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

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

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D R A F T**

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This contribution reflects the empirical observations in the context of a fairly young and still small micro-credit programme run by the NGO, ENDA Inter-Arabe that I founded in 1990 in a poor suburb of Tunis, Tunisia.

ENDA as a Facilitator

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 the programme is composed of:

- 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
- 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.

More specifically with regard to 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 "unbankable" low-income women
- It provides a line of credit, with renewable and increasing loans for reliable clients; some clients have reached their 6th 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 under (compared to a national average for bankruptcy that can be 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 being championed by the World Bank, IMF and the global business community.

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 Case Study of Tunisia

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, Taher 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, and 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.

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.

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 200 000, and 300 000 when neighbouring poor areas are included. 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 75 per cent 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, often 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 houses 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 yen 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.

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 including 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 Jomaa.

- 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 during the day, 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).
- When the informal sector is thus prematurely formalised, already fragile enterprises with low profit margins are placed at risk of simply folding. In this respect, however, it is interesting to recall the already-mentioned resilience of the micro-enterprises supported by ENDA's micro-credit programme.
- 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.

Tunis, February 2000