UNIVERSITY OF KHARTOUM
INSTITUTE FOR STUDY OF PUBLIC ADMINISTRATION AND FEDERALISIM

THE IMPACT OF MICRO-FINANCE IN GENDER, POVERTY REDUCTION AND EMPLOYMENT GENERATION: A Case study of Financial Institutions in the Sudan

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DEDICATION

To the Soul of my father and To The Powerless Poor in the Sudan.
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ABSTRACT

The purpose of this study is to investigate and analyze poverty problem. During the last decade unsustainable external debt compelled most of these countries to enter into a painful adjustment process in the late 1980. The economic reforms demanded by this process soon created important distribution effects. At the local level many people lost their jobs and became poor and excluded as a result of measures taken to downsize public administrations and privatize public enterprises. The opening of borders and the subsequent inflows of goods and services caused local industries that were not competitive to close down and lay-off workers. In the long-run, the economic growth achieved through these transformations is expected to create enough new job opportunities to compensate for the present loss in wealth and stability. In the short term, however growth has not been steep enough to absorb those who were laid off. It also could not provide enough resources to enable those who were unable to extricate themselves from poverty to survive. Poverty and exclusion as a consequence, quickly spread out and became more than the moral concern they had been for centuries. They became in fact the most pressing political, economic and social issues that governments needed to address.

The main aims of this study is: 1. To examine existing measures to help the poor in their entrepreneurial activities. 2. To assess the impact of microfinance carried by some of the Government Organizations (GO’s) and None-Governmental Organizations (NGOs) in poverty reduction, highlighting the importance of the social protection nets. 3. To identify areas where there is no policy at all, and to examine the absence of relevant on the promotion of small enterprises. 4. To identify policies,
measures and priority actions to accelerate the process of enhancing women’s entrepreneurs participation in the economy.

The study is based on the following hypotheses: During the 1990, the provision of financial services dealing with small deposits and loans microfinance-and particularly micro credit has been increasingly acclaimed as effective means of poverty reduction.

Economic inequality between and within household is likely to be associated with concentrations of political and social power.

1. The research achieved the following results:

1) In the Sudan access to credit allows poor people to take the advantage of economic opportunities. While increased earnings are by no means automatic, clients have overwhelmingly demonstrated that reliable sources of credit provide a fundamental basis for planning and expanding business activities. It is evident that clients who join and obtain micro credits have better economic conditions and have also shown that over a long period of time many clients do actually come out of poverty.

2) By reducing vulnerability and increasing earnings and savings, financial services allow poor households to make the transformation from "every-day survival" to "planning for the future". Households are able to send more children to school for longer periods and to make greater investments in their children’s education. This fact is ascertain by the result of the questionnaire conducted for the purpose of this study and 84% of the families interviewed has children in school, 13% their children not admitted to school and 3% of them left school.

3) Increased earnings from financial services lead to better nutrition and better living conditions, which translates into a lower incidence of illness. Increased earnings also mean that clients may
seek out and pay for health care services when needed, rather than go without or wait until their health seriously deteriorates. This point is ascertained by the fact that poor people are vulnerable and uncovered by health insurance schemes. It is worth mentioning here that universal coverage is crucial for the poor. So the extensions of micro health insurance facilitate the sustainability of their work.

2. Recommendations

Relying on the above the following recommendations could be suggested:

2.1. In the area of poverty reduction

1) An urgent need to conduct the poverty map for the Sudan.
2) Recognizing the importance of labor as an asset of the poor, a labor intensive development intervention should be adopted.
3) Promoting self-employment as a poverty alleviation intervention.
4) At the macro-level the identification of the socio-economic policies and pro-poor strategies is essential as an anti-poverty strategy. A national poverty alleviation strategy is a must.
5) At the micro-level a poverty alleviation plan of action is a must.
6) Drawing attention to the importance of education and equity of opportunities and choice.
7) Combating unemployment in its different types and among different segment in the society.
8) Identification of the term poverty there is no concrete definition of poverty in Sudan yet. The Ministry of Welfare adopted the definition of had al kifaya and had alkafaf as the poverty definition.
9) The necessity of the identification of the poverty line in Sudan as the Academician adopted the global definition (less than
one dollar a day) poverty line, so there is important need to
define both poverty and those suffering from it.

10) Facilitating access to microfinance as a poverty alleviation
intervention

3. Recommendations in The Area of Gender

The central recommendations in the area of gender are as follows:

1) Ensure women and men equal access to resources, education,
labor, land, capital and technology.
2) Promoting women access to micro-finance, credit and enterprise development.
3) Avoiding the stereotypic views which perpetuating gender-based sectoral and occupational segregation.
4) Regulating women work in the informal sector where women represents the bulk of the disadvantaged labor force.
5) Promote women ability in decision making and their organization in women unions, and community based organizations.
6) Removing legislation barriers which perpetuate women subordination and gender gaps in income/capability poverty.
7) Enhancing gender capabilities literacy, formal education, market-elevant skill training particularly vocational training.
8) Advocating at the micro level for a conducive environment and to a better understanding of poverty gender specific aspects.
9) Advocating for the design of programs addressing socio-economic equity in the community, translated into development intervention at the community in a sustainable micro projects.
3.1. Recommendations in the Area of Micro-finance

1. Government efforts in the Sudan should focus to increase the provision of formal financial services to poor people with special concentration on the rural areas.

2. Make available effective access of the poor and make the financial system respond to the demand for microfinance.

3. At the micro level the development of an effective competent financial institutions is essential.

4. At the macro level the development of policies and creation of enabling environment that protects and supports the development of the financial sector for the poor are essential.

5. At the local level the development of the required institutional capacity building in terms of human capital and financial infrastructure.

The opportunities for microfinance in the Sudan is very large due to the potential demand, both in North and Southern parts of the country. Commercial banks are interested and competent, as it appeared from the results of the questionnaire conducted for the purpose of this study. Bank of Sudan is ready to exercise leadership, as it appeared from its initiative in a workshop conducted in (28 February 2006) to come out of a new vision for the development of the microfinance industry in the Sudan.
لدراسة 

الختام 

الفصل 

المشكلة وتحليل التشكيق هو الدراسة هذه من الهدف.

النهاية في الأخير العقد أثناء النامية الدول الغاببية المستدامة غير الخارجية الدتين أجبرت القرن الماضية المنحلة.

المعالجات هذه تتطلب التي الإقتصادية الأساليب وراء مدة تعلقت هامة الآثارات بخلق.

لتنفيذ النتائج للخصخصة العامة والمؤسسات الهيئات الإقصاء المحلي المستوى على فقة وأصبحوا وظائف الناس معظم فقد الإقتصادي التحرير سياسات.

الصناعات توقف إلى ذلك وأي الخدمات المنتجات والأنابيب الحدود فتح لا التي المحلية فيهما العاملين وشرح وإلى التنافسية القدرة يتملك.

هذى تؤدي أن يتوقع الطويل الدمنع على الثروة في الفاقد تعويض عليه يعمل جدية وفظائف وخلق الإقتصاد في النمو إلى الأمان.

يمكنه الذي بالقدر يسعى للإقتصاديي القصير الدعني على التصادم وتمكنهم الفقر يمكن كافية موارد يوفر يمكنه لا أنه كما العاملة، فائض الحالة التزام أكثر من واعترف أو التأكد أو الأحكام.

اللية في الدراسة الأساسيي الأهداف تلخص:

1. الرئيسيات أنشطته في الفقر المساندة الحالة المقيسة مراجعة.

2. الطوعية والمنظمات الحكومية المنظمات تقدمها التي الصغرى التمويلات الآثار تقييم الاجتماعية العامة وشبكة توفر أهمية على التركيز الفقر للخفيف.

3. الصغرى العملية للدعامات السياسات في الحالة حديد.

4. المراة المشاركة بتحقيق وإلى الأسرع العمل والوفاء والتعليمات السياسات تحديد الأقتصاد في الرئيسيي.
القوة بتركيا مترابطة بكون المنزل في الاقتصاد، العدوم والسياسة الاجتماعية.

1. النتائج إلى الدراسة توصلت:
   1. ومن الفقر الأمل يمكن التمويل إلى الاقتصاد الداخلي الإيجابية الاستغلال.
   2. الدخول زيادة وانكشاف بتبليغ، تحول المن الفقر المالية الخدمات يمكن للمرشد الدائم إلى اليوم الدخول على الحقيقة من يمكن كمها وكما تحسن في الاقتصاد أوضاعه نجد صغيرًا تتجاوز الفقر المن مسألة.
   3. تحسين وإلى الجيدة التغذية إلى تؤدي الخدمات المالية بيتقلل في تناقص، بخصوص حالة التكلفة مقابلة من يمكن إنها إلى الانتظار من يمكن، بل وأكثر عليه فيها أن تكون أثناء الاستمرار في الأحياء، بيئاً أكثر من التأمين الحماية.

2/ التالية:
   1. المواد في الفقر السودان في الفقر الخارج عليه العمل ضرورية هنا.
   2. الفقر لمقاولة جماعته ونحوه الأصغر الاستراتيجية تبني الضرورة.
   3. الفقرة لمقاومة العدالة واحتياجاته وضرورة جميع الأقسام الاستراتيجية.
   4. الفقرة لمقاومة العدالة في الخلافة والإشراف.
   5. الفقرة في المجتمع في الخلافة والشرائح ووسط أشكاله بخلافة الضم.

3/ الفم الي لسنغالي في الاسترداد الطريق، 84% أطفال ليه مقابلة التي الأسر، 13% بالدراسة أطفالهم، 3% الدراسة أطفالها تترك.

4/ تجب دائماً أن يكون لكنة للطفلة، 21% بالدراسة أطفاله.

5/ المنحة توفر عن طريق deteriorated 13% على أن يكون لديهم في بعض الأحيان، معtat وتميزهم مضلة، أظهرت أن تكون ودائع الفقر حالياً ولكنها تحددها كلياً الاستراتيجية.

6/ وخصوصاً يجدوا أن تكون ودائع الفقر حالياً ولكنها تحددها كلياً الاستراتيجية.

7/ وخصوصاً يجدوا أن تكون ودائع الفقر حالياً ولكنها تحددها كلياً الاستراتيجية.

8/ وخصوصاً يجدوا أن تكون ودائع الفقر حالياً ولكنها تحددها كلياً الاستراتيجية.

9/ وخصوصاً يجدوا أن تكون ودائع الفقر حالياً ولكنها تحددها كلياً الاستراتيجية.
1. تطوير و بناء القدرات المؤسسية فيما يخصق برس المال البشري والبنية المالية.

2. تطوير و بناء القدرات المؤسسية فيما يخصق برس المال البشري والبنية المالية.

3. تطوير و بناء القدرات المؤسسية فيما يخصق برس المال البشري والبنية المالية.

4. تطوير و بناء القدرات المؤسسية فيما يخصق برس المال البشري والبنية المالية.

5. تطوير و بناء القدرات المؤسسية فيما يخصق برس المال البشري والبنية المالية.
CHAPTER ONE

Introduction

1.1. Introduction

Poverty reduction is the most urgent task facing humanity as we enter the 21st century. More than 1.3 billion people in the developing world struggle to survive on less than one us $ a day and this situation is further aggravated by the increasing shift of population and poverty to the urban centers. Current discussions on poverty and its complex manifestations have been moving more or less towards a consensus that hitherto over-emphasis on quantitative economic-aspects has meant that crucial opportunities for sustainable poverty alleviation have all too often been missed. More specifically this over-emphasis has not been conducive to translating a quantitative approach to poverty alleviation into effective sustainable policy strategies and programmes.

It is now increasingly recognized that sustainable poverty alleviation requires a comprehensive view beyond the focus on insufficient income to cover basic needs.

This implies moving beyond the symptoms of poverty, and identifying the complexity of variables which perpetuate the conditions underlying poverty; i.e. apart from inadequate income, the lack of capabilities to take advantage of potential economic opportunities, the lack of access to resources (land, capital, and technology), poor reproductive health. However, in engendering poverty (i.e. explicitly incorporating a gender perspective in the discourse on poverty), there is an urgent need to avoid confusion between the structural causes of poverty and reasons for women disadvantaged socio-economic position.
relative to their male peers. More specifically, poverty in itself is not the cause of women’s subordination in society, since not all subordinated women are poor however poverty can and does exacerbate the complex manifestations of gender in equality.

“Engendering” the discourse on poverty has crucial implication for translating aspects of capability poverty into effective action, specifically in terms of skill training and the link with productive employment and underpinned by the recognition that labor markets are gender institutions. Recognizing the importance of labour as an asset of the poor which requires support to attain its full potential we have to focus on promoting labour-intensive development intervention including the capacity of the poor to engage in self-employment through a multi-services approach which involves the provision of arrange of entrepreneurship development, technical and financial services, and the strengthening of self-organization and negotiating capacity of the poor, for poor women in particular, this implies advocating for their representation in policy dialogues at all levels. And supporting “Safety nets that address poor women’s employment and income-generation activities, not only their social welfare needs.

However, it needs to be pointed out that the focus in improving women’s capabilities requires accordingly quest equal to the crucial that labour is not only a poor women asset rather promoting labour-intensive. development intervention can also be a poor women’s burden given the need to balance the responsibilities of her economic productive activities, both paid and unpaid. Without for example access to a fordable labour-saving technology and effective support to a more equitable distribution of the intra-household division of labour.

In terms of promoting self-employment as a poverty alleviation intervention specifically income generation projects for women, lessons learnt in various development contexts reflect that women usually lack
access to micro-credit or related income-generation facilities, which in
tern confined them to the traditional source of credits or finance, which
make their work insecure, being stuck in labour-intensive employment
characterized by poor working condition and long hours lack of skill up-
grading and promotion, and economic insecurity.

So evidence indicates that “gender” based right differentials
characterize labor markets in every country thus reveal that
discriminatory policies of the state plays an important role in viewing
women as full partners in development. In other words more serious
attention needs to be accorded to the crucial question. Whether or not
(trade relation) outcomes and policies contribute to more egalitarian
gender relations in terms which are less prejudicial to women’s income
earning capacity or well-being.

Women’s income poverty will tend to be further exacerbated by
gender specific legal constraints with implication for perpetuating female
socio-economic exclusion. Specifically because of traditional perception
of male gender roles, and where legislation in this respect is either weak
or absent, women generally do not have direct access to social benefits
(health insurance, pensions schemes, housing, credit). Evidence suggests
some links between women’s income poverty and the vulnerability to
balancing the responsibilities of their reproductive roles with the demands
of their economic activities.

Therefore gender specific constraints impede female access to
productive resources and exacerbate their vulnerability to poverty.

Micro-finance, which implies small scale credit and savings
services for poor people, is increasingly seen as a key tool to reduce
poverty and promote economic and social development. The last few
years have seen the creation of the Consultative Group to Assist the Poor
(CGAP) a World Bank initiative to promote microfinance. The Micro-
credit Summit Campaign, which calls for the development of sufficient
micro-financial services to reach a 100 million of the world’s poorest families by the year 2005, as well as numerous other initiatives. These initiatives are intended to contribute to the scaling up of existing microfinance institution (MFI) and the creation of new ones.

Worldwide, there is a trend to provide micro-financial services, primarily to women. It is widely believed that increasing women’s control of cash can contribute to their empowerment. Furthermore women’s greater access to cash and their increased autonomy in its use is often believed to enhance their control of their own household resources, thus leading to an increased spending on children’s welfare.

Initiated Subsidized Credit Programmes which aimed to assist small farmers to increase their productivity and incomes, and reduce their dependence on money lenders, similar models were pursued by post independence government, in South Asia and Sub-Saharan Africa (Adam and Von Pischke, 1992) and are in many countries still common today. However and despite good intentions, the impact of those policies has been rather limited, largely because they are based on misconceptions about the nature of poverty.

Firstly, they often assure that the poor are small farmers, ignoring the diversity of poverty. This has meant that landless labourers and the urban poor have often been ineligible for credit secondly; the focus on small farmers has led a requirement of land as collateral. This has served to exclude sharecroppers, people in regions with communal land tenure systems, as in much of Africa, as well as landless rural people or the urban poor. The focus on small farmers has also excluded women in parts of the world where they do not (or are believed not to) farm, as have requirements for land as collateral since women rarely hold formal title to land.

Women’s access to credit is generally lower than men’s in most societies, due to institutionalized discrimination against them.
Microfinance is nothing new, communities worldwide have developed their own financial systems which enable people to manage shortfalls of cash, and provide lump sum amount for particular occasions and safe places to save. For example Rotational Savings and Credit Savings Associations (ROSCAs) where group members pay a certain sum into a common pot every week, and a different member takes the money each week are common throughout the world. Informal credit markets—where rich individuals will lend to others at high rates but without collateral—are similarly widespread. In many places these are the only financial services available to poor or marginalized people; in others they co-exist with microfinance programmes. Where their use strengthens social ties that can be called upon in the futures, they may be preferred to microfinance programmes, especially those which set extensively on onerous conditions for participants. However, systems of this kind are largely invisible to policy makers, and their benefits, as well as their limitation largely ignored.

Governments efforts to increase the provision of microfinance or formal financial services to poor people go back at last to the nineteenth century. In South Asia Colonial administrations identified money lenders as key perpetuations of exploitation and poverty in rural areas (McGroger, 1994, Rutherford, 1995) therefore, for these reasons even Poverty Oriented Financial Services Programmes (POFSPs) have often been captured by better-off people.

1.2. Statement of the Research Problem

Poverty has become the primary concern of developing countries. During the last decade unsustainable external debt compelled most of these countries to enter into a painful adjustment process in the late 1980.
The economic reforms demanded by this process soon created important distribution effects. At the local level many people lost their jobs and became poor and excluded as a result of measures taken to downsize public administrations and privatize public enterprises. The opening of borders and the subsequent inflows of goods and services caused local industries that were not competitive to close down and lay-off workers. In the long-run, the economic growth achieved through these transformations is expected to create enough new job opportunities to compensate for the present loss in wealth and stability. In the short term, however growth has not been steep enough to absorb those who were laid off. It also could not provide enough resources to enable those who were unable to extricate themselves from poverty to survive. Poverty and exclusion as a consequence, quickly spread out and became more than the moral concern they had been for centuries. They became in fact the most pressing political, economic and social issues that governments needed to address.

