not unconsiderable number of cases, women (mother, sisters) are the main income-earners.
- many women have become effective (financial) heads of household.
- as stable male jobs are becoming rarer due to trade liberalisation, many men are in insecure employment, often on a daily basis.
- men are accepting the fact of their wives' new role and are beginning to encourage and link up with them.

What is encouraging in the current situation is that as more women see their dreams come true, so the critical mass grows and this encourages still others to dare to take that crucial first step.

### **The Brakes on the Path to Empowerment**

It is well-known that women micro-entrepreneurs face several obstacles to their way for self-employment, including:

- difficult access to capital
- low levels of knowledge including literacy and numeracy skills
- lack of training
- inadequate market knowledge, for both purchases and sales
- conservative traditions in their families and society at large

- shyness and lack of public experience.

### **Strategies for Action**

Despite all these difficulties, women have no choice but to act, and inspired by their dreams and by necessity, they invent 1001 strategies to overcome the obstacles in their path in order to supplement the inadequate incomes their husbands bring in, when it is not to provide all the family's income.

The strategies they develop include:

- setting up some form of enterprise: this is usually trade (Tunisia's Phoenician past must not be forgotten) since this is all that is available to those without adequate training and experience in urban-related production or service skills
- transforming a "garage" in their house into a work place
- venturing out into the market or urban space
- negotiating for a new status with their husband or another male family member, but also with other males including town hall staff, suppliers, factory owners
- working in association with their husband, daughter, neighbour
- learning to read and count
- exchanging and learning from others
- networking with neighbours and women (or men) working in the same field, even abroad
- expanding their markets by returning to their place of birth and using family members who stayed there
- encouraging other family members or neighbours to set up their own micro-enterprise
- providing security and a new stable base for the family by purchasing a plot of land and building a home
- saving informally and later at the Post Office or a bank
- using their creativity and inventiveness especially in seeking new markets
- seeking out new partners to develop their business.

### **ENDA's Facilitator Role**

ENDA Inter-Arabe, part of the ENDA Third World family launched in 1972 and now represented in 14 countries world-wide, launched an urban development programme at Hay Ettadhamen in 1992. Today it is composed of:

- a programme for youth economic and social integration
- health education, mainly for women
- a micro-credit programme
- functional adult literacy (half the students are from the micro-credit programme)
- training in simple accounting and management
- D regular information sessions (health, legal matters, marriage and divorce, taxation, banking services, municipal services...)

- exchanges between micro-entrepreneurs, especially women, with ENDA staff as facilitators.

In the field of credit:

- ENDA's vision for its micro-credit programme is to see "low-income families, mainly women, moving towards sustainable economic security with dignity and self-confidence through entrepreneurship, self-employment and meaningful participation in community life".
- ENDA's micro-credit programme was the first source of institutional credit at Hay Ettadhamen available to low-income women
- It provides a line of credit, with renewable and increasing loans for reliable clients; some clients have reached their 6<sup>th</sup> loan
- Originally it was aimed only at women; then men were admitted. But today, given the relative unreliability of men, the programme is again increasing women's participation; currently they represent two-thirds of the clients and we are aiming at 80 per cent by the end of 2000.
- No collateral is required but group guarantees are now the rule
- 67 per cent of loans are currently made through groups but individual loans are available for dependable clients, be they women or men
- The average loan size is DT430
- The average loan term is seven months
- The capital is still small (DT450 000)
- 4300 loans have been granted to 2500 clients for a total value of DT1 800 000
- There are currently 1900 active clients
- The outstanding portfolio is DT475 000
- The overall repayment rate is 98%
- Despite being small, the programme is 50 per cent self-financed through programme-generated income.

The vast majority of micro-enterprises in the project are directed at the local market. However, well under 10 per cent of the micro-enterprises we have supported have gone bankrupt (compared to a national average estimated at closer to 30 per cent). This tends to show that the local space constitutes a form of protection from the globalised, cut-throat economy championed by the World Bank and IMF.

The following are the main characteristics of ENDA's women clients as of December 1998 (since then, socio-economic statistics have not been kept systematically);

<b>Average age</b>	<b>40 years</b>
<b>Education</b>	
Illiterate	37
Primary School	37
<b>Civil Status</b>	
Married	78
Unmarried	11
<b>Type of Business</b>	
Commerce	69
Production	24
Services	7

We are currently separating out the micro-credit programme from the other activities and shall be providing training and literacy classes from a separate but linked entity, still under the ENDA umbrella.

After funding from the Ford Foundation for the preparatory stage, the programme is mainly supported by:

- The European Commission
- Two Spanish NGOs, Intermon and IPADE, and
- The Tunisian Ministry for Women and the Family.

### **The Signs of Empowerment**

Since ENDA's micro-credit programme was launched in 1995, some 1500 women have obtained loans from it. In the past two years, some of them have also used the new source of credit newly available from the Tunisian Solidarity Bank. The following shows some of the ways these women have used their loans to gain emancipation and empowerment. It is not based on theory but the fruit of actual observation over the past eight years and discussion with the women concerned.

#### **Economic empowerment**

*Generating and controlling income* is the starting point for other forms of empowerment. It enables women to learn to handle cash and, by managing their micro-enterprise, to learn how to handle the family budget and manage debt. This allows them to impose their viewpoint on family decision-making and to take certain decisions alone.

Attention should be especially drawn here to the phenomenon of *savings*. Sometimes putting aside even 10 cents at a time, women literally place their savings under the mattress or under a loose tile in the kitchen and much more rarely in an account. Their savings take the form of cash but also, more traditionally, of jewellery. But quite a few clients put aside part of their loan, on which they pay interest, to have a

ready source of cash available for emergencies. They use their savings for family improvements, to purchase a vehicle for their business, but when times get good, also to equip the home with a satellite dish... Tunisian law does not allow us to mobilise savings for the credit programme; if it did, we believe we could serve our clients a higher rate of interest than they earn currently in formal institutions.

### **Empowerment through the Business**

By gaining promotion, through their own efforts and willingness to take risks, from home cleaner or factory worker to independent business person, the micro-entrepreneur gains status and independence. They develop business skills through experience and, more rarely, thanks to training we and others may provide. They learn to diversify the lines of goods they sell, and then diversify their business itself. Sonia, for example, who previously worked for ENDA, first opened a pastry shop (now managed by her brother) and today also has a crèche. They develop multiple activities as survival and expansion strategies, are adaptable, and above all learn not to sell on credit. Sales on *credit* also merit a special mention: they are all too frequent and can amount to considerable amounts which eventually undermine the whole micro-enterprise.

Lamia, who produces elaborately embroidered wedding dresses, provides an excellent example of business skill development through improved management and networking.

Women quickly develop a capacity for *exchanging and networking* with similar or complementary micro-entrepreneurs, and develop partnerships, with women but also with men.

They learn to *negotiate* not only within the family but also with suppliers, the local authorities, middlemen. This sometimes includes overcoming unreasonable demands regarding social security payments, taxes, even the courts.

They devote a huge amount of time and energy in their micro-enterprise, and many achieve substantial improvements in the quality of the products and services they provide. This is striking with regard to Hayet, a seamstress.

In the area of *accounts*, many micro-entrepreneurs make no distinction between the business and family purses, taking for the till to purchase goods for the family and, more rarely, vice-versa. Stopping this practice is an early lesson that has to be instilled, along with avoiding sales on credit. Moving on to actually keeping accounts is an important further step. Many, when illiterate and innumerate, such as Selma, Hbara and Halima, seek assistance from their children or a literate female neighbour for accounting.

We also believe the clients have developed a sense of appropriation of the enda programme which is manifested by the way they promote it in the neighbourhood, and through participation of some of them in the client committee.

## **Personal empowerment**

For these poor former rural women, *literacy and numeracy* constitute a major step to personal empowerment, enabling them to do away with assistance and dependency on others, especially their husbands, to understand documents, to calculate and generally to defend themselves. For example, they no longer sign a document without first being sure what they are signing for. At the market or in a store, they know how much to pay and how much change to expect.

Access to *information and knowledge* of their rights is another important factor. Tunisian legislation provides many advantages for women but so long as they are unaware of this, they are in a weak position. As seen above, ENDA provides information which contributes to their empowerment. But this reaches only a small share of its clients due to its limited capacity. However, information circulates efficiently by word of mouth. Khadija, originally very naive, can be quoted in this respect: today, it is she who informs others.

*Participation in decision-making* in the family and in the micro-enterprise constitutes another form of personal empowerment. It should be remembered that most of these women began their lives as submissive wives who did not dare leave their homes.

Financial autonomy brings with it *dignity*. Their newly-gained knowledge and capacity to take and influence decisions provides them with *self-confidence*. Their new status affords them the confidence of their partners and suppliers who accept their word and therefore are frequently willing to defer payment for goods delivered. Fatma is especially proud of this and of the *respect* she now commands in her community, acting as a peace-maker in certain family disputes. Many end up gaining the respect of their husbands, formerly jealous and cynical about their wife venturing into business.

Self-confidence is perhaps most symbolically manifested when they finally leave their veil at home. But it is also expressed by refusing certain traditions. In terms of marriage, for instance, several of our clients have refused to wed cousins or others presented to them by their families, or have deferred marriage well beyond the usual mid-20s in order to consolidate their business first. Rym, a photographer, now 32, broke off her engagement in order to pursue her career, and Hayet the seamstress, only married a year ago, aged 33.