Macroeconomic polices linked to structural adjustment processes, although subsequently oriented in ways that tended to limit or minimize social problems, could hardly bring about a lasting solution. Such polices support the traditional approach, in which poverty is deemed to be alleviated by top-down money transfers initiated by the state in the direction of the poor. In this approach finance and poverty interact through a direct, one to one, linear relationship where the more funds are transferred from the state budget to the poor, the more poverty is considered to be alleviated.

The new bottom-up approach broadened the scope of anti-poverty policies and gave a special role to credit in the overall poverty eradication process. Credit to finance private income-generating activities undertaken by the poor became an unlikely new tool in the fight against poverty in parallel to the traditional transfers of public funds. Money allocated by
governments and donors to specialized intermediaries could be transferred allowing them to develop economic activities. Far from passively benefiting from government transfers, the poor would then be called upon to leverage government funds, transforming them into activities created with the credit.

Among the first most publicized examples of bottom-up efforts to fight poverty the Grameen Bank in Bangladesh went as far as to call credit “a right of the poor” other experiments stressing the importance of the informal sector as a source of employment and income for the poor were also developed in Africa and Latin America.

It is recognized today more than any time before that the relationship between finance and poverty is a highly complex one.

1.3. Research Significance

Microfinance has developed largely in reaction to the failure of policies of the kind intended to reach significant numbers of poor people, and the exclusion of women from access to financial services, as well as setting requirements which excluded poor people, mainstream development oriented credit was subsidized and therefore seen as unsustainable. Two of the innovations of microfinance have been used to eliminate the need for collateral and to develop ways in which financial services targeted the poor can be self-financing and thus not dependent on external subsidy.

Several principles of traditional credit policies continue to inform both microfinance and mainstream services today. Firstly, the focus is primarily on credit, ignoring the need for services relating to savings. Secondly where savings are an important component of programmes the focus is often on teaching the poor to save and manage their money wisely, rather than providing instant access savings services which are the priority of most poor people. Thirdly, the main use of credit is used for productive investment in agriculture or an enterprise ignoring the fact that
cash for other purposes—such as paying for emergency health care, or for social events such as weddings or funerals—may be of greater priority and essential for survival.

Most of the recent studies suggest that microfinance can play an important role in helping participants increase their incomes. Hulme and Moslay’s study of Micro-Finance Institution (MFIs) in seven countries concludes that the more effective MFIs have helped many poor people to cross official poverty lines (1996, 109) for very poor households even small increases in income can mean, that the family can eat twice rather than once a day in the hungry season (Hashmi et al 1965, 1996). This underlines the importance of understanding how different participants view the impact of microfinance on their lives, rather than assuming it is insignificant because income statistics show little change.

Many microfinance programmes primarily or exclusively target women, for a variety of reasons. These reasons include redressing their exclusion from formal financial services, and promoting their autonomy and empowerment through increasing their access to cash.

Three dimensions of women’s empowerment could be credit such as access to and control of financial resources; influence within their households; and their position in the community.

Several assumptions are frequently made about women’s access to and control of financial resources. Firstly, it is assumed that women tend to retain control of any money that they can borrow or save. Secondly it is further assumed that they can build up independent resources, and finally this greater access to money strengthen women’s position within the household.

In societies where women are expected to stay within the household, attending credit and saving group meetings is often seen as an acceptable reason to leave the home and where women’s credit and saving groups mobilize to bring benefits to their communities this may
bring new respect. The experience of collective decision making in credit management may also increase women’s self-confidence to participate in community leadership, particularly in programmes where group members enjoy some autonomy in relation to the MFIs. Women’s sense of increased respect in the community is often also related to improved financial circumstances. A comparative study of credit and savings programmes in South Asia revealed that most women who participated had experienced greater changes in their positions in the community, than in their home lives.

Research has shown that women’s incomes are more likely to go towards meeting their families basic needs than men. Thus enhancing the capacity of women from low income and asset-poor households to generate income at decent levels is an important element in any strategy to promote socio-economic development. In recent years, opportunities for wage employment have diminished, for women even more than for men. As large organizations especially in the public sector and the private sector have scaled down their employment and the majority of other available jobs in the formal economy yield only marginal income, more women are being driven to seek alternatives to employment from income generation. Self-employment and micro-entrepreneurship present alternatives to survive or to gain incremental income.

Most self-employed women especially the poor operate on a scale which leaves little or no margin for absorbing shocks or even set-backs, and therefore tend to have no intention or (money) to save or to invest. By definition they are also likely to have no access to banks borrowing, and no access to technology and training which will in turn increase their productivity. Hence they are not able to increase or to maximize their earning.

Micro finance specialists increasingly, therefore, view improvements in economic security-income protection rather than
promotion (Drezersen: 1989) as the first step in poverty reduction from the perspective of poverty reduction access to reliable, monetized saving facilities can help the poor smooth consumption over periods of cyclical or unexpected crises, thus greatly improving their productivity or creating new sources of livelihood.

Much of the work that has been done in assessing the impact of credit programmes in women has been in Bangladesh [the Grameen Bank BRAC,] on the assessment of the effect of Grameen, research revealed eight indicators of women’s empowerment: mobility, economic security, ability to make small purchases, involvement in major household decisions, relative freedom from domination by the family, political and legal awareness, and participation in public protests and pathetical campaigning. It has also been argued that focusing on women has much more to do with financial objectives than with the aim of empowerment as they are more accessible, more likely to repay on time, more pliable and patient than men. From this background the significance of this study emerged.

1.4. Objectives of the Study

1. To examine existing measures to help the poor in their enterprererail activities.

2. To assess the impact of microfinance carried by Governmental Organizations (GO’s) and None-governmental organizations (NGOs) in poverty reduction, highlighting the importance of the social protection nets.

3. To identify areas where there is no policy at all, and to examine the absence of relevant policies on the promotion of small enterprises.

4. To identify policies, measures and priority actions to accelerate the process of enhancing women's entrepreneurs’ participation in the economy, strengthen credit facilities (microfinance) and
support services, and promote the participation of the commercial banks in financing poverty alleviation programmes, as well as the other social funds.

5. To advocate the creation of informal lending units administered by the poor to help create self-employment through the provision of microfinance.

1.5. Research Hypotheses

During the 1990s, the provision of financial services dealing with small deposits and loans-microfinance-and particularly micro credit has been increasingly acclaimed as effective means of poverty reduction.

Economic inequality between and within household is likely to be associated with concentrations of political and social power.

A full understanding of poverty must take into consideration that inequalities do accelerate poverty. This means recognizing economic inequalities and other inequalities including those of gender have reciprocal impacts. Gender inequalities, for example are not only damaging to the interests of women but also damaging to people’s livelihood strategies as a whole. Analysis of poverty situation has referred to “feminization of poverty” as involving one or a combination of the following:

- Compared to men, women have a higher incidence of poverty and there is a rising trend in the incidence of poverty among them.
- Compared to men women’s poverty is more severe.
- Anti-poverty strategy is to empower the poor by giving them the opportunity and the tools to escape from poverty.
- Micro-finance can contribute to alleviation of poverty and to social change.
The economic potential of women, who constitute half of human resources in the developing countries or the so called the least developing countries (LDCS) remains underutilized, despite the established value of female entrepreneurship and labor.

Several factors have contributed to this situation: a large number or proportion of women in the (LDCS) are illiterate or poorly educated, unskilled or under-impoverished conditions, suffer gender bias or stereotypic socio-cultural discrimination and are either not granted full equality under the law or unable to exercise their own legal rights.

Several assumptions are frequently made about women’s access to and control of financial resources. Firstly; that they retain control of any money that they can borrow or save. Secondly that they can build-up independent resources and finally it is assume that this greater access to money strengthen their position within the household.

It is widely recognized that micro-credit policies have often failed to reach significant numbers of the poor, and women are mostly excluded from financial services. As well as setting requirements which, excluded poor people.

The experience of collective decisions making in credit management may also increase women’s self confidence to participate in community initiatives, women’s sense of self respect in the community is often also related to improved financial circumstances.

Financial interventions have an impact on social relations partly through their economic effects. In many instances as the work will lead to progressive social change (e.g. by empowering women and changing gender relations in the household and in the community).

1.6. Methods of data collection

Social scientists use three main methods for collecting data: These are: (1) observation, (2) The use of existing data, and (3) asking
questions. Relying on this the researcher decided that the three techniques are going to be used for the following reasons:

1. Observation is superior to other methods of data collection as it describe the certain features of past situations the use of observation allows the researcher to describe what actually happens in reality. Another advantage is that observation is a flexible way of collecting data as well as it gives new insights by enable the researcher to explore new area of inquiry on the various aspects of the research issue.

2. Use of existing secondary source material as it gives full account and record of past and present developments of the situation in relation to the history of the issue under investigation.

3. The interview as it used in most developing countries research is a prominent technique in collecting data, it represents a special form of social interaction as it gives an in-depth view of understanding of the research phenomenon in so far as it will conducted with people who have inner or real insight of the situation.
CHAPTER TWO

Literature Review and Theoretical Framework

2.1. Introduction

The aim of this chapter is to review some of the basic conceptual theoretical framework, views and approaches about poverty, gender, and micro-finance.

Views, that are expressed to provide a frame work for this study, were considered within the context of the politico-socio-economic development of the Sudan. Bearing in mind the incorporation of capitalist relations in the social formation of the world economy, the penetration of the capitalist relations in the social formation of the Sudanese society, has affected both women and men. The spread of poverty phenomenon has thus come to affect the households in the developing countries of which Sudan is no exemption. However, the subordination and marginalisation of the poor is not only economically based, it has been enhanced by various socio-economic and political factors resulting in the reproduction of the system as a whole.

This chapter is composed of three sections, section (1) aimed to review some of the relevant literature on poverty, its definitions, concepts, measures and dimensions. Section (2) aimed to review the available literature about gender concepts, definitions dimensions, and roles implications. Section (3) aimed to review the literature available in the field of microfinance, definitions, concepts and its impact in poverty reduction.
Section one

2.1.1. Introduction

This section is set-out to review some of the basic conceptual framework, views, and approaches about poverty such as poverty definitions, measures, trends in poverty over time its dimensions, understanding of poverty, poverty reduction strategies, poverty and development, social capital and the effects of poverty, safety nets, and social policy. As regard poverty within the development discourse in Africa, the 1950s and 1960 were dominated by the modernization paradigm which emphasized growth as defined in the rate of growth of gross national product. The model aimed to increase overall national economic growth through a policy of urban-based industrialization. The economy was conceived as a reality of traditional and modern values. Which basically meant western capitalist values. The development path was considered as a shift from traditional society to modern industrial society, and within this continuum poverty was seen as the sub-culture which could be broken through modernization coming from foreign capital and industrialization.

By the 1970s and 1980s the limitations of the modernization model were clear and even where good growth rates had been achieved, there was limited income redistribution and the problems of poverty and unemployment were increasing. New paradigms were emerging in most capitalist economies: redistribution with growth became the new approach arguing for strategies to address basic needs (Chenery et al 1974).

By the late 1980s many African countries were experiencing economic crises of one form or another. The crises was the result of many factors, of which the primary one, was poor economic performance induced in part by the lack of structural transformation of the economy. Both the multilateral and bilateral donors were shifting back their faith to
the market, as the neo-liberal paradigm once again gained the ascendancy and established its dominance. There was a political resurgence of the new right, which strongly argued for free market economics and a retreat of the state from the development scene. The global debt crises and the world recession strengthened this resurgence forcing most governments to comply with the neo-bilateral economic model. The new faith in the market epitomized by the economic structural adjustment programmes (SAPS) had significant implications for poverty incidence and strategies to combat it. In most cases SAPS meant that countries were compelled to devalue their currencies scrap all quota restrictions on imports and slash tariffs to decrease their current account deficit, raise interest rates, tighten the money supply and purge the state from active participation in the economy, eliminate subsidies-sharing in education and health. This-on good and cost new laissez fairism increased the burden of adjustment on the poor (Degefe 1994).

The reality of growing urban poverty has been compounded by the high rates of urban growth experienced in all the major centers of the developing world, coupled with the poor economic performance experienced by many countries. The 1990s, therefore, saw a growing urgency by the international community to address this growing crises. This has been revealed through the major international conferences held in 1990s.

The 1990 World Development Report was an important milestone in bringing poverty to the fore of the development agenda. It comprehensively reviewed the global incidence of poverty and highlighted some of the key trends in terms of policies at global and national levels. This has been followed by a series of important global and regional meetings and conferences deliberating in poverty including the World Social Summit 1995, Recife Declaration 1996 and Habitat
Agenda 1996. The latter two have focused on urban poverty, which has exposed the rapid urbanization that the developing world is experiencing.

The 1990 World Development Report highlighted the uneven spread of the burden of poverty with nearly 50% of the world's poor living in South Asia and Sub-Saharan Africa. The latter region while accounting for a smaller proportion in absolute population terms, still has a disproportionate share globally given its population size.

Writing about poverty over the last decade, and the critical importance of poverty reduction in development have been increasingly recognized by governments and international organizations. This has gained further imetus from the commitment of governments in Copenhagen Declaration of the Social Development (1993).

In the history and scope of development practice perhaps no more challenge has been more formidable and recalcitrant than poverty. The world is one of great extremes in affluence and well-being and it has the collective struggle of such diverse disciplines as public health, economic development and law to attempt to enhance the capabilities and opportunities of the world's poor. Issues of poverty have recently emerged as a challenge particularly to the researchers, scholars, academicians and development specialists. Due to the spread of poverty phenomenon due to the IMF-World Bank Stabilization and adjustment policies (1978-85) accompanied by the economic liberalization measure in the 1990s, poverty has substantially increased because these policies are growth-oriented regardless of their socio-economic impact.

In a seminal essay on the interdisciplinary debate in the definition and measurement of poverty, Martin Greeley explores at least two major approaches to thinking about and comparing poverty across different societies. One approach is the traditional use of absolute poverty lines to define and quantify the indigent. By this approach the poor are those whose income falls below particular point in the income distribution
curve at which accounting for food and none food expenditures, it is impossible to buy a nutritionally adequate diet. This framework has been criticized for difficulty adequate diet and the challenges inherent to understanding such complex issues as the distribution of food within households, for which it cannot be disaggregated; it is generally regarded as a fairly standardized and objective approach to the measurement of poverty. Greeley argues that poverty lines allow for the consideration and comparison of basic human needs across varied societies, and thus serve as a critical instrument in the generation of international policy and data on the amelioration of human suffering.

An entirely different conception of poverty emerges from the discourse of philosophy, human development and sociology communities, which point out that poverty is much more than the lack of Monetary resources with which to attain nutritional sufficiency. These disciplines desire a broader measure of human need, which accounts for not only limited financial resources but also the environmental and social conditions in which individuals lives and the opportunities they afforded. Though Greeley points out that there is "broad agreement that income is an inadequate measure of welfare" he also points out that very different formulations exist about what welfare really entails.

One of the most influential of the broad-viewed formulation of welfare is Amartya Sin’s rights based theory of distribution in which income serves only as an entitlement by which individuals purchase commodities that allow them to attain certain capabilities. For Sen., individual advantage ought to be assessed in terms of individuals freedom to achieve, rather than in terms of goods such as food alone. Sen believes that welfare models should consider human functioning such as the opportunity to escape avoidable mortality, to achieve self-respect, and to partake in community life. For Sen, expanding capability sets would in fact be the real measure of development, and by inference, poverty would
represent a state of limited or obstructed capabilities. Sens work has been critical to the formulation of human development measure (e.g. the human development index) employed by multilateral organizations and national governments.

Nailla Kabeer and Ranjani Murthy have argued that Sin’s notion of entitlement ought to be interpreted," beyond ownership and exchange to Include socially ascribed definitions of who is entitled to what. "By this they mean that poverty ought to be viewed as the result of "multiple" and "interlocking" forms of institutional exclusion". The poor are disadvantaged not only because of a lack of survival means but also because of a lack of access to the institutions-social, economic, and political-that would provide them opportunities for a better life. The formal banking institution, and access to credit, is one such exclusion. It is appropriate then that Kabeer and Murthy’s framework be utilized in a study of the role of micro credit in bridging a divide between credit to the affluent (as provided by banks) and credit to the poor (here fore an unmet need).

No matter the approach espoused in the analysis and conceptualization of poverty, Greely argues that one common element is the "recognition of primacy of material need at low levels of well-being". Though the debate over what constitutes poverty is an important one; it is irrefutable that the most indigent communities in the world lack even the basic means to ensure adequate calorid intake for all people, lack of resources at both the community and individual level compromises families capacities to have adequate housing, enjoy safe drinking water, and obtain sufficient food. Lack of clean drinking water promotes the spread of diarrhea and of infectious diseases such as hepatitis, schistosomiasis, and trachoma, while lack of access to sufficient results in under nutrition, vitamin and mineral deficiencies, disability, and possibly even death.
Mothers who cannot afford to eat well during pregnancy are more likely to have babies with physical and mental disabilities, thus perpetuating the cycle of poverty from one generation to another.

According to the United Nation Report of the General Assembly (2000) there has been a marked increase in the level of poverty in all of the countries in the African region, although with varying degrees of severity. Overall, the poverty level in Eastern Europe and the countries of the common-wealth of Independent States increased from 4 percent of the population in 1988 to 32 percent in the mid nineties.

The growth of poverty varied from country to country, but a common factor in most countries is the appearance of relative mass poverty. In those countries that have advanced further towards a market economy. In Hungary and Poland the growth of poverty has also significantly slowed. However these countries were notable exceptions. In the absence of a sustainable economic turnaround in most other countries with economic in transition, poverty has continued to expand as a result of low average wages, growing long term unemployment, and the low level of social transfers. Combined with the higher cost of living and growing income differentiation.

Overall in Central and Eastern Europe, poverty affects about 20 to 25 percent of the population, and more than 30 per cent in the former Yugoslavia. In the countries of the Common-Wealth of Independent States for which data exist, poverty is substantially higher, rising in the 1990s from 29 per cent of the population in Uzbekistan to around 50 per cent in Kazakhstan and Turkmenistan, and to 62 per cent in Azerbaijani. The Russian Federation the largest country in this group, sharp negative shifts in the living standards of the population could be observed after the financial crises of August 1998.

The World Bank estimated, in its 1990 World Development Report (WDR) that in 1985 there were 180 million people, or 47 percent of the
total population, in sub-Saharan Africa below the poverty line. In its WDR 1992, the Bank revised these figures upward to 184 million, and 47.6 percent, respectively. The same Report estimated that both the number and proportion of the poor below the poverty line increased to 216 million and 48.8 percent, respectively, in 1993.

UNDP Human Development Report (1994) gives a higher estimate of 54 percent for the proportion of people living in absolute poverty in sub-Saharan Africa in 1980-1990. The data of the International Fund for Agriculture Development (IFAD) on rural poverty alone is even more-grim. It estimates that 204 million out of 337 million, or 60 percent of the rural population lived in (1988) below the poverty line. Africa rural population constituted 73 percent of the total population in that year.

Disturbing as these figures are, the debilitating state of poverty in Africa can be properly perceived only when other manifestations of poverty-such as the pervasive hunger and famine, the rapidly rising number of refugees, displaced persons and destitute, inadequate levels of access to health education and education services, high mortality rates, and high incidence of social and economic marginalization and exclusion are adequately taken into account.

In spite of the efforts to improve social conditions over the years, these symptoms have remained alarmingly inadequate and have shown further deterioration on many fronts. The average life expectancy of 52 years is thirteen years lower than the world average and is less by eleven years than the average for developing countries as a whole. The percentages of the population having access to health services, safe water and sanitation are 59, 45, and 31 respectively, and the average calorie supply per capita is only 92 percent of requirements. Access to education and training at all levels in African continues is found to be limited. Only one out of every three women, and two out of every three men, are literate, making the adult literacy rate of 51 percent the lowest in all
regions and lower of all the developing countries. Further-more gross enrolment in schools has fallen from 39 percent in 1980 to 35 per cent in 1990 and the average annual rate of growth of enrolment has plummeted from 8 percent during 1980-1990.Critical as the general situation is, it is even worse for the children and women. The majority rates for infants (under 12 month) and children (under 5 years) are at 101 and 160 respectively, the heights of all the regions. The percentage of children, who are underweight, wasted, and stunted are 13, and 44 respectively. Further-more famine and hunger has become endemic in many parts of Africa. Drought, armed conflicts and civil strife have combined to swell the number of refugees and displaced to 20 million. The Tragedy of Rwanda alone has inflated that figure by 4 million in 1994.

Some appreciable efforts have recently been made to develop poverty indices to measure the nature of poverty beyond the conventional headcount indicator. IFADS Food Security Index (FSI), Integrated Poverty Index (IPI) Basic Needs Index (BNI), and Relative Welfare Index (RWI), are useful composite indicators in further illustrating the many facts, extent, and depth of poverty in Africa.

Africa is a highly food insecure continent. Thirty countries out of a group of 49 African countries constituting 79.6 percent, rank as severely or moderately food insecure in accordance with IFAD. FSI, of a total of 37 countries worldwide that classified by IFAD as low food security countries, 21 are in sub-Saharan Africa.

The extent of this insecurity is further revealed through the desegregation of the components of FSI. Between the periods 1965-1967 and 1986-1988, the food staples self-sufficiency ratio in sub-Saharan Africa fell from 98 percent to 93 per cent, while the number of food deficit countries increased sharply from 28 to 41 for the same period. Particularly serious is the fact that a large and growing number of countries have been unable to satisfy even the most rudimentary
nutritional needs of their populations. 33 of Africa’s 42 sub-Saharan countries have per capita energy supplies below the minimum requirements.

In terms of relative poverty (as measured by the IPI) 80 per cent of Sub-Saharan African countries (36 in number) have severe poverty while another six countries or 13.3 per cent have moderate poverty (0.40>IPI<0.20). Only three countries are classified as having relatively little poverty is less pronounced in other regions amounting to 58 per cent in Asia, 44 per cent in Latin America and the Caribbean, and 15 per cent in the Near East and North Africa.

IFADS, BNI is a composite indicator of education, health and safe water and sanitation. Measuring Africa’s poverty through the use of this indicator clearly reveals the continent’s disadvantageous situation. Twenty-nine of the Sub-Saharan countries (69 per cent) rank as very needy 15, or 33.3 per cent as moderately needy (90.75<0.50) and only two countries rank as relatively less needy.

The extent of impoverishment in Africa can be further revealed by the fact that out of 55 countries classified by the UNDP Human Development Index as belonging to the low human development category, 41 countries, or 79 per cent, were African. Only 22 African countries belong to the medium human development category and none belonged to the category of high human development countries.

A useful starting point for discussing different ways of looking at poverty is through the idea of deprivation. Poverty can then be seen in terms of an end perspective which focuses on the actual outcomes of deprivation or the extent to which basic needs have been met, or it can be seen from a means perspective which entails a concern with the adequacy of resources at the disposal of the poor and therefore the extent to which could have been met. A concern with ends is much more likely to translate into interventions which seek to address shortfalls in basic needs
while a concern with means is much more likely to translate into interventions which focus on expanding the resources at the disposal of the poor. In addition, however a third approach would be to conceptualize poverty as an inseparable relationship between means and ends. In this case poverty encompasses both the needs and priorities of poor people as well as the strategies which most closely correspond to them. Such a conceptualization would entail a very different approach to the question of data and a very different stance on policy (Naila 1996).

The majority of economists have generally tended to concern themselves with the means aspect, believing that this proxies the potential for exercising choice, while avoiding judgments about the actual choice of ends. Moreover they have also tended to concern themselves with the measurable and the marketable. The equation of poverty with household income, as in the poverty line approach, exemplifies both the measurement as well as the institutional biases of traditional economics. The measurement bias generally takes the form of reducing the estimate of poverty to a single scalar while the focus on household income privileges the market as the main institutional mechanism through which basic needs are met.

Recent shifts in the conceptualization of means from income to private consumption which included the value of self-produced consumption goods and expansion of the concept to include common property resources and state provided goods all represent attempts to overcome the market bias of traditional measures.

Poverty is thus pronounced deprivation in well-being. The voices of the poor people bear eloquent testimony to its meaning. To be poor is to be hungry, to lack shelter and clothing, to be sick and not cared for, to be illiterate and not schooled. But for poor people, living in poverty is more than this. Poor people are particularly vulnerable to adverse events
outside their control. They are often treated badly by the institutions of state and society and excluded from voice and power in those institutions.

The World Development Report of 2000-2002, accepted the now traditional view of poverty. The 1990 World Report defines poverty as the inability to attain a minimum standard of living. This definition implies a conceptual difference between poverty and inequality, in the sense that while the former is concerned with the absolute standard of living of part of society, the latter refers to relative standards of living across the whole society regardless of the social welfare level. The distinction in concept between poverty and inequality is very important for policy making because, although inequality and poverty are not unrelated, neither concept subsumes the other. For instance if a poverty-eliminating policy takes inequality for poverty, it will do little justice to the poor because poverty is not the same as inequality. Therefore a redistribution policy (e.g. Elzakat) as an Islamic mechanism could lessen inequality although it is unlikely to enable the poor to reach the minimum standard of living required. In World Development Report (1990) as encompassing not only material deprivation (measured by an appropriate concept of income or consumption) but also low achievements in education and health are of concern in their own right, but they merit special attention when they accompany material deprivation. This report also broadens the notion of poverty to include vulnerability and exposure to risk-and voicelessness and powerlessness. All these forms of deprivation severely restrict what Amartya Sen calls the capabilities that a person has, that is the substantive freedoms he or she enjoys to lead the kind of life he or she values.

This broader approach to deprivation, by giving a better characterization of the experience of poverty increases our understanding of its causes. This deeper understanding brings to the fore more areas of action and policy on poverty reduction agenda. Another important reason
for considering a broader range of policies is that the different aspects of poverty interact and reinforce one another in important ways. This means that policies do more than simply add up. Improving health outcomes not only improves well-being it also increases income potential. Increasing education does not improve well-being but also leads to better health outcomes and to higher incomes. Providing protection for poor people (reducing vulnerability in dealing with risk) not only makes them feel less vulnerable, it also allows them to take advantages of higher-risk, higher return opportunities. Increasing poor people’s voice and participation not only addresses their sense of exclusion, it also leads to better targeting of health and education services to their needs. Understanding these complementarities is essential for designing and implementing programs and projects that help people escape Poverty as the inability to attain the minimum standard of living is due to inaccessibility rather than unavailability of the constituents of the standard of living. In this sense poverty can be interpreted in terms of the household’s budget constraint which is mainly determined by household’s income and the price factor. A household is deemed poor (i.e. unable to attain the minimum standard of living for its members) because either income is low, or prices are very high, or the two reasons together. This concept of poverty to borrow, Professor Eltahir words, takes us immediately into considering employment, being a source of income, a poverty eliminating policy. But the relaxation of the budget constraint through an increase in income alone, though necessary, is by no means sufficient to eliminate poverty. Moreover, in case of failure to control inflation, employment will be an effective poverty eliminating policy if and only if the existing unfair entitlement exchange system, which is due to the partially enacted economic liberalization policy, is continuously altered in favor of the fixed income groups. According to professor Eltahir, due to the partially enacted economic liberalization policy which resulted in an unfair
entitlement exchange system in which wages do not fall behind prices. Therefore, an employment with an objective to eliminate poverty and sustain livelihood should be based not only on the creation of fair entitlement exchange system.

Using monetary income or consumption to identify and measure poverty has a long tradition. Though separated by a century, Seebohm Rowntree's classic study of poverty in the English city of York in 1899 and the World Bank’s current estimates of global income poverty share a common approach and a common method. Based on household income and expenditure surveys the approach has become the workhorse of quantitative samples it allows inferences about the conditions and evolution of poverty at the national level. Moreover since household survey collects information beyond monetary income or consumption, the approach makes it possible to obtain a broader picture of well-being and poverty, investigate the relationships among different dimensions of poverty, and test hypotheses on the likely impact of policy interventions.

Poverty measures based on income or consumption are not problem free, survey design varies between countries and over time, often making comparisons difficult, for example, some countries ask respondents about their food spending over the past month, while others do so for the past week. One-month recall data tend to result in higher poverty estimates-week recall data. Converting the information on income or consumption collected in household survey into measures of well being requires many assumptions, such as in deciding how to treat measurement errors and how to allow for household size and composition in converting household data into measures for individuals. Poverty estimates are very sensitive to these assumptions. Moreover, income or consumption data collected at the household level have a basic shortcoming. They cannot reveal inequality within the household, so they
can understate overall inequality and poverty. One study that disaggregated household consumption by individual members found that relying only on household information could lead to an underestimation of inequality and poverty by more than 25 percent. In particular the conventional household survey approach does not allow direct measurement of income or consumption poverty among women. That is one reason why data on education and health which can be collected at the individual level are so valuable. They allow a gender disaggregated perspective on key dimensions of poverty.

A key building block in developing income and consumption measures of poverty is the poverty line—the critical cutoff in income or consumption below which an individual or household is determined to be poor. The internationally comparable lines are useful for producing global aggregates of poverty. In principle, they test for the ability to purchase a basket of commodities that is roughly similar across the world. But such a universal line is not suitable for the analysis of poverty within a country. For that reason a country specific poverty line needs to be adjusted for different areas (such as urban and rural) within the country if prices or access to goods and services differs. The construction of country profile is now commonly practiced.

According to the World Development Report once a poverty line has been specified, it remains to be decided how to assess the extent of poverty in particular setting. The most straightforward way to measure poverty is to calculate the percentage of the population with income or consumption levels below the poverty line. This head count measure is by far the most commonly calculated measure of poverty. But it has decided disadvantages. It fails to reflect the fact that among poor people there may be wide differences in income levels, with some people located just below the poverty line and others experiencing far greater shortfalls. Policy makers seek to make the largest possible impact on the headcount
measure might be tempted to direct their poverty alleviation resources to those closest to the poverty line (and therefore least poor).

Identification of the poor requires the resolution of the following two fundamental issues:

The ranking of households according to some measure of welfare are:
(a) Welfare distribution: As welfare is a wide concept that contains measurable and immeasurable notions. For practical purposes household income and expenditure per capita can be used as welfare indicators provided that they include own production and that they are adjusted for variations in households characteristics.
(b) The definition of the minimum standard of living that if not attained, a person is deemed poor. This standard is known, as mentioned above, as poverty line. According to Anand and Nur (1988) Ravallion (1992), Ali (1992), and Nur (1995), the most important component of basic needs poverty line is food expenditure necessary to attain some recommended food energy intake. Thus, for a given set of food prices a daily per capita food expenditure sufficient to buy the amount of food that contains the recommended daily allowance of calories per person shall correspond to the critical level of welfare (poverty line) below which people are poor in absolute terms. Because food consumption, in addition to its biological need, has a social dimension.

Moreover, because of the rural-urban differences in the style of living, we constructed separate poverty lines for rural and urban areas, it is true that in underdeveloped countries food is the major welfare component but other components like health, education, housing, and mobility are now gaining importance. The cost of the minimum standard of these components should also be estimated to reflect the multidimensional aspects of poverty.
When the two fundamental research issues (a & b) are resolved the identification of the poor is a straightforward exercise. Fixing the absolute poverty line (the cut-off point) on the ranking of households (welfare distribution) the population is divided into poor and non-poor. Once the poor are identified, then so many policy questions can be answered. Chief among these answers are: The socio-economic and demographic characteristics of the poor, the social and political attitudes of the poor, the subculture of the poor, the investment horizons of the poor, the coping strategies of the poor, and the aggregate magnitude of poverty. Aggregate poverty measures, deficient in telling about individual causes of poverty, are useful not only in constructing an overall picture of poverty but also in evaluating the outcome of a poverty-eliminating policy. There is now a large theoretical literature on the measurement of poverty, establishing a number of desirable properties of such measures. There are four popular aggregate measures of poverty with different desirable properties, such as (the head count index).

Which represents the proportion of the population with a standard of living below the poverty line. For example, according to Professor Eltahir if a society of n persons q persons are unable to attain the minimum standard of living, then H will be

\[ H = \frac{q}{n} \]

This measure, although constructed and used since the beginning of the quantitative study of poverty, (e.g. Booth, 1889) does not satisfy most of the desirable properties of a poverty aggregate measure, it is only good in telling how many are the poor/ but it does not say anything about how poor they are. As such, H will not reflect the antipoverty effect of an employment policy unless the income growth attributable to that policy is so high that enables the poor to overstep the specified poverty line.

The income-Gap Index (1)
This the percentage shortfall of the average income of the poor from the poverty line. It can easily be shown that the income-gap index will be:

\[ I = \frac{1}{u/z} \]

Where \( u \) is the average income of the poor and \( z \) is the poverty line. It is clear that for a given \( z \) any poverty-alleviating policy that increases \( u \) will reduce \( I \), lessening the degree of poverty. Since transfer of income between the poor will leave \( u \) unchanged, the income-gap index will not reflect the antipoverty outcome and direct transform polices like that of Zakat, Student Support Fund, the Takaful Fund and the like. The employed policy, irrespective of its effects on income distribution, will increase \( u \) and consequently reduce \( I \) (lessen the degree of poverty) provide that it is not beaten by inflation through an increase in \( z \). There for the income gap under (1) will reflect the antipoverty employment policy outcome but from the growth side only (ibid).

Other poverty measures, which take into account the distance of poor people from poverty line (the poverty gap) and the degree of income inequality among poor people (the squared poverty gap)can be readily calculated. So in comparing poverty estimates across countries or over-time, it is important to check the extent to which conclusions vary with the selection of poverty measure.

The poverty gap index \( (p) \) is the aggregate deficit of the poor relative to the poverty line when averaged over total population (whether poor or not) it can easily be shown that \( p \) is the product of \( H \) and \( I \).

\[ P = HI \]

Since the poverty gap ratio \( (P) \) is the combination of the head count and the income ratios, the property of \( p \) vis-à-vis poverty alleviation policies is the same as that of \( H \) and \( I \).
According to professor Eltahir none of the three aggregate measures reflect the antipoverty outcome of a direct income distribution policy (e.g. zakat) and also none of them reflect the distribution effect of an employment policy. This is so because the three measures concentrate on the aggregate deficit of the poor relative to the poverty line without paying attention to the relative positions of the poor in the welfare distribution. The poverty measure that capture all features of poverty including the relative deprivation was provided by Sen (1973).

Sin’s introduced a measure of relative deprivation to develop an aggregate measure of total deprivation (both absolute and relative) in an additive separable form.

\[ Ps = H(I + (I-I)G) \]

Since \( I = (I-u/z) \) then \( Ps \) will be:

\[ Ps = H(I + (u/z))G \]

\( H, I, u, \) and \( z \) are as defined before. \( G \) is the measure of income inequality among the poor. If the poor are equal in being poor (i.e. \( u \) is the same for all the poor) then \( G \) is equal to zero indicating that there is no relative deprivation. Thus, Sin’s measure \( Ps \), is sensitive to changes in the overall income of the poor (measured by \( G \)). For a given income of the poor \( u \), relative deprivation, \( (u/z) GH \), decreases with a decrease inequality among the poor \( (G) \) causing a reduction in total poverty. For a given degree of inequality among the poor \( (G) \) causing a reduction in total poverty. Therefore a poverty-reducing policy that simultaneously increase the income of the poor and reduces inequality among them will eliminate total poverty.

Thus in view of Sin’s comprehensive poverty measure a poverty eliminating employment policy must have the following features:
(a) It must target the poor with a degree of accuracy. This necessarily, requires proper identification and complete knowledge about the characteristics of the poor.

(b) It must contain a distribution mechanism so that employment does not only raise the overall income of the poor but also lessen the existing income inequality among them.

(c) If sustained livelihood means a continuous maintenance of a certain standard of living, then employment alone, even if conditions (a) and (b) are satisfied, may not sustain the livelihood of the poor well above the poverty line unless inflation-beating measures are taken. If such measures are difficult to take within a monetary policy, then for the poor to attain the minimum standard of living in a sustainable way, employment programmes should be concentrated on food production, and ensure that the surplus is traded in a favorable entitlement exchange system.