*Travel* is another sign of independence and confidence. An interesting evolution can be noted. First, they venture alone outside their homes. Then, they travel to other towns in Tunisia to seek markets or supplies. The final stage is when they take off to foreign parts such as Libya, Turkey or Syria, by public land transport and increasingly by plane, to buy goods in what is known as "the suitcase trade". Manoubia, now aged 47, rapidly moved through these stages.

## **Family empowerment**

An important example here is home-making. It is generally the woman who stashes away savings, usually unknown to her husband, to make a down payment on a small plot of land and, later, to begin building. She is also the one who uses her savings

for home extension and improvement. Yet tradition is still so strong (it is up to the man to house his family), that some women register in their husband's name the house they have built entirely from their own efforts and savings.

Other factors of empowerment within the family have already been mentioned such as participation in decision-making on economic matters but also in keeping children, especially daughters, at school, which prepares the way for early empowerment of female offspring. Empowerment within the family also derives from the fact that the mother's micro-enterprise often provides jobs for family members, usually daughters or sons but also sometimes the husband. Enterprise creation for family members, such as in Sonia's case, has also already been mentioned, and several women clients provide a guarantee which opens up access to a micro-credit loan for their under-age children, usually sons.

### **Public and political empowerment**

Participation in the micro-credit programme constitutes an apprenticeship of democracy through the self-managed solidarity groups which elect their president and treasurer: in many mixed groups, a woman has been elected as president, an astounding development in a still male-dominated society. By participating in the clients committee, mentioned above, they also realise they can have an influence beyond the family and out to the (semi-)public space.

Other manifestation of public and political empowerment come through participation in public meetings, a willingness to speak up (since they have information which makes this possible). Several have joined the ruling party, in itself a source of prestige. But on a more mundane level, several have gained an informal leadership role in their communities thanks to their independence and reputation for seriousness as a result of their micro-enterprise.

### **The Vision**

Strikingly but not surprisingly, most women micro-entrepreneurs have clear and planned visions of the future. Once they have launched their micro-enterprise, the visions are no longer mere dreams. These include:

- carefully planned expansion of the business as well as diversification,
- taking part in trade fairs in Tunisia and abroad (Hayet and Lamia)
- ambitions for the children, starting with seeing them through their primary and secondary education, including paying for private lessons, but beyond school to university, and even studies abroad: one client is actually paying for her son to study in Ukraine.
- personal ambitions, beyond learning to read and write (half of the female clients are illiterate), often include making the pilgrimage to Mecca, but also political ambitions at local level.

### **The Downside**

All this sounds, and is, extraordinary and a strikingly rapid evolution of the situation of these former peasants now living at Hay Ettadhamen. Most benefit from the

positive fallout of being a micro-entrepreneur, even if it is only the experience. But not all of them succeed so brilliantly and even success does not come without difficulties. On the downside, several examples can be given:

- The female micro-entrepreneur's total workload increases substantially since, especially in the early stages, she cannot give up household work despite the micro-enterprise.
- Often, especially when the husband is out of work (factories are closing under the impact of more open markets), he slowly loses his authority over the children or relinquishes these responsibilities to his wife, loading on her head the concern with the children; "I am both the mother and the father" says Mbarka.
- By virtually taking over the family affairs as well as her business, the micro-entrepreneur gets the impression that her husband is "useless"! This may not be good for family unity.
- The micro-entrepreneur is torn between business and family, especially when her work is not located at her home, or when she has to travel. Many are obliged to leave fairly young children to fend for themselves, and even if they have the capacity to help with school work, this is difficult after a long day's fatigue.
- Decisions to keep children at school or not may be linked to the enterprise: if it is thriving, it may need one or more of the children to help; if it is in difficulties, the cost of schooling may be too much.
- They are prone to stress and fatigue and this exposes them to accidents and ill-health.
- They sacrifice their own interests to their enterprise (which is often conceived as a means of providing a better future for their children)
- Local officials tend to be over-zealous in applying rules and regulations such as payment of social security contributions, regulations regarding hygiene and security, and business taxes. Women entrepreneurs tend to be targeted since they are perceived as less able to defend themselves (though they are beginning to do so, as illustrated above).
- By thus formalising the informal sector, already fragile enterprises with already low profit margins are placed at risk of simply folding. In this respect, however, it is interesting to note that well under ten percent of the micro-enterprises supported by ENDA's micro-credit programme have gone bankrupt since we opened five years ago.
- They are exposed to sexual harassment merely to obtain their rights, with very little recourse to justice given their poverty and low status in society at large (ENDA provides legal advice).
- Finally, despite the positive examples quoted above, women still have only a limited impact on local public life, meaning their specific concerns as mothers, citizens and entrepreneurs are rarely taken into account.

In conclusion, in our experience, the micro-enterprise does provide a path to empowerment for many women. But that path is steep and has many pitfalls.

Cairo, January 2000