Measuring deprivation in the dimensions of health and education has a tradition that can be traced back to such classical economists as Malthus, Ricardo, and Marx. Despite Row entrées primarily income-based approach to measuring poverty, he devoted an entire chapter of his study to the relation of poverty to health and went on to argue that the death rate is the best instrument for measuring the variations in the physical well-being of people. Classifying his sample into three groups ranging from more than twice as high among the very poor as among the best paid sections of the working class. Calculating infants mortality, he found that in the poorest areas one child out of every four born dies before the age of 12 months. According to this argument mortality could be used as an indicator both of consumption poverty and of ill-being in a broader sense.
The tradition of measuring deprivation in health and education is well reflected in the international development goals. But data on these income indicators have their own problems. For example, infant and under-five mortality rates derived mostly from census and survey information are available for most countries only at periodic intervals. A complete vital registration system would be the best source for mortality data, but such a system exists in only a few developing countries. For the period between census or survey, estimates of vital rates are derived by interpolation and extrapolation based on observed trends and models, such as life tables that estimate survival from one year to the next. Infant mortality rates are available for most the developing countries for only year since 1990, and the year differs form because surveys are conducted at different times. The data situation is even worse for life expectancy, because it is often not measured directly.

Education data are also far from satisfactory. The most commonly available indicator, the gross primary enrollment rate, suffers from serious conceptual shortcomings. The greatest is that school enrollment is only a proxy for actual school attendance. Moreover, the gross primary enrollment rate can rise if grade repetitions increase.

The magnitude and patterns of poverty in the developing countries has evolved over the past decade, so in this respect the description of the global trends in income, (consumption), education, and health dimensions of poverty show the large diversity of outcomes across dimensions, rejoin, counties, communities, households, and individuals. The differences in performance reflect differences in growth, in the distribution of assets, in the quality and responsiveness in societies (lower social barriers for women, ethnic minorities, and the socially disadvantaged more generally), and in how people and communities manage risks.
Highlighting the diversity in outcomes is important for at least two reasons. It enables us to identify the success and failure in poverty reduction and thereby enhance the understanding of what causes poverty and what is the best practice to reduce it. And it brings to the fore the fact that aggregate trends can hide significant differences in poverty outcomes— for different ethnic groups, regions, and sectors within the country. Awareness of these differences will help policy makers on setting priorities, concentrating actions where they are most needed.

Between 1987 and 1998 the share of population in developing and transition economies living on less than $1 a day fell from 28 percent to 24 percent. This decline is below the rate needed to meet the international development goal of reducing extreme poverty by half by 2015.

Because of the population growth, the number of people in poverty hardly changed. But there are large regional variations in performance. East Asia and the Middle East and North Africa have reduced their numbers in poverty—East Asia dramatically so. But in all other regions the number of people living on less than $1 a day has risen. In South Asia, for example, the number of poor people rose over the decade, from 474 million to 522 million, even though the share of people in poverty fell from 45 percent to 40 percent. In Latin America and the Caribbean the number of poor people rose by about 20 percent. Two regions fared particularly badly. In Europe and Central Asia the number in poverty soared from 1.1 million to 24 million. In Sub-Saharan Africa the number of poor people increased from an already high 217 million to 291 million over the same period, leaving almost half the residents of that continent poor.

These variations in regional performance are leading to a shift in the geographical distribution of poverty. In 1998 South Asia and Sub-Saharan Africa accounted for around 70 percent of the population living on less than $1 a day, up 10 percentage points from 1987.
The definition of poverty line reflects what it means to be poor in the world's poorest countries. This definition judges poverty by standards common in South Asia and much of Sub-Saharan Africa, regardless of the region for which poverty is measured. An alternative definition of poverty—expounded by the British sociologist Peter Townsend, others—poverty is a lack of the resources required to participate in activities and to enjoy living standards that are customary or widely accepted in the society in which poverty is being measured.

Detailed studies using national income poverty lines and national-level social indicators show equally large variations in poverty performance across countries within each region. Poverty is thus operationally defined as a relative concept. The threshold, for instance, could be the line that separates the bottom 30 per cent of individuals in the overall distribution of individual incomes (e.g. the 30 per cent that earn the least within the global population). The hard core of the poor (the poorest of the poor) can be defined as the bottom 10 per cent of the distribution or alternatively, the lowest 50 per cent of the poor population (the lowest 50 per cent within the lowest 30 percent).

Country aggregates of different dimensions of poverty provide a useful overview of performance. But they hide as much as they reveal. There are distinct patterns of poverty within countries, and different groups within a country can become better or worse off. Poverty in different areas within a country can and does move in different directions. In Burkina Faso and Zambia rural poverty fell and urban poverty rose.

In Europe and central Asia the proportion of the population living on less than $2 a day (at 1996, purchasing power parity (PPP)) ranges from less than 5 percent in Belarus, Bulgaria, Estonia, Hungary, Lithuania, Poland, and Ukraine to 19 percent in Russia, 49 percent in the Kyrgyz Republic, and 68 percent in Tajikistan. Among seven African countries with data spanning the 1990s, four (Burkina Faso, Nigeria,
Zambia, and Zimbabwe) experienced an increase in poverty, matching the regional patterns for the decade, while three (Ghana, Mauritania, and Uganda) had a decline.

Available national poverty estimates for Latin America show that between 1989 and 1996 the incidence of poverty fell in Brazil, Chile, the Dominican Republic, and Honduras—and rose in Mexico and Republica Bolivariana de Venezuela. In another group of countries for which only urban surveys were made poverty rose in Ecuador, stayed nearly unchanged in Uruguay, and fell in Argentina, Bolivia, Colombia, and Paraguay.

In East Asia poverty trends in the 1990s were influenced by the impact of the recent economic crisis. Indonesia, the Republic of Korea, and Thailand all suffered increases in poverty, though to differing degrees. In Indonesia one recent study estimated that poverty increased from around 11 percent in February 1996 to 18-20 percent in February 1999. Since then poverty appears to have declined considerably, though it is still substantially higher than previous levels. Trends in China in (1996-1998) are sensitive to the choice of welfare measure. Income poverty measures based on the 1$ a day or national poverty line show continued decline. But a consumption based poverty measure shows a stalling in poverty reduction between 1996-98, suggesting that poor household, specially in rural areas, have been saving an increasingly large share of their incomes .The most recent data for Vietnam show that between 1993- and 1998 the incidence of poverty, based on a national poverty line, fell from 58 percent to 37 percent.

Poverty reduction also varied in South Asia in the 1990's. Bangladesh turned in a good performance despite its worst flood’s in living memory, with GDP growth of 4.5 percent in 1998, the concerted relief efforts by the government, NGO's and donors-and on going food-for-work-work programs-limited the loss of life and the impact of the
floods on poverty. Pakistan and Sri Lanka made little or no progress in poverty reduction in the 1999's. For India, there is an on-going debate on the accuracy of the statistics. It provides a telling example of how difficult is to track poverty over time, even within countries.

Country aggregates of different dimensions of poverty provide a useful overview of performance. There are distinct patterns of poverty within countries, and different groups within a country can become better or worse off.

With regards social indicators it remains much worse for the income-poor than for the income-nonpoor—often by huge margins. In Mali the difference in child mortality rates between the richest and the poorest households is equal to the average gain in child mortality rates recorded over the past 30 years. In South Africa the under five mortality rate for the poorest 20 percent is twice as high as the rate for the richest 20 percent, and in Northeast and Southeast Brazil, three times as high.

The picture is the same for malnutrition. A study of 19 countries found that stunting (low height for age an indicator of long-term malnutrition); wasting (low weight for height-an indicator of short-term malnutrition) and being under weight are higher among poor people in almost all countries. But the different between poor and no poor tend to be smaller in countries with high average rates of malnutrition.

The incidence of many illnesses, especially communicable diseases, is higher for poor people, while their access to health services is typically less. In India the prevalence of tuberculosis is more than four times as high in the poorest fifth of the populations in the richest, and the prevalence of malaria more than three times as high in 10 developing between 1992 and 1997, only 41 percent of poor people suffering from acute respiratory infections were treated in a health facility, compared with 59 percent of the non poor. In the same period only 22 percent of births among the poorest 20 percent people were attended by medically
trained staff, compared with 76 percent among the richest 20 percent. Although HIV/AIDS initially affected the poor and the rich almost equally, recent evidence indicates that new infections occur proportionately among poor people.

Similar disparities show up in access to schooling and in educational achievement. In some poor countries most children from the poorest households have no schooling at all. A study of Demographic and Health Survey data found 12 countries in which more than half the 15 to 19-year-olds in the poorest 40 percent of households had zero years of schooling. Bangladesh, India, Morocco, Pakistan, and eight countries in Sub-Saharan Africa. Primary enrollment shows a similar gap.

Within countries differences in social indicators also exist between urban and rural areas, across regions, and across socioeconomic classes.

An operational and comprehensive definition of poverty has long been needed to fight poverty in a more effective way. Such a definition is required to provide the criteria to identify who is poor and how to measure the progress made in lifting the poor out of poverty (e.g., identification of levels or degrees of poverty, priorities assigned to each level).

It is not easy to embody poverty in a concept, let alone a quantifiable concept. While poverty alone can be described in broad macroeconomic terms, no objective definition exists at the micro level. The term poor often refers to a feeling or perception, a subjective approach that is difficult to communicate to others and that cannot be used either to identify those who can be called poor or to measure the impact of actions developed to counter poverty.

The search for a new conceptual framework to define poverty was facilitated when the analysis of poverty became centered on the poor rather than on the abstract notion of poverty itself. The people-centered approach considered that standards of living, when appropriately defined,
could provide a global yardstick against which poverty could be measured. The standard of living of an individual or a household is considered to be composed of two elements: direct consumption of goods and services and non-consumption activities related to services pertaining to health education housing. Total real consumption is the most practical, quantitative proxy for the direct-consumption element-consumption activities, on the other hand, are aggregated in the non-quantitative concept of basic needs.

The poverty line, a figure cutting the distribution of income of population into two unequal parts. Those individuals showing a real household expenditure per capita lower than this figure are to be considered as poor while those above it are not. Poverty is thus operationally defined as a relative concept. Attempts to define it in relation to absolute thresholds (e.g. absolute nutritional standards) the poor for example could be those whose expenditures do not allow to consume the minimum (absolute) quantity of food an individual should consume to remain in good health—but in most cases, the poverty line is fixed relative to a group of people.

The threshold, for instance, could be the line that separates the bottom 30 per cent of individuals in the overall distribution of individual incomes (e.g. the 30 per cent that earn the least within the global population). The hard core of the poor (the poorest of the poor) can be defined as the bottom 10 per cent of the distribution or alternatively, the lowest 50 per cent of the poor population (the lowest 50 per cent within the lowest 30 per cent).

Defining poverty as a combination of low income and unsatisfied basic needs meets the requirement for the comprehensive definition mentioned above. The traditional income based definition is thus broadened to include the need to improve the living conditions of the poor who are believed to benefit less than others from the services
provided by public infrastructure in the areas of health, education, and housing. While basic needs themselves are unquantifiable, indicators can be defined to measure the level of satisfaction of an individual’s basic needs, the majority of which are addressed by governments.

The experience of poverty goes beyond material deprivation and low levels of health and education, the inability to influence the decisions that affect one’s life, ill treatment by state institutions, and the impediments created by social barriers and norms are also dimensions of ill-being. Another is vulnerability to adverse shocks, natural disasters, disease, and personal violence.

This broader conception of poverty leads us to a more deeper and better understanding of its causes and highlights avenues to arrange of action of attacking it.

One route for investigating the cause of poverty is to examine dimensions highlighted by the poor themselves:

- lack of income and access to attain basic necessities-food, shelter, clothing, and acceptable levels of health and education.
- Sense of voicelessness and powerlessness in the institution of the state and the society.
- Vulnerability to adverse shocks, linked to an inability to cope with them.

To understand the determination of poverty in all its dimensions, it helps to think in terms of people’s assets, the returns to (or productivity of) these assets and volatility of returns. These are of several kinds:

- Human assets, such as the capacity for basic labor, skills. And good health.
- Natural assets, such as land.
- Physical assets, such as access to infrastructure.
- Financial assets, such as savings and access to credit.
• Social assets, such as networks of contracts and reciprocal obligations that can be called on in time of need. And political influence over resources.

Underlying assets ownership and returns to assets are not only economic issue but also of a political and social forces. Access to assets depends on a legal structure that defines and enforces private property rights or on customary norms that define common property resources. Access could be restricted by implicit or explicit discrimination on the basis of gender, ethnicity, race, or social status.

And both of them (that is to say access to assets and returns to assets) are affected by public policy and state interventions, which are shaped by the political influence of the different groups.

Poverty means voicelessness and deprivation, those materially deprived feel acutely their lack of voice, power, and independence. The helplessness subject them to rudeness, humiliation, shame, inhumane treatment, and exploitation at the hands of the institutions of the state and society. Absence of the rule of law, lack of protection against violence, extortion and intimidation, and the lack of civility and interactions with public officials all these place a large burden on poor people.

The poor thus because of their poverty prevented from the advantage of the economic growth of the country by benefit from economic opportunities.

The risk that the poor people face as a result of their circumstances are the cause of their vulnerability. But the deeper cause is the inability to reduce or mitigate risk or cope with shocks-accuse that both draws from and feeds into the causes of other dimensions of poverty.

Lacking assets is both a cause and outcome of poverty. Poor health, deficient skills, scant access to basic services, and the humiliations of social exclusion reflect deprivations in personal public and social
assets. Assets are also central to coping with shocks and reducing vulnerability that is a constant feature of poverty.

Poverty is an outcome not only of economic process—it is an outcome of interacting economic, social, and political forces. In particular, it is an outcome of the accountability and responsiveness of state institutions.

According to the General Assembly of the United Nations Conference on the Least Developed Countries Brussels May, 2001, extreme poverty, the structural weakness of their economies and the lack of capacities related to growth and development, often compounded by geographical handicaps, hamper efforts by these countries to improve effectively the quality of life of their people.

The ninth Report on the development of policy of the Federal German Government indicated that people affected by poverty are unable to lead a decent life (BMZ, 1992:13). In the context of this definition one could understand that it open the door for a big debate, it supports the relative meaning of poverty, and went to address the culture, norms and social values in a specific society, so it depends on changeable variables.

Poverty can be seen as broad, multidimensional, partly subjective, variable over time, comprising capabilities as well as welfare, and in part relative to local norms, consumptions and expectations. In practice, most poverty measurements focuses on private consumption below an objective poverty line that is both fixed over time and defined it in terms of an absolute norm for a narrow aspect of welfare: for example defining poverty as deprivation of sufficient consumption to afford enough calories, or as dollar poverty.

Poverty has both physical and psychological dimensions, insecurity and political repressions, biased or brutal policing and victimization by rude, neglectful or corrupt public agencies.
Some may feel poor or be regarded as poor if they cannot afford the sorts of things available to other people in their community.

Poverty can be measured in three ways; a scalar approach using a single indicator such as income or consumption, a multidimensional indexed approach where several indicators are combined in a single index of poverty, and a vector multi-dimension where several indicators are used to classify people as poor on each indicator (e.g. income poor but health non poor).

Identifying the poor could be achieved by identifying the poverty line, four techniques are widespread use for setting the poverty line these are:

(1) The food energy method (FEM) estimate a food minimum required to satisfy dietary energy (caloric) requirement and then determines the level of income /consumption at which this minimum is typically met.

(2) The cost basic-needs (CBN) method sets the poverty line as the level just sufficient to buy an exogenously set low cost adequate diet plus other cheap basic requirements.

(3) The food share methods (FSM) estimate the minimum cost of a food basket that satisfies the food energy minimum and multiplies this by the share of non-food expenditure in total consumption of sub-group defined as poor.

(4) The international poverty line method:

The relative consumption method sets the poverty line at a percentage of national mean or median consumption often half or one third.
Often a set of poverty lines is used ranging from extreme poverty to moderate poverty.

Once a poverty line is set poverty below the line can be added up. There are many ways of doing this each telling us some thing different about the extent and nature of poverty. The three most widely used measures of poverty as mentioned earlier in this chapter are as follows:

The head count ratio measures the incidence of poverty (po) and is simply the number of poor people divided by the total population. But this fails to show how poor the poor are. Two countries may have the same head count ratio but the poor in one country may be much poorer than the poor in the other country.

The poverty gap index ($P_1$) gets over this problem by incorporating the depth of poverty. Each poor person is weighted by his/her proportionate short fall below the poverty line, indicating how poor he/she is. But neither Pin nor PO allows for inequality amongst the poor, if a poor person consumes ten rupees a day more but an even poorer person ten rupees fewer, neither Pin nor PO rises, yet most of us would agree that poverty has got worse.

The poverty severity ($P_2$) measure solves this by weighting each poor person by the square of his/her proportionate shortfall below the poverty line. The $p2$ measure is the most comprehensive because it increases when the number of poor people increases, or the poorest get poorer compared with other poor people.

Human poverty is the result of a whole set of intersecting inequalities- social, political, and economic. One of the most importance of these involve gender inequalities between men and women which serve to generate and perpetuate poverty both within and between generations. Gender biases need to be removed at every level from the fiscal policy to the sharing of household responsibility-if there to be any prospect of poverty eradication.
The best way to make this happen is to tackle poverty with abroad range of policies. Poverty is not a sect oral issue it is not a social problem to addressed as an afterthought. Poverty eradication must, rather become a central, guiding objective of all development efforts. Fundamentally poverty is an affront to human rights. Good health, adequate nutrition, literacy and employment are not favours or acts of charity to be bestowed on the poor by governments and international organizations. They are human rights as valid today as they were 50 years ago when the United Nations Declaration of Human Rights was adopted.

Globally, 1 to 2 billion people are in extreme consumption poverty. More than tow thirds of them are in Asia, South Asia alone accounts for nearly half of them. About one fourth is in Sub Saharan Africa. Three quarter of the poor work and live in rural areas, significantly more than a half expected to do so in 2025.

The ill - being caused by poverty has many dimensions. Low consumption is only one such dimension, but it is linked to others, malnutrition, illiteracy, low self-esteem, poverty is also linked to frustrated capabilities due to asset deprivation, inability to afford decent health and education and lack of power.

The institutional environment in which the poor drive their livelihoods, and the socio-economic, and political factors that restrict their access to resources, can influence the relationship between economic growth and the level and the extent of poverty.

This ascertain by the fact that the big rural-urban gaps in income, poverty, nutrition, health and education are not shrinking through 2020 most Knowing and understanding the poor is as important as understanding poverty. Three quarters of the worlds poor people amounting to 0.9 billion, live in rural areas.

IFAD's categorization of the rural poor in its regions of operation provides an overview of the location and the types of poor people.
According to this categorization, wage laborers, especially landless or casually employed farm-workers, are almost everywhere among those most likely to be poor, though in Africa smallholders are the largest poor group. Poverty incidence among children is everywhere much higher than among adults. Female-headed households are more often found in Latin America and the Caribbean, West and central Africa and East and Southern Africa than in Asia and the Pacific but in most of West and Central Africa and East and Southern Africa they are not likely to be consumption-poor than male-headed households. In near East and North Africa a high proportion of the rural poor are women, children and elderly due to high out-migration of prime-age males in the region.

Generally, the poorest of the rural poor live in remote areas, even in East and Southern Africa, where most of them live in densely populated areas, particularly near capital cities. Smallholders tend to live in dry land areas in West and Central Africa. Against this background Rural poor are poor partly because they are likely to live in remote areas, to be unhealthy and illiterate, to have higher child/adult ratio, and to work in insecure and low productivity occupations. They may also experience discrimination as members of ethnic minorities. Which form an interlocking logjam.

This situation lead us to say the gender gap in literacy in rural areas is larger, the rural poor are more likely to be illiterate. The rural poor, especially women normally have higher age-specific mortality rates than the non-poor. The proportion of malnourished children in the bottom quintile is typically twice that in the top quintile, girls suffered serious disadvantages in access to health care compared to boys, and hence worse malnutrition.

Education is illustrate this problem of interlocking disadvantage well. The rural poor have few human assets, the household head is likely to be illiterate, and the high dependency ratios, correlated with poverty,
independently reduce access to schooling, it is especially among the poor that girls have worse chances of education than boys. Land ownership is a key determined of poverty most of the rural poor are land less or small farmers.

2.1.2. Feminization of poverty

If female poverty, whether children, youth or adults, is mostly an income and/or educational poverty, for an Arab women it is more comprehensive than that, because cultural dimensions are added and are represented in the values and perceptions which are prejudiced against gender. These can be seen in the educational opportunities, types of work, and wages among males and females. Social dimensions are added to the above and are related to the paternalism dominant. And if there are possibilities and capabilities for numbers of males to come out poverty belts and pass its borders, those possibilities and capabilities are definitely smaller in the case of women as such and Arab women in particular in current social setting which is still depends on the gap between males and females. If we take into consideration the fact that poverty goes back deep into the past and is almost related to the beginnings of social division of labor between male and female, and the separation of production beyond the household area, it is also obvious that although globalization raised ideas on human rights and the necessity of participation, the effects of that globalization have added to women much of justice and burdens the things that led to raising the concept of feminization of poverty, and also led some to go further and say that current poverty is almost having a female face. The extent of complication of women’s poverty issue and it is need for various knowledge and planning and executional efforts become clear to us. In the light of surveys, studies and researches that dealt with the effects of poverty in the characteristics of Arab women and the chances of their empowerment, the following ideas can be extracted:
Most of data and information indicate that the distribution of means of preparing and qualifying Arab women are endowed chances of impoverishment of women and her social and political marginalization in many circumstances and this is proved by the literacy among females in (1997) was less than 46.45% whereas it was higher one and a half times among males (70.6%) in the same year.

The total of female enrollment at all levels is a little bit more than their half, which means the deprivation of the other half from that chances, 54% in the same year, This chances increases among male by one and one fifth times, 64% and although the total rate of female enrollment in the primary and secondary level is improving, and the gap between male and female is in its way to shrink in some Arab countries, specially in the Gulf Arab Countries, never the less the gap in the primary education is still great in the low level developing countries, due to the increasing of poverty incidence where the rate reached 60 girls for each hundred boys in Yemen, Somalia, DJIBOTI, the attainment for girls measured by completing the particular educational level-primary and secondary, is wittingnessing a decline between 2%-8% in the same years 1975 to 1995, and the decline increases in the case of low level developing countries.

And if the figures have important connotation to show the limited opportunities for qualifying women, therefore, the careful look into the level of women attainment reveals also the limiting of other opportunities for women in Arab labor markets. Those who manage to reach university education level their number is reduced among those who join applied science faculties compared to humanities (faculties of Arts, commerce
and education) which leads women to concentrate on particular professions like teaching, nursing and social work.

Arab women opportunities for economic empowerment are shrinking, the matter that increases their impoverishment possibilities became the shrinking of chances of economic empowerment is related to the quantity and equality, and returns of labor.

The percentage of the economic activity is considerably low among Arab women at the age of 15 and above, it dose not exceed the fifth of their total number, the rate of 19.2 according to the 2000 year statistics.

The working relationships where the Arab women are involved show that they are either working without getting wages like housework or working in the informal sector in the rural areas while in urban areas working in the public sector.

Unemployment analysis in the Arab world between the years 1975-1995 assures the fact that unemployment among females has almost multiplied in the mentioned period and increased among the educated women.

The result of this was the reduction of the share of women in G.D.P compared to males, in 1997 it was around & 1730 compared to & 6444 to males. The scientific research concerned of women in the legislative institutions at the central and local levels show that women participation is very low and comprises almost few women in each Arab country .And those who participate at civil society organizations are mostly from among the middle class, and from employees whose participation is obligatory in the professional and labor trade unions, and voluntary in some civil societies especially from among the middle classes. Still their participation is limited although there is a little improvement that occurred in the last two decades of the twentieth century. Until the 1998, no women was occupying a ministerial position of any of the Gulf countries, compared to 3.2% in the Eastern Arabia, 2.5% in western
Arabia. And at the level of Arab countries Syria has the rate of 7.5% and Jordan 1.6%. And at below ministerial levels, the participation of women according to year 1998 at the Gulf status was 2%, Eastern Arabia 8%, western Arabia 7% and the low developing countries 1.5%.

The average of poor females who are heading households in the Arab world is between 15%-20% and it increases in some countries at the lower levels of development than those who are at the middle level.

The increases among poor families in Egypt, Yemen, Somalia, Sudan, where highest rate reached 18.6% in the urban areas and 21% in the rural areas. Survey on poverty show that the rate of families headed by females is 26.8% as a general average, and the rate reaches 32.5% in Cairo city. The rate of females drop-outs and failures in the primary and secondary educational levels is increasing among females of poor families themselves. This is due to the fact that for cultural reasons the family prefers male education rather than female education specially in case of scarcity of economic resources, and families tend to prefer the early marriage of females particularly in the rural and poor rural areas. This result have been supported by many studies on women and poverty and education gaps in Yemen, Egypt, Sudan, Lebanon, Tunisia, and Morocco.

The above mentioned statements revealed that ethnocentric bias in the distribution of family sharing and resources which in turn is a reflection of females status in the family and in the society, the matter which leads to their impoverishment and vulnerability to poverty and its implications.
Section Two
The linked Disadvantages
of Poverty and Gender

2.2. The linked disadvantages of poverty and gender

2.2.1. Introduction

This section deals with exploring the roots of women inequality. It is set to shed light on the extent of inequality and other social and economic phenomena, and stereotypic views of women’s place and position in society. It deals also with the concepts and definitions of the term Gender and its implications in women’s life and position, as well as with the historical evolution of the term gender.

Development affects women and men differently. The after effect of colonialism and the peripheral position of Third World countries in the world economy exacerbate the effects of sexual discrimination on
women. The penetration of the capitalism leading to modernization and restructuring of traditional economies, often increased the disadvantages suffered by women as modern sector takes over many of the economic activities, (such as food processing and making of clothes) which had long been the means by which women supported themselves and their families.

Women in developing countries carry a burden of works as they cope with house work, (rearing and caring of children) and food production.

However, less education, less employment opportunities are detrimental to the success of the development policies in the Third World.

The Universal Declaration of Human Rights of 1948, reaffirmed the belief in equal rights of men and women.

Women’s status refers to their overall position in the society. It is often described in terms of the women ability to control important events in their life and the more that they have options as men in the same age group and social class. Thus it is a reflection of the level of justice in that society.

The status of women is relatively low compared to that of male counterparts. This has been deeply rooted in culture, religion, and socio-economic and political background. Apart from this the socio-economic development is curtailed without the full participation of women in all fields, and ways to integrate women in the socio-economic development process remain to be real indicators of human justice and equality.

Generally, the change in the position of women can be attributed to different processes and mechanisms that are accelerated by circumstances and historical events. These circumstances and historical incidences are universally interlinked with the economy and material well-being of the people, in terms of livelihoods and survival.
The advent of the industrial revolution and the collapse of the feudal system witnessed the emergence of women as free labor in society. This represented a break-through for women to work outside the house in order to earn income. It was accepted socially not because women struggled for their rights to work, nor women’s right were recognized by the society as an issue, but as a necessity for the income they earned, and as a cheap labor for the industrialization machine.

In the Third World, the process of women development was regressive. It had been checked and altered by a number of factors, the most important of which is colonization. Not to mention slavery, cash economy and plantations, dislocation of the population and emigration, destruction of the family, the perforation and victimization of women.

Development efforts, programs and projects failed to reach women as anticipated and as it stated Societies which continue to hold that fifty percent of their population (women) should remain subordinates and be relegated to the status of minors or inferiors.

Along one line, development is viewed to have fallen short of reaching women because their inherent submissiveness and historical seclusion make them apprehensive and apathetic thus unable to participate in and benefit from development.

On another level women are viewed as being completely powerless, they do not have control over their means of production, and are subordinate to men because they are economically dependent. Accordingly, western women and researchers of Third World, had carried out studies with a biased pre-judgment to investigate whether women have been subordinated to men in all of the parts of the world and to identify those factors that contribute to women subordination.

Research in women’s issues is of recent date, studies related to the role of Third World women in the development of their countries have only been carried out regularly during the last twenty years. The
pioneering work was Ester Boserup's book. Women’s Role in Economic Development, (1970). After the appearance of this study, there was a remarkable breakthrough in 1978 with a great number of new studies on Third World women. This trend has continued since then with scientific papers, books, conferences reports, and policy documents of various kinds. Methodological development have also occurred over this period. In addition to the quantitative surveys a tradition for in-depth qualitative studies developed, dealing with women’s functions in the local communities, i.e. the household, the village, the urban slums, industries employing women, etc... Although generalizations may be difficult on the basis of such micro-studies, these grass-roots investigations of women activities unveiled indispensable detailed information about women’s roles in production and reproduction. Other studies dealt with global issues, i.e. the influence of international trade and economy on the composition and mobility of female labor.

By pairing small in-depth studies on culture, household, kin relationships and the organization of gender within caste and class with household survey and urban labor-market studies based on larger samples enabling generalization about women’s actual productivity, we are now able to have a much fuller picture of the organization of gender in social contexts.

Most important the combination of quantitative and qualitative studies promoted a concept of development and socio-economic change as a process of transformation, which depends on continuous integration of the cultural, social, political, and economic institutions within a given society.

Since 1975, a uniform conclusion of the international research on women is that with a few exceptions, relative access to economic resources, incomes, and employment have worsened, their burdens of work have increased and their relative and even absolute health,
nutritional and educational status have declined. What is significant is that this decline in women’s situation has occurred in spite of all the information, publicity and pressures surrounding women in the last two decades.

Policy approaches that have been successively adopted in an attempt to change women’s status have been described as welfare, equity, antipoverty, efficiency and employment.

The overall goal of awareness of gender issues is to achieve equity and efficiency, and productivity by involving women and men at all levels of the planning and management of the development process. Their joint and equal involvement leads to efficiency of planning and to cost reduction. Accommodating gender needs offers a chance to place investments more precisely and to avoid planning mistakes and imperfections especially with matters related to their life needs. Further, providing forums for gathering views and encouraging debates on incorporates gender interests into strategic planning and puts gender responsive measures into practice. For development to be engendered and not engendered, these steps of achieving efficiency, equity and productivity have to ensured. Equity in gender calls, means to increase participation of women and men, a balanced allocation, management and utilization of available resources by women and men. It is a process of reduction where some gains and loses are made by both women and men depending on the circumstances of each gender.

2.2.2. Understanding gender concepts

Gender refers to the qualitative and interdependent character of women’s and men position in society. Gender relations are constituted in terms of the relations of power and dominance that structure the life chances of women and men. Thus gender divisions are not fixed biology, but constitute an aspect of the wider social division of labor and this, in turn, is rooted in the conditions of production and reproduction and
reinforced by the cultural, religious and ideological system prevailing in a society.

The relations between men and women are socially constituted and not derived from biology. Therefore the term "gender relations" should distinguish such social relations between men and women from those characteristics which can be derived from biological differences. In this connection "sex" is the province of biology, (i.e. fixed and unchangeable qualities) while “gender” is the province of social science, (i.e. qualities which are shaped through the history of social relations and interactions).

The word gender is now being used socially or as a conceptual category, and it has been given a very specific meaning. In its new incarnation gender refers to the socio-cultural definition of men and women, the way societies distinguish men and women and assign them social roles. It is used as an analytical tool to understand social realities with regard to women and men.

The distinction between sex and gender was introduced to deal with the general tendency to attribute women’s subordination to their anatomy. For ages it was believed that the different characteristics, roles and status accorded to women and men in society, are determined by biology (sex), that they are natural, and therefore not changeable.

In a way women and women’s bodies, were and are held responsible for their subordinate status in society. Once this is accepted as natural, there is obviously no need to address the gender inequalities and injustice which exist in society.

According to Ann Oakly (who was among the first few feminist scholars to use this concept) gender is a matter of culture, it refers to the social classification of men and women into masculine and feminine. That people are male or female can usually be judged by referring to biological evidence. That they are masculine or feminine cannot be judged in the same way: the criteria are cultural, differing with time and
place. The constancy of sex must be admitted, but so also must the variability of gender, she concludes that gender has no biological origin, that the connections between sex and gender are not really natural, at all.

Because of their bodies women, but not all women, bear children, feed them and menstruate, but other than this there is nothing they do that men cannot do or that men can do and women cannot. Bearing children does not mean that only women can or should look after them. Men can just as well do the caring. So just having male or female bodies does not necessarily have determine our characteristics, roles, or destinies.

But in reality it is quite difficult to establish what is natural and what is socially constructed, because as soon as a child is born families and society begin the process of gendering. In many South Asian culture the birth of a son is celebrated, the birth of a daughter is bemoaned, sons are showed with love, respect, better food and better health care. Boys are encouraged to be tough and outgoing; girls are encouraged to be demure and home-bound.

There is nothing in girls bodies which stops them from wearing a short, or climbing trees or riding bicycles, and there is nothing in a boy’s body which stops him from playing with dolls, looking after younger siblings or helping with cooking or cleaning the house. All these differences are gender differences and they are created by society.

Proof of the fact that gender is a cultural and social attribute rather than a natural one, is that it keeps changing-over time, in different places and among different social groups. For example a middle class girl may be confined to home and school while a tribal girl may roam around in the jungles freely, tasking the animals for grazing, or climbing trees for fruits, leaves or branches. They are both girls but they develop different capabilities, aspirations and dreams, in spite of the fact that their bodies are the same.
Similarly in many families girls were traditionally not sent to school or allowed to go out of the house after they were ten or eleven, (11 or 12) and were often married at puberty. But now things have been changed. So too, the education, roles and responsible ties of men have been changed, although perhaps not as much. This is what we mean when we say that gender is variable, it is or may be different in different families or communities and at different times in the same family.

The above statement reflects the different status that women and men occupy in the society is indeed socially and culturally determined, it man made or community made nature, has a little part on it. It is determined by gender not sex.

Everywhere women as a group are considered inferior to men. They enjoy fewer rights, control fewer resources, work longer hours than men but their work is either undervalued, or underpaid. They face systematic violence in the hands of men and society, and they have little decision-making power in social, economic and political institutions.

Men are considered to be the heads of households, bread-winners, owners and managers of property, and active in politics, religion, business and the professions. Women, on the other hand, are expected and trained to bear and look after children to nurse the infirm and old, do all household work, and so on. This determines their education or lack of it, preparation for employment, nature of employment. However, the degree of differentiation between male and female roles varies widely. Sometimes the rules are merely preferential little an anxiety is shown over temporary role reversals.

According to Ann Oakly, Cara du Bois, although there are distinctions between the economic roles of the sexes, it is not thought unhealthy for anyone to take on the other sexes work—rather they are admired for possessing a supplementary skill. The women control the subsistence economy and the men occupy themselves with financial
deals, but many men are passionate horticultural and many women have financial skills. In some cultures, on the other hand, where horticulture is defined as a female pursuit, a proclivity for it in a man is regarded as proof of sexual deviation. In yet others, a special category may even be created for females who excel in pursuits assigned to both sexes.

Ann Oakly provides ample data from research studies to show that men are much more susceptible to infectious diseases and mortality. According to her this susceptibility has been directly connected with the difference in chromosomal make-up between male and female. Genes controlling the mechanisms by which the body withstands infections are transmitted via the x-chromosome... the male’s higher susceptibility has a distinct biochemical basis.

When we use the word gender we mean the socially constructed roles, status, expectations, and relationships of women and men. Similarly, when we use the terms “gender equity” and “gender equality” we are not suggesting an equality based on sameness but rather one based on difference. The process of achieving gender equality is a struggle for justice through the transformation of constraining gender roles and ideologies that influence organizational structures, values, behavior, and outcomes.

Many writers are concerned with improving people’s lives in gender-equitable ways. And focus on organizations, as instruments in that process, is one of many efforts to similar ends, from grassroots organizing and advocacy to changing legal frameworks, policy analysis, and program implementation. Their analysis begins with the premise that the problem of gender inequality is rooted in the institutional arrangements of organizations, which in turn produce gender-inequitable outcomes.

Advocates of organizational gender equity often have focused on employment-equity issues, that is, on reducing barriers to women in the
workplace and improving the representation of women at higher levels of organizations. They have also focused on the programs or services provided by organizations. For example, gender specialists have demonstrated that in development and other international organizations, such as the UN, not only that the work discriminates against women but also that a more equitable approach would better fulfill the mandate of the organization.

Both psychotherapy and organizational theory recognize those deeply felt but hidden aspects of consciousness-individual or organizational-that shape meanings and understandings, actions and reactions. Edgar Schein, (one of the first organizational theorists to identify the importance of organizational culture in shaping organizational out-comes), saw culture as hidden and needing to be uncovered.

Schein however did not deal with gender, and his conception of culture is organization-specific. Itzen and Newman, taking a broader view of culture, describe the ways culture blocks change towards gender equity in municipal government. Goetz and Kabeer have also written about this hidden aspects of organizations.

Miller and Razavi advocate feminists engagement with institutions that tries to promote change within existing bureaucratic structure. They describe the policy entrepreneur who uses a mixture bureaucratic politics and intellectual efforts to demonstrate how paying attention to women can benefit the accomplishment of organizational goals. Kathey Staudt supports this approach but, like Goetz, emphasize, the political struggle.

For most of human history, work and the rest of life were completely integrated. Artesian work took place in the home both adults and children were engaged in work, household maintenance, and celebration. Women, men, and children were engaged in crop production and processing for subsistence and sale, and in festivals to mark the
turning of the seasons and the rituals of birth, death, and marriage. With the industrial revolution, the workplace moved out of the family, home, and community-both literally and metaphorically. The workplace became men’s domain, so its organization conformed to their needs and interests. Women came to bear the responsibility for supporting the health and productivity of men in the workplace by domestic cooking, washing, cleaning and raising children, cleaning and supporting the community through unpaid, and therefore, undervalued work-often in addition to undertaking paid work. Increasingly, home and community subsidized the workplace and the privileging of economy over life became institutionalized.

From Acker's work it is clear that the gendering of organizations in the patterning of jobs, the creation of symbols and myths, interactions that enact dominance and subordination, and the determination of gender-appropriate behaviors and attitudes- is built on and reproduces a gendered substructure.

This foundation comprises the spatial and temporal arrangements of work, rules prescribing workplace behavior, and the relation of workplace to living place. It is supported by the assumption that work is separate from the rest of life, and that work has the first claim on the worker. From this is developed the notion of the ideal worker, who fulfils these demands. Women, who irrespective of their participation in the paid workforce are still primarily responsible for family and reproductive activities, tend not to be that ideal worker.

Moreover, these gendered assumptions, Acker points out, are reinforced by organizational processes focused on power.

Acker concludes that the 'ideal worker' excludes and marginalizes women who cannot, almost by definition, achieve the qualities of a real worker because to do so is to become like a man.
According to Joan Scott’s conception that gender itself is a signifier of power, gender is a primary field within which or by means of which power is articulated. Established as an objective set of references, concepts of gender structure perception and the concrete and symbolic organization of all social life. To the extent that these references establish distribution of power (differential control over or access to material and symbolic resources) gender becomes implicated in the conception and construction of power itself. She illustrates this point with examples of how rulers have legitimized domination, strength, and central authority as masculine, and enemies, outsiders, subversives, and weakness, as feminine.

As stated earlier, conventional conceptualizations of poverty are implicitly male-centered. This allows for the assumption understanding both income consumption as well as well-being measures that shortfalls in either reflect poverty shortfalls in income/consumption translate into shortfalls in choice and are manifested in shortfalls in well-being. A gender perspective introduces certain disjuncture into this equation.

The basic conundrum that plagues attempts to conceptualize the gender dimensions of poverty—whether it is through the choice concerns of economic measures or the well-being concerns of human indicators—stems from the analytically distinct but empirically seamless operation of the social forces that create scarcity, on the one hand, and discrimination, on the other. In principle, it would be possible to hold constant for household income and find evidence of gender inequalities in basic well-being or to hold constant for gender, and find income-related inequalities of well-being, the gender dimension of poverty is concerned with the interaction between the two. Other things being equal, it would be logical to assume that the joint effect of gender discrimination and absolute poverty would be the exacerbation of gender inequalities among the poor.
The goal of gender planning is the emancipation of women from their subordination, and their achievement of equality, equity and empowerment. This will vary widely in different contexts depending on the extent to which women as a category are subordinated in status to men as a category. The knowledge base explored in recent feminist and development debates provides the conceptual rationale for several key principles. These in turn translate into tools and techniques for a gender planning process. These analytical principles relate to gender roles and gender needs, also to control over resources and decision-making in the household, civil society and state.

The United Nations Decade for women (1975-85) played a crucial part in highlighting the important but often previously invisible role of women in the social and economic development of Third World countries and communities, and the particular plight of low-income women. During this decade there were considerable shifts in approaches both by academic researchers and by policy-makers. Researchers moved away from a preoccupation with the role of women within the family and women’s reproductive responsibilities towards an understanding of the complexities of women’s employment and their productive activities. Research on both waged workers and those in the informal sector, in urban and rural areas, helped in identifying the range of low-income women’s income-generating activities in Third world economies. Equally, during the decades policy-makers began to shift their focus from a universal concern with welfare-oriented, family-centered programmes which assumed motherhood as the most important role for women in the development process, to a diversity of approaches emphasizing the productive role of women. Despite developments such as these highlighting the importance of women to the development process, the acceptance of gender planning has been hindered by a range of issues which still require clarification.
2.2.3. Conceptual issues: from Sex to WAD, WID & GAD

The term women and development (WAD) and the term women in development (WID) were coined in the early 1970s by the Women’s Committee of Washington, DC, chapter of the society for International Development, (a network of female development professionals who were influenced by the work in Third World development undertaken by Ester Boserup and others new anthropologists (Boserup 1970, Tinker 1982, and Maguire 1984). The term was very rapidly adopted by the United States Agency for International Development (USAID) in their so-called women in development (WID) approach, the underlying rationale of which was that women are an untapped resource who can provide economic contribution to development. USAID, with its office of women in development, has been one of the most determined advocates of the WID approach, together, with Harvard Institute of International Development, they have produced a case-study based methodology to identify how women have been left out of development on the grounds that women are key actors in the economic system, yet their neglect in development plans has left untapped a potentiality large contribution (Overholt et al, 1984:3).

In 1975, the UN inaugurated the Women’s Decade at a conference in Mixco City, which helped to spur the 1975 break through of a great number of scientific and popular publications about women and development. As a preparation for the Mid-Decade Conference in Copenhagen in 1980, the UN secretariat took steps to have statistical information about women’s living conditions collected through public sources from all regions of the world. It marked the first time attempts were made to provide a global picture of women’s situation. The following frequently quoted statement about women and the economy originates from that report: As a group women have access to much fewer resources than men. They put in two thirds of the total number of working
hours, they are registered as constraining one third of the total labor force and receive one tenth of the total remuneration. They own only one percent of the world’s material goods and their rights to ownership is often far less than those of men.

In parallel with the official UN efforts, there were the so-called alternative conferences, the activists surrounding them released an even stronger dynamism. These conferences were organized spontaneously from the grass-roots level and they brought about contacts and cooperation between women researchers and women politicians worldwide. The culmination of these efforts was the Forum, convened in Nairobi 1985, running simultaneously with the third UN Women’s Conference. About 16,000 women met at the Forum to share scientific, political and educational presentations on women’s conditions. The dynamisms of this grass-roots movement had strong impact not only on the level of awareness and understanding among people but also on the formation of new research strategies for women studies. Since then research centers have been established in western as well as in Third World countries and networks have been built through mutual cooperation.

The Women in Development movement, whether in its scientific, political or popular form, has drawn the world’s attention to the fact that women represent powerful human resources in development, that unnoticed they perform the major part of the world’s labor and that they do so under very various sectors of society, productive as well as reproductive. Women’s role in biological reproduction and the bearing and nursing of babies is self-evident. It is a false stereotype, however, that because it is the biological nature of women to bear children, it is a natural biological, outcome that for their lifetimes women should be obliged to do all the housework and housekeeping and domestic activities.
In all homes the sexual division of labor encompasses both reproductive and productive activities. But the workload connected with the domestic activities which maintain or reproduce daily life are mainly allocated to women, while the more extroverted and distant income-generating activities are allocated to men. This distribution of labor and of the rights to dispose of the income in cash or kind which results from that labor-is clearly of a social and not of a biological nature.

False stereotypes are pitfalls for thought and lead to irrational actions. It is an ironic consequence of the determinism that accompanies the belief in the biological nature of women that women are often treated as a minority group in spite of the fact that they constitute more than half of the world's population. Phrases like this are intended for women, youth and other special groups or for women, children and handicapped, have been seen too often in public documents. In this way being female is equated with suffering from an irreversible handicap, women are subordinated or marginalized, for biological reasons.

Such biases have not only dominated public opinion, until fairly recently they have also influenced social scientists to see sex differences as being beyond the scope of social analysis and have thus obstructed their understanding of social and historical roots of gender relations.

More recently a further shift in approach, principally in academic research, has recognized the limitation of focusing on women in isolation and has drawn attention to the need instead to look at gender and development (GAD). This focus on gender rather than women was influenced by such writers as Oakly (1972) and Rubin (1975). They were concerned about the manner in which the problems of women were perceived in terms of their sex- namely, their biological differences from men- rather than in terms of their gender-that is the social relationship between men and women, in which women have been systematically subordinated.
Approaches to issues relating to women in developing countries became concentrated therefore with the manner in which gender and concomitant relationships were socially constructed. The focus on gender rather than women makes it critical to look not only at the category women—since that is only half of the story—but at women in relation to men, and the way in which relations between these categories are socially constructed. Men and women play different roles in society, with their gender differences shaped by ideological, historical, religious, ethnic, economic and cultural determinants. These roles show similarities and differences between other social categories such as class, race, ethnicity and so on. Since the way they are socially constructed is always temporally and spatially specific, gender divisions cannot be read off on checklists. Social categories, therefore, differentiate the experience of inequality and subordination within societies.

Although the critical distinction between sex and gender is well known, the further distinction between Women in Development (WID) and gender and development (GAD) is less clear. The terms are all too often used synonymously, yet in their original meaning they are representative of very different theoretical positions with regard to the problems experienced by low-income women in the Third World. Consequently, they differ fundamentally in terms of their focus, with important implications for both their policies and planning procedures.

The WID approach, despite its change in focus from one of equity to one of efficiency, is based on the underlying rationale that development processes would proceed much better if women were fully incorporated into them (instead of being left to use their time unproductively). It focuses mainly on women in isolation, promoting measures such as access to credit and employment as the means by which women can be better integrated into the development process. In contrast, the GAD approach maintains that to focus on women in isolation is to
ignore the real problem, which remains their subordinate status to men. In insisting that women cannot be viewed in isolation, it emphasizes a focus on gender relations, when designing measures to help women in the development process.

It is important to recognize that gender planning differs fundamentally from planning for women in development. Because it is a less threatening approach, planning for women in development is far more popular. However, by its very definition it is an add-on, rather than an integrative approach to the issue. Gender planning, with its fundamental goal of emancipation, is by definition a more confrontational approach. Based on the premise that the major issue is one of subordination and inequality, its purpose is that women through empowerment achieve equality and equity with men in society.

**Gender**: refers to the society constructed roles ascribed to women and men in the social processes. Gender roles are learnt over widely within and between cultures and issues.

**Gender analysis**: is an encompassing, data disaggregated critical examination of humanity, including women, men, girls, boys, children and the elderly in perspective development processes. Gender analysis ensures that at all levels of policy, planning and programming consideration is given to the different needs of women and men.

**Gender sensitivity**: being aware, searching, considering and accommodating social relations between women and men in their context, in any analysis of policy, planning and programming.

**Mainstreaming gender**: is making gender a routine concern in development process within organizations, programmes, projects, sectoral and micro policies. It entails an integration of equality concerns (accessing resources,
opportunities and rewards of labor) in the analysis, policy, plans and programmes with the objective of ensuring positive impact on men and women and in bridging gender disparities.

**Strategic gender needs:** (SGN) are the interests defined to assist women in existing subordinate relationships between men and women. They relates for example to gender division of labor, power and control and may include issues such as legal rights, domestic violence and women’s control over their bodies.

**Practical gender needs (PGN):** PGNs are identified to assist women existing subordinate position in the society. They do not challenge the rooted gender division of labor or women subordinate position in society which SGNs address. PGNs respond to an immediate perceived necessity and often are concerned with inadequacies of living conditions, (Such as provision of housing and basic services such as water, health care, family foods and employment) Men also have PGNs (for example, where are expected to be bread winners).

Gender mainstreaming is key to ensuring efficient use of resources and sustainability. It ensures that gender is accommodated and there is gender sensitivity right from conceptualization to realization of final outcome of any activities and issues.

Encompassing organized and easily accessible information and stakeholder involvement is a prerequisite in any development undertaking. Gender disaggregated information is important for planning and management of development. It avails information on men and women including gender diagnosis of roles, access to and control over
resources, constraints and needs. This ensures that the needs of both gender are known and planned for.

Gender sensitive strategy formulation and decision making requires adequate information and involvement of all stakeholders. It entails effective involvement of women and men in identifying the major problems, their causes, effects and alternative actions. Since women and men are responsible for different tasks, gender sensitive strategy formulation and decision making, ensures that the social, economic and political needs of both women and men are considered and met.

Action planning and resource mobilization for effective implementation calls for active participation of all stakeholders, including both women and men. Women and men have to play a role in identifying the right structures for planning and implementation and have to be well represented in structures identified. Women have been known to be active in taking the difficult task of implementing plans, in some cases without even knowing the origin of the project or its benefits to them.

Gender responsiveness in action planning and resource mobilization aims at reverting the trend of passive gender participation and ensuring that both women and men have inputs in establishing structures for planning and implementation as well as directly contributing and participating in designing action plans, mobilizing resources and implementation.

Despite the predictions of Kuzenets (1955) high levels of inequality persist in many high income countries today and in some of them, they have in fact recently risen. In addition the link between inequality and economic performance are being investigated through models that incorporate voting behavior, imperfect capital markets and uncertainty over property rights, where the causality runs from inequality to growth, rather than the reverse. This combination of increased social
and political pressure and academic interest means that the study of income distributions has more recently gained enormous impetus.

Inequality means different things to different people whether inequality should encapsulate ethical concepts such as desirability of a particular system of rewards or simply means differences in income is the subject of much debate. Here we can conceptualize inequality as the dispersion of the distribution, whether that can be income, consumption or some other welfare indicator or attribute of a population. Obviously, poverty and equality are very closely linked—for a given mean income, the more unequal the income distribution, the larger the percentage of the population living in income poverty.

Inequality is often studied as part of broader analyses covering poverty and welfare, although these three concepts are distinct. Inequality is a broader concept than poverty in that it is defined over the whole distribution, not only the censored distribution of individuals or households below a certain poverty-line. Income at the top and in the middle of the distribution may be just important to us in perceiving and measuring inequality as those at the bottom, and indeed are driven largely by incomes in the upper tail. Inequality is also a much narrower concept than welfare. Although both of these capture the whole distribution of a given indicator, equality is independent of the mean of the distribution (or at least this is a desirable property of an inequality measure) and instead is solely concerned with the second moment, the dispersion of the distribution.

However, these three concepts are closely related and are sometimes combined in composite measures such as those identified by Amatya Sen. There is a renewed interest in inequality for a number of reasons. First, recent empirical work re-examines the link between inequality and growth. If at-all it tends to be find a negative relationship, especially when looking, at the impact of asset distribution and growth.
They assert that the more equal the distribution of assets such as land, the higher growth rates tend to be. Second, with poverty reduction in many countries being slow at least, the scope for public policies to have a poverty reducing impact through redistributive effects—from safety nets to social expenditures—needs to be examined, third several empirical also examine the impact of inequality as an impendent of the poverty level—or as a cause for violence.

There are several channels through which inequality influences economic and social outcomes. With imperfect capital markets, citizens with low incomes and little ability to provide collateral may find their access to capital curtailed. This will hinder them moving out of poverty while at the same time distorting resource allocation within economics—and thereby lowering growth rates. Economic growth prospect can also be negatively influenced by inequality through the tax system. This would be the case if from the political economy perspective—inequality leads to an inefficient tax structure. Further, it is now discussed to what extent income differences between (and within) households create psychological stress for the relatively poor and are factors that explain higher morbidity, mortality and violence rates.

Development planning has failed to recognize fully or systematically women’s contribution to the development process or in turn the effect of this process on them. This failure has limited development efforts and effects. Economic growth, projects efficiency, and social justice call for a new approach to development which systematically includes women.

In her seminal work of 1970, Ester Boserup plainly articulated the state of neglect, in the vast and ever-growing literature on economic development, reflections on the particular problems of women are few and far between.
Today, understanding the links between inequality and the performance for an economy has become an integral part of understanding the very process of development and the effects of different policies.

Boserup, stated that economic progress benefits men as wage earners in the modern sector, while the position of women were left unchanged, and in some instance have deteriorated particularly when competition from the growing modern sector eliminates the women traditional enterprises.

Poverty is not gender-neutral. Women have less access to, and control of land, credit, technology, education and health, and skilled work. Women also suffer discrimination in pay and in access to land, legacies and credit. Though the evidence (in most countries) does not suggest that women more consumption- poor than men, their control over income is certainly less. It is based on more menial and less self-directed work accompanied by the "double-day", of care for home and children frequent pregnancies and frequent child deaths.

Women’s disadvantages, even in terms of survival chances, are not always a matter of poverty the sex ratio is most adverse in the two Indian States with lowest poverty incidence, Haryana and Punjab. Female participation in the rural labor force varied by region is: in 1981, from 2.6% in Indian’s Punjab to 47% in Andhra Pradesh . In districts with low female participation in the workforce, girls are seen as burden and their survival prospects are worse than those of boys. Women’s relative survival prospects are generally brightest in countries where their workforce share is largest.

Female-headed households have less access to productive assets and social services in all regions. This affects not only their current productive ability and the well being of the household but also the intera-household allocation of resources such as food and education, which
could result in intergenerational transfer of poverty. Discrimination also plays a part in Near East and North Africa where women suffer from cultural limitations on their mobility. Gender bias in customary laws is common in Latin America and the Caribbean.

Discrimination in education early on in life affects the economic, social and political position of women later on, in West and Central Africa. Although female headed household are not necessarily poorer than other-households, the impact of poverty is harder on women in both types of household because of the time spent on household chores and farm work, the type of work they do is limited by their low education levels and lack of decision making authority within the household.

Cultural and policy factors impinge on gender disadvantage in poverty, as upon urban and regional bias. The disadvantages of female-headed households in Asia tend to be not much lower income or higher poverty as less leisure, fewer opportunities, greater vulnerability, worse health, or less education.

The removal of gender inequities in the face of poverty has been as much cause as an effect of growth, depriving a good farmer of land, or a bright child of schooling because she is female, is not only unfair, it is also a barrier to growth. Gender inequality in education and employment in Sub-Saharan Africa reduced per capita growth during 1960-92 by 0.8% a year. In Burkina Faso, inefficient factor allocation within the households results in an estimated 6% loss in output. In Zambia, if women were to have the same degree of capital investment in agricultural inputs as men, output would increase by up to 15%.

Reducing the barriers to women’s control of rural assets, especially land, is crucial for policy against poverty. The barriers against women’s possession and control of land cause poverty through discrimination within households that do not pool income from assets, or do not distribute that income equally. The risk of poverty and the physical well-
being of women and her children could depend on whether she has direct access to land, and not just access mediated through... male family members, especially for female headed households with no adult male support. Denying women assets is unjust and unfair because women constitute half of the world population and has the right to half the world resources. Legal and even constitutional rights notwithstanding, both inheritance and purchase of land by women face severe customary obstacles.

The strength of custom and of female power make it difficult to identify practical changes to land systems that will improve women’s land rights. Land is acquired through inheritance or application to the local chief, but women very rarely get land in this way.

There are other ways besides giving women access to land to bring gender concerns into the foreground; via other assets, notably education, via micro finance, as in many UN agencies and social funds supported activities, and via technology especially inter mediate technology.

Engendering the discourse on poverty has crucial implications for translating aspects of capability poverty into effective action, specially in terms of skill training and the link with productive employment, and underpinned by the recognition that labor market are gendered institutions, this ascertained by the realization and concern of the International Labor Organization (ILO) to promote productive employment as a key policy to lift people out of poverty. Which becomes central to work on poverty alleviation, and which includes particular emphasis on gender related issues and concerns (ILO, 1999). Specifically support to gender sensitive employment promotion is premised not only on the principle of equity in economic opportunities and benefits between men and women; but is also advocated in the interest of economic efficiency.
Recognizing the importance of labor as an asset of the poor which requires support to attain its full potential, ILO and other development agencies have focused on promoting labor intensive development interventions, including the capacity of the poor to engage in self-employment through a multi services approach. This multi services approach involves the provision of a range of entrepreneurship development, technical and financial services, and the strengthening of the self-organization and negotiating capacity of the poor. For poor women in particular, this implies advocating for their representation in policy dialogues at all levels and supporting safety nets that address their employment and income-generation activities, not only their social welfare needs.

However, it needs to be pointed out that the focus on improving women’s capabilities in terms of skill training and promoting their labor productivity requires accordingly equal attention to the crucial reality that labor is not only a poor women asset, rather promoting labor-intensive development interventions can also be a poor women’s burden given the need to balance the responsibilities of her reproductive role with the demands of her economic/productive activities, both paid and unpaid. Without for example, access to affordable labor-saving technology and effective support to a more equitable distribution of the interhousehold division of labor, poor women will generally tend to balance the demands of their two roles with the help of female household members and/or child labor, where this falls on the shoulders of young girls, the result is all too often rising female school drop-out rates, early/under age marriage with all the implications this can be expected to have for reproductive health/fertility levels, as well as the inter-generational transmission of poverty. This reality is further underlined by documented impacts of structural adjustment programmes (SAPS) specifically, the assumption that poor women’s labor is infinitely flexible and can absorb
the socially adverse impacts of SAPS, ignoring the need to focus beyond economic restructuring to a restructuring of the social relations constraining women from becoming full partners in development.

In terms of promoting self-employment as poverty alleviation intervention, and specifically income generation project for women, lessons learnt in various development contexts advice some caution, particularly in respect of the actual economic and social benefits to poor women from access to micro credit and related income generation activities*. There is also the increasing realization that the focus on self-employment generally tends to perpetuate women’s confinement to the informal sector with its attendant gender specific constraints, and that addressing the equally crucial need to promote women’s entry into the formal labor market/ more secure and gainful employment may tend to be overlooked.

Following on from the above, this implies advocating that, the social dimensions of the functioning of labor markets cannot be ignored, and that these markets need to address the objectives of efficiency, growth, equity as well as social justice, rather than viewing labor as a mere commodity*. By implication, this requires addressing crucial issues such as linking promotion of the demand of female labor with labor market reform, and dealing equitably and effectively with labor and social problems of particular economic sectors and occupational categories, where women predominate but remain disadvantaged. Furthermore, this approach also encompasses addressing the needs/ constraints of women in the informal labor market, specifically home-based workers who are generally neglected labor category.

Drawing attention to the importance of labor market processes and institutions in turn raises the question of the implications of globalization in this respect, specifically in terms of regulating wages and labor costs at a world level.
There is some evidence to support the conclusion that in developing countries "gender differentials in employment and payment are narrowing much faster than they did in industrialized countries, and that increased manufactured exports from the South are very strongly associated with the feminization of the industrial labor force.

However, there is equally strong evidence to suggest that trade expansion and liberalization which underpin SAP may have some adverse implications for poor women’s labor market position, including their current material status, given existing tasks and responsibilities under the gender division of labor.

In other words, more serious attention needs to be accorded to the crucial question trade-related outcomes and policies contribute to more egalitarian gender relations in terms which are less prejudicial to women’s income-earning capacity or well-being.

In this respect, manifestations of the so-called feminization of labor are much more complex than hitherto assumed. Thus, in as much as globalization may promote women’s access to employment opportunities, there is also the fact that falling disposable household income may be the primary driving force propelling growing numbers of women into wage employment. For income and capacity poor women, this generally implies limited bargaining power due to a complexity of gender-specific constraints, being stuck in labor-intensive employment characterized by poor working conditions and long hours, and last but not the least the impact of labor market deregulations related to the implementation of SAP and its implications for attracting low cost labor which, in fact, means, flexible/docile, female labor unencumbered by such factors as trade union membership for example. Such flexibility is further reflected in employers propensity to focus on recruiting single females unencumbered by demands of their reproductive role, which in effect means that specific female life cycle stages function as constraints to
accessing gainful employment, with obvious implications for job security, skill up-grading and promotion, not to mention women’s income poverty/economic insecurity.

Last but not the least evidence indicates that gender-based wage differentials characterize labor markets in every country in the world, a differential that would be even more extreme if wage data included women engaged in unpaid family work and in the informal sector. The fact that there is evidence to suggest that education does not, necessarily eliminate gender wage differentials indicates that demand for female labor may be affected by cost-minimizing statistical discrimination, based on the presumption that women have less commitment to the labor force than men, thus revealing that the discriminatory behavior of both private employers and the state plays an important role.

Writing about women’s work over the last decade, and the critical importance of woman’s status and their role in development have been increasingly recognized by governments and International Organizations. This has gained further impetus from the declaration of the United Nations Decade for Women (1975-85) along with subsequent resolutions adopted by the UN General Assembly. They have urged governments to integrate women into all phases of the development process. These demands stress the relationship between women’s status and roles and the achievement of socio-economic goals.

Paid employment has become an increasingly an important form of activity for women in the post war-world. Nevertheless, and despite the increasing number of women in both public and private sectors, the location of women in the labor force structure is characterized by segregation, unskilled, low paid, and unequal with men.

Talcott Parsons (1987) examined the relationship between the kinship system and the wider society, locating his analysis within a
discussion of the problems involved in determining class status, which he defines as follows:

"The status of any given individual in the system of stratification in a society may be regarded as a result of the common valuations underlying the attribution of status to him in each of the sex membership in a kinship units, personal qualities, achievements, possessions, authority and power" Parsons focuses on the ascription of status through position in the occupational structure. Parsons has not been consistent in his argument because he regarded kinship as the primary determinant of social status and in occupational positions he viewed it as dominant. the over-all thrust of Parsons argument suggests that the dominant pattering of the occupational system in an industrial society requires a high degree of social mobility and equality of opportunity in order that individuals can attain their natural levels within the occupational structure.

We have determined status very largely on the basis of achievement within an occupational system which in-turn is organized primarily in terms of universal criteria of preference and status within functionally specialized fields. This dominant patterns of the occupational sphere requires at least a relatively high degree of equality of opportunity which means that status can not be determined primarily by birth or membership in kinship units.

Parsons argues that contradictory relationship has been largely resolved within the industrial societies, as the internal structure of the family is adapted to the requirements of the occupational structure. The segregation of sex role within the family reduces the possibility of strain as the members of the family would not be competing equally within the occupational structure.
Parsons explains sex differentiation in terms of a structural difference between instrumental and expressive roles. The instrumental role includes goal attainment and adaptation which are substantially connected with the relationship between the family and the wider society while the expressive role involves integration and is defined in terms of the family internal structure and functions.

To Parsons women are associated expressive roles since they related to bearing and rearing of children and they are adapted to such roles. On the other hand man have no such internal responsibilities and adapted to instrumental roles, while the woman is removed from compassion with the occupational system. Such roles segregation removes tension between kinship system and occupational roles.

Although Parsons has considered women work out-side home, yet he ignored the implication of their wage labor, since he defined the role of women in expressive terms. This according to him is attributed to the idea that the number of women in the labor force is small and is not increasing, and that the kind of jobs held by a woman tends to be of a qualitative different type and not a status which seriously competes with that of her husband as the primary status-given or income earner.

According to Beechy (1987) Britain after World War Two emerged with a coherent body of sociological studies concerned with married working women and the implication of this on family relationships. Beechy shared the assumptions that married women constitute an important manpower at all levels of the occupational structure and at the same time investigated the social characteristics of working women. She also examined the theoretical framework of women status within the society in an attempt to show how they focus on supply of labor as called by the economists, and ignore some questions related to woman’s employment.
Apart from the sociological studies mentioned above, the dual labor market theories associated women subordination with the analysis of the labor market.

Central to the idea of the dual labor market, is the assumption that the labor market is segmented into a number of structures. Out of this segmentation two sectors were identified, primary and secondary. Barron and Norris (1989) describe the differences between these two sectors. Primary sectors jobs have relatively high earnings, good fringe benefits, good working conditions, a high degree of job security and good opportunities for advancement, while secondary jobs, have relatively low earnings levels, poor working conditions, negligible opportunities for advancement and low degree of job security.

Barron & Norris (1989) argued that women’s pays are significantly lower than men’s. There is a high degree of occupational segmentation between males and females. And that women are more redundant than men, men have a high degree of job security, men are likely to be up-worldly mobile while women have limited opportunities for advancements.

It is clear that women have to conform to all the traits of secondary labor market sector. Barron & Norris argued that women are associated with the secondary sector marking a particular group. They also argued that this is attributed to five factors: (1) workers can easily be dispensable voluntarily or involuntarily, (2) they can be sharply differentiated (3) they have low inclination to acquire training and experience. (4) they do not rate economic regards highly and (5) they are likely to develop solidarity relation with fellow workers. This approach is criticized as being problematic, and because little evidence is offered to support it.

Barron & Norris provided evidence to demonstrate that women’s employment situation is not equal to men. This notion is criticized on the ground that it is mainly being built on the stereotypical conceptualization.
It is considered inadequate in explaining women's position in the labor market in general. This can be attributed to the changing labor process and the organization of the work which have been changing with development in historical circumstances and the social inequality in the labor market is related to the social division of labor and in the household.

Siltman (1980) argued that dual labor market involves some important implications for the analysis of female wage labor. The turnover among female wage labor is higher than among male wage labor. Low commitment to work, low promotion initiative, and intermittent employment are familiar characteristics of female laborers. This orientation to work is often considered to be explained by women priority of housework over wage employment.

Many feminists look at the socialist vision as the most satisfactory sources of ideas for women's movement that will improve society. These feminists claim that liberalism had never paid attention to economic issues because of its concern with political issues and its tradition laissez-faire. Women could gain all the legal rights (e.g., the right to vote, the right to equal admission to professional school., and even the right to apportion,) and yet be left in a condition of economic dependency thoroughly damaging to women’s self respect and efforts to win liberation.

The unfortunate effect of the economic dependence of women was recognized by Karl Marx (1818-1883) and Frederick Engles (1820-1895). Engles argued that the institutional and cultural manifestations of a given historical period including the monogamous family result from economic causes. At stage of human development at which property being accumulated by men became the first ruling class.

In the middle class family of western capitalism, as seen by Marx and Engles, the wife had sold herself for economic support. In the eyes of
many other writers as well as, the wife and mother in the successful bourgeois family of Victorian times was elevated to a position of powerlessness, cared for by hired servants, flattered but sexually imprisoned, denied any chance for self-development or personal freedom.

The economic and social progress late in the century had moved most women from the factory to home aspiring to the security of the middle-class wife status without recognizing how to achieve this goal. This point was well made by Gilman (1898) who said that when the woman were left alone with no man to support her she tries to meet her own economic necessities. The difficulties which confront her prove conclusive what the general economic status of woman is: we see the human mother working harder than a man, laboring her life long in the service, not of her children only, but of men, husbands, brothers, fathers, and whatever male relatives she has. The human female the world over works at extra-maternal duties for hours enough to provide her with an independent living, and then is denied independence on the ground that motherhood prevents her working.

The form of labor wage which is generally known as women’s work is characterized by low paid, unskilled and semi-skilled work. The exploration of the contribution of Marxist feminist discussion of the subordination of women to men in capitalist societies is an area of significant implications for further research on women development perspective.

Most Marxist writings on the subordination of women comprise a debate with Engles who in The Origin of the Family, Private Property and the State laid the foundations for and analysis of the position of women in class society. For Engles the determining factors in history are two fold; the production of the means of subsistence, on the one hand, and the reproduction of human beings, on the other hand. Engles argues that the social institutions under which people live are conditioned both by the
Engels analyzed a number of stages in these development in precapitalist and capitalist societies. Although the major focus of his analysis is upon social formation which could be described as primitive communist. Engles follows Marx in presuming that the development of modern industry makes possible the entry of women into social production. The position of the women in social production is however, in contradiction to Enggles view of the women in the family which maintains that she fulfills her duties in the private service of her family, she remains excluded from public production and can not earn anything and when she wishes to take part in public industry and earn her living independently she is not in a position to fulfill her family duties.

Engles defines women’s oppression in terms of the role ascribed to women in production, and their emancipation in terms of the absence of private property. Engles locates women’s oppression at the level of participation in production.

Most of the Marxist scholars ascertained the fact of women oppression and assured that it is derived from class relations in the society. They reject the notion of the biological basis to gender differences. They focused on social revolution. Women oppression is a function of class oppression and thus gender relations are reduced to relation of production.

For Engels production relations is not just a matter of the kind of work but who owns the means of production or work, which yield the productive surplus. It is access to this surplus that gives the property owner his advantage over others, class dominance in society, male dominance at home. Engles goes on to describe the male as the bourgeois and the female as the proletariat. Instead of a community of people raising children more or less collectively in the clan, the rise of private
ownership of herds and land creates a situation in which individual families become the economic unit of society.

Hauge, for example, writes that despite a weighty presence in public employment, nowhere did women achieve decision-making positions in numbers that could sway masculinity cultures, socialism too, besides being authoritarian administrative structures, were above all patriarchies.

Einhorn refers to paternalism and rights given by the socialist state as opposed to women, arguing that the fundamental contradiction inherent in the paradigm adopted by state-socialist countries lay in a definition of women as workers and mothers without any parallel conceptualization of men’s role.

Such Marxist formulations are not criticism free. Christine Delphi’s work (1984) has had a central place in feminist debates about patriarchy because of her insistence on an autonomous system of patriarchal control defining women’s position in contemporary society. Delphy challenges much Marxist feminist work, that looks at the ways in which women’s oppression results from, or is connected to, class inequality under capitalism, and puts forward instead a model of patriarchy as theoretical independent from capitalism. With her emphasis on labor and modes of production, Delphy retains the materialism of Marxism perspectives in her analysis, but applies this to the expropriation of women’s labor by husbands within the households.

According to Delphy, there are two modes of production, the industrial mode of production, which is the arena of capitalist exploitation, and the family mode of production, in which women’s labor is exploited by men. Men benefit from women’s provision of domestic services and unpaid child rearing within the family, as well as their production of certain goods for use and exchange. Thus, it is men’s
exploitation of women’s reproductive and productive activities in the household which is the main forms of women’s oppression.

Unlike the liberal perspective, the Marxist perspective argued that the poverty of the vast majority of women and men under capitalism is not mere aberration. It is structural feature of social system which puts poverty in simply the symptom, exploitation is an its roots. The solutions needed are not only technical but political. According to Engles the roots of female subordination lie on private property, class hierarchy, and the production of exchange value. Subject to high degree of exploitation, women do not take part in the building and development of the economy merely as labor power in general they constitute a special group within the labor force which is especially vulnerable to the ups and downs of the economy. They are paid low wages that go along with subsidiary jobs not only because their technical qualifications are lower but because the female personality has not absorbed the traits a worker needs to function. Even when a woman does acquire the requisite technical training, it is not a sufficient incentive for her to try participate in the occupational structure. According to Saffioti, women represent a negation capitalism. The ejection of large numbers of women from the dominant system of production of goods and services creates a reserve labor force for that system as well as a means of regulating the wages of workers employed in it.

Women’s position in the labor market, as well as their experience of work, can only be understood in connection with the analysis of sexual division within the household, for both women and men by their place in the family. However, women and men by virtue of their genders, occupy different social institutions and this leads to diverging perception of work.

It is argued that equality can never be realized for most women if they are forced by social convention or law to choose between motherhood and career while men can have both. The marriage contract
can never be a free and voluntary agreement as long as women are forced by economic necessity to marry or to stay married, and as long as the entire responsibilities of developing a career and economic independence are open only to the father.

And as wives and (specially mothers) perform hard work in the home for very long hours, the economic value of this work should be recognized.

A central tenet of thinking in the late 1970 was the belief that the family lay at the heart of women oppression and a major theoretical breakthrough involves the recognition that housework the labor love, performed by women in the home, was a form of work.

Thus a variety of different views and debates were adopted for analyzing housework. Pay for housework may do little to change the unjustifiable division of labor within the household that assigns tasks on the basis of gender. A more plausible liberal solution is the equal sharing of housework and child care and of the responsibility to support the family economically.

Furthermore, Costa, and James, (1972) attempted to provide an analysis that assigned to housework the dual aspect of creating value and surplus value. They argued that housework was essential to capitalism which would have enormous difficulty managing it without workers properly devised by their mothers and wives. It was perfectly plain and obvious that housework was a productive work.

Housework is not recognized as work very recently. It was not usual to take the history of women’s work in terms of history of housework, because housework in social science is invisible as work, (e.g. in 1953 Anniversary of the German Federal Government, housewives were classified as non-working, exactly as total handicapped personnel children). In the Sudanese context a woman is referred to as a
housewife as an occupation) denoting that women have no work and economically inactive.

The early writings on domestic labor, (e.g. Freidman, 1963, Harrch Gavan 1960, Ann Oakly 1974, and Lee Crommer 1974) insisted that housework should be recognized as work and challenged traditional assumptions about women’s natural immutable ability to map-clean, sweep and shape.

Recently the nature of housework has changed, (i.e. shopping and raising of children) due to modernization and technology advancement. The time consumed in these activities is reduced by the introduction of technology in the household.

In a very real sense an occupation is a source of stability for a woman, to which her role in the family is a necessary complement under capitalism. On the one her labor is a commodity to be exchanged on the market and on the other, it is mere value at home is of real worth. However, whatever the frame of reference one uses whether in the family or on the job the demands of these two roles, will be clearly incompatible.

The class society does not provide a framework in which a woman’s role can be appreciated and stimulated in society. Her role is being modeled into two main types of myths. The first myth can be called the myth of the division of labor by sex and the second myth is the myth of motherhood. As notions expressed in myth they are always held as scared that are transmitted thorough generations.

The myth of sex division of labor negates women to marginality in domestic activities as natural, universal and necessary. Naturally women are housewives in all societies and they need to assume this role for the society to survive. Reference is made to prove the myth to academician and scientific research. Three disciplines have promulgated this myth namely ethnology, anthropology and sociology. The anthropologists contention is that, women housewife and a non-housewife man is a
pattern produced in the social structure of all human communities, is probably the most influential part of the whole division of labor by sex myth.

According to a recent study held by the Population Crisis Committee, in USA 1989, 99 countries of the developed and developing world show that men have higher literacy rates than women, and boys out-number girls in schools. Also there are more illiterate women than men in most countries. In over a fifth of 99 countries studied, there are 25 to 50% in one literate men than women, the largest gender gap has been found in developing countries especially in most Arab countries.

The females to males enrollment ratios in both secondary and higher education are less than 35% in all African countries. The consequences of the bias in education pattern are evident, less education, concentration of education on the skills which are defined as feminine limits their career options, and indirectly encourages and reinforces the traditional myth of division of labor by sex.

Until the last decade sociological researches of women’s employment fall into two separate camps: the policy oriented studies which aimed to involve more women into the labor market joining home and work roles and researches of employment which grew of the emerging sub-discipline of industrial sociology, which had a remarkable influence on subsequent research into women’s employment.

In an interesting essay on the treatment of women workers within industrial sociology Richard Brown (1976) suggests that social scientists have often tried to develop general accounts of social process on industrial situation and have mistakenly assumed that these would be valid for situations in which either sex were employed. Thus woman have been ignored altogether or treated as deviant from a masculine norm, while men have not been regarded as gender subjects.
Breverman (1974) argued that women drawn into wage labor are taken to represent an enlargement of the floating and stagnant sections. He stated that the growth of reserve army of labor takes the form of a growing body of female labor which is drawn from the mass of women who previously did not work, and hence represents enlargement of the industrial reserve army. Breverman argues that it provides flexible and disposable working population sensitive to the requirements of capital, and cheap wage for the new services and occupations.

Beachy (1987) argued that women had a distinctive position in capital forms of labor process as cheap unskilled workers, and as a potentially disposable industrial reserve army of labor. She went to say that Marx had recognized this, but he was unable to theorize it satisfactorily because he relied on a naturalistic form of explanation and ignored the family and the sexual division of labor. She pointed out that the reason why women constitute a distinctive kind of labor force did not lie in natural differences of strength and skill as Marx has suggested, but in the sexual division of labor within the home.

Barret (1980) argued that gender ideology is a crucial determinant of women’s oppression and discussed a variety of ways in which ideology operates in the realm of the economic not only in the definition of skill, but also in the more general division between women’s and men’s job.

Women’s oppression is never seen as an oppression but is always taken to be as an event. The history taught at school always view women as female sex is inferior, giving no way to little girls except the refusal to acknowledge themselves as females and try to be distinguished by joining male camp.

Concepts used in sociological studies as well as in every day life are reflections of the ideological bias of the traditional sexual division of labor.
Saffioti (1978) avoiding the analogical line of reasoning that places sex on an equal footing with social class, tried to identify determinants of structural and functional requirements by examining the manner in which the sex factor functions socially.

According to Saffioti sex will be dealt with as a social category that has arisen as prior basis of fundamental equality, namely sex, in a biological-perspective, cutting across class lines, having conflicting interests in the productive system. She goes on to say: women inferior social status derives from a structural necessity of the system, it represents the persistence of a cultural tradition which sees a woman as a submissive creature, to keep in the home excess labor power that the dominant system of production is unable to absorb.

An individual social status is a result of a process of ascription based on natural characteristics. The individual may have acquired an economic status which leads him or her to assume his/ her style of life. The different status groups and the different casts take specific features in both casts and status groups. The strata are ranked hierarchically, but not in any dynamic sense that would lead to a struggle between them. The various strata are arranged in a pattern of composite rank in which a number of qualitative term determines an individual personal qualification when it is mixed with the qualitative variables which determine an individual position along the scale of social prestige. For this reason Saffioti classifies the system of social stratification as a system of composite rank. She stresses that it must be kept in mind that the economic process has not yet acquired the minimum of autonomy to reveal its function as a source of status ascription. This is the principal reason why there are no dynamic links between casts and status groups. Thus, in pre-capitalist society social status appears to be entirely the result of ascription, from natural factors that are independent of the
individual will. She concluded that the economic status, even when it is acquired, is seen by society as ascribed.

Stratification, then assumes the appearance of a natural phenomenon of social influence (e.g. age, sex) will also be considered normal.

It has been argued that stratification in pre-capitalist societies is the product of ascription. There is no area of society where status may be achieved. Accordingly women are found to be viewing their inferior position in the family and the society as both natural and legitimated by centuries of tradition.

With regard to female labor force Saffioti considers the employment of male and female labor power to assume different patterns in different socio-economic formations. Every mode of production, including labor power, has laws of its own which govern its development. Accordingly, sex is always (at least potentially) a discriminatory and hence a satisfactory factor. Thus capitalism has been able to absorb growing number of women into the dominant system of production, but to a certain point.

According to a recent research (2001), Gender oppression takes a multitude of forms, and is an added dimension to oppression based on race, ethnic identity, class and caste. It forms also vary with these factors, and we should never make assumptions about forms of gender oppression in cultures or social groups we do not fully understand. However, it is universal that women experience of male domination is felt by them in every sphere of life-in political office, in the courts and judicial system, in the market place, in the classroom, in the clinic, in the trade union, in the community organizations, in the house-hold, and in the bed room. On the road to social equity gender is the last barrier, because it involves transformation of attitudes and practice in all societies, for all people, it touches all of us, all the way to our strong feeling among both women
and men, and these feelings are often brought out by gender awareness training.

Some western thinkers have argued that the separation of the domestic and public spheres and the confinement of women within the home, are the root-causes of their economic marginalization and social subordination. The situation of women in the Third World is not far better than that of women in the industrial world. In fact, the situation of women in the Third World has belied the expectation of modernization optimists. Rather than achieving economic growth, social development, and adequate social services in most third world countries are suffering from underdevelopment, instability and poverty. Writers like Ester Boserup, have persuasively demonstrated that the process of economic modernization in the Third World are marginalizing women, both economically and socially.

The optimism of Women in Development (WID) School derives from its belief that women’s poverty and subordination are simply aberrations within an otherwise just and equitable social system. Ascribing sexual inequality largely to traditional value and male ignorance, WID thinkers believe that this aberration projects designed to provide basic needs and income generation work for poor Third World Women.

Poverty affected households as whole because of the gender division of labor and responsibilities of household welfare, women bear disproportionate burden, attempting to manage household consumption and production under conditions of increasing scarcity. In many countries, social welfare polices are absent, and even the uneven social welfare do no take into consideration the specific conditions of poor women, and there is no sustainable development action plans to uplift them from poverty.
Actions should be taken to alleviate poverty among women, productive capacity building programs should be designed, make capital, resources, credit, land, technology information available and accessible to women.

Section Three
Credit and Equity Support as Components of Self Employment
2.3. Credit and Equity support as Components of Self Employment

2.3.1. Introduction

This section deals with the exploration of the concepts and definitions of the term Micro-finance, as well as its implications in the development process. It deals also with the constraints and central challenges that have been and remain important for work in the field of enterprise development. And review problems facing women in this area, in order to deepen our understanding of the challenges and opportunities facing micro enterprise and entrepreneur’s especially poor women.

From the 1950s, governments and international aid donors subsidized credit delivery to small farmers in rural areas of many developing countries. It was assumed that poor people found great difficulty in obtaining adequate volumes of credit and were charged high rates of interest by monopolistic money lenders. Development finance institutions, such as Agricultural Banks, were responsible for the delivery of cheap credit to poor farmers.

These institutions attempted to supervise the uses to which loans were put, and repayment schedules were based on the expected income flow from the investment. Returns were often overestimated. For example, calculations would be based on agricultural yields for good years (Adams and Von Pischke, 1992), as result, loans were often not repaid. The credibility and financial viability of these subsidized credit schemes were further weakened by the use of public money to waive outstanding and overdue loans at election time (Adams and Von Pischke, 1992, Lipton, 1996, Wiggins and Rogaly, 1989). A dependence on the fluctuating whims of governments and donors, together with poor investment decisions and low repayment rates made many of these development finance institutions unable to sustain their lending programmes. Credit provision for poor people was transitory and limited.
This model of subsidized credit was subjected to steady criticism from the mid, 1970's as donors and other resource allocators switched attention from state intervention to market-based solutions. Policy-makers were reminded that credit could also be described as debt and that the over-supply of subsidized credit without realistic assessment of people’s ability to repay could result in impoverishment of borrowers.

At the same time the concept of transaction costs, and the notion that full information about borrowers was not available to lenders, were used by the opponents of subsidized credit to justify the high interest-rates charged by money-lenders. Lending money carries with it the risk of non-repayment. In order to know who is creditworthy and who is not, and so reduce this risk, the lender screens potential borrowers. This involves gathering information on the circumstances of individuals, which may not be easy to obtain. Then enforcement costs are incurred to ensure repayment. Through this process risks are reduced, though not eliminated. Where loan is disbursed on condition that it is used for particular purpose, supervision costs also arise.

Using these tools of analysis it was argued that private money lenders charged interest rates which were higher than formal bank-rates because of the high costs they faced in terms of risks, particularly when lending without physical collateral. At the same time, it was argued that money lenders were an efficient source of credit because their greater knowledge of the people to whom they were lending lowered screening costs.

Moreover, potential borrowers faced high transaction costs when they sought loans from formal sector finance institutions. These costs included the time, travel, and paperwork involved in obtaining credit, and were often prohibitive for poor clients, especially those most geographically isolated.
Thinking about small and micro-enterprises in Africa has along
history but debates about their nature and prospects, and whether and how
to support them, have continued without resolution in academic,
particular and policy circles.

Since the 1980s development theories have increasingly argued for
the provision of small loans to micro-entrepreneurs as an effective policy
instrument in the fight against poverty.

During the 1990s, the provision of financial services dealing with
very small deposits and loans “microfinance”, and particularly the
provision of micro credit have been increasingly acclaimed as an
effective means of poverty reduction. There is continuing and quite rapid
improvement in understanding how financial services for the poor can
best be provided.

Micro-credit is the latest development fashion, and it has even
received the ultimate accolade of a world summit, it is not generally
appreciated, however, that there is a wide variety of quite different
approaches to the profitable delivery of financial services to the poor.
Such services have for many years been provided by different types of
institution, including traditional commercial banks, NGO’s and the much
publicized new generation institutions.

Micro-finance has been described as a new world, but if it can be
genuinely profitable, why is it that this business opportunity has for so
long gone unrecognized? In fact, of course, it is not a new world at all,
any more than the Americas were new when they were discovered, in
1492. They were only new to Columbus, and to the people of the old
world, but they had been there all the time, and were well known to the
people who lived there.

The potential of savings, credit and other financial services to
support the livelihoods of poor people is increasingly being recognized.
Micro-finance interventions can raise incomes, contribute to individual
and household security, and change social relations for better. But it cannot be assumed that they will do so. It may often be more effective in terms of poverty reduction to support existing user-owned services or to link people up with established banks.

Institutions and individuals see entrepreneurship as a strategic development intervention that could accelerate the rural development process. Furthermore institutions and individuals seem to agree on the urgent need to promote rural enterprises; development agencies see rural entrepreneurship as an enormous employment potential, politician’s.

Poor people have always their own traditional financial systems, which both exploit them and serve them. What is new is that people in modern formal financial institutions, which have evolved to serve the financial needs of the rich are beginning to recognize that they can learn from the informal financial intermediaries that serve the poor, and that there may be even profits to be made in this new market, which is regarded as a form of assistance to small enterprises, now they are coming to be seen as another type of enterprise themselves.

At the macro level-of development policy, anew orthodoxy appears to be emerging at the end of 1990s which is shifting the primary focus of development back on to the eradication of poverty. This has led to a greater sense of economic growth being a means to this ultimate end, rather than the central goal of development and aid. Such an overall shift in the language of development spoken by donors will necessarily be put into practice in a number of ways.

The new thinking about development and the recent rethinking of the importance of poverty and growth needs to be viewed in the context of longer term socio-economic trends. Looking backwards, it is now apparent that the time that the informal sector was discovered in the early 1970s was one in which the world economy was undergoing fundamental changes. The golden age, of Keynesianism in the OECD countries was
collapsing and the international system of fixed exchange rates had just been abandoned. A sharp economic downturn forced large companies and the capitalist system in general to seek new ways of maintaining or deepening capital accumulation. This led to the increasing internationalization of production, trade and investment: resulting in the current phenomenon of globalization.

Many of the above trends have also been linked to the emergence of new thinking in small enterprise development (SED). SED was clearly the logical focus as part of a neo-liberal view of development, and many NGOs have emerged in this area. As the field developed rapidly so an orthodoxy began to emerge that micro-credit was the most effective and efficient tool available. By the time that the Consultative Group to Assist the Poorest (CGAP) was established in 1995 it appeared that micro-credit was the single tool that could transform the lives of the very poorest (CGAP 1995). However, soon after the Donor Committee for Small Enterprise Development began to emphasize the importance of placing credit alongside what it termed as Business Development Services (the full range of advisory, training, services supports) as part of a package for SED (Gibson 1997).

It is recognized today that the relationship between finance and poverty is a complex one. Employment promotion and poverty reduction are not only conditioned by labor market but also by financial markets. Links between the financial sector and social concern have been recognized by the social summit in Copenhagen (1995) and stressed by the Micro-credit Summit (1997) to use micro finance as a vehicle for poverty reduction and job creation. This section provides a general overview of the scope and limits of the role of credit in policies aimed at poverty reduction.

Access to credit and to other financial services and the capacity to manage them efficiently have a direct relation on the extent to which poor
can engage in self-employment activities and to which micro enterprises can create and sustain jobs, contributing therefore to the poverty reduction agenda.

In most developing countries, financial intermediation at the local level cannot be expected to come about by itself. Isolation combines with poverty and other factors to make significant changes in the present situation extremely difficult without external (i.e. government) intervention. Local financial infrastructure will continue to perform weak and not interconnected. The benefits of efforts at the national level to increase financial deepening do reach the local levels. However, as noted earlier, these efforts often end up worsening the local situation by encouraging banks to close branches in poor areas. Therefore, any development of financial intermediation at the local level will result only from a proactive policy to promote micro finance.

The problem of non-availability of financial services is particularly acute in the informal economy, urban and rural areas, and particularly to self-employed and micro-entrepreneurs women. Because of lack of collateral and knowledge, women are unlikely to have the required experience and self-confidence to obtain credit from a financial institution in the formal sector.

Facilitating access to financial resources will not only enable poor women to earn higher income and have control over their resources, but will also build their self esteem and self confidence. Empowering the poor in the first step in eradicating poverty and empowering women is a step towards the improvement of their socio-economic conditions.

On another hand most of the poor in the informal economy have little or no access to basic social protection. With little access to minimum education and healthcare, they are particularly exposed to health and social risks and caught in a continuing cycle of poverty and
vulnerability leading to their exclusion from the mainstream of both society and economy.

In 1999 at the meeting of councils of the Micro Credit Summit, June 24-26/ ABIDJAN, COTE D, IVORE, it was stated that in 1997 more than 2,900 of the participants from 137 countries gathered in Washington, D.C., for the Micro credit Summit. And they launched that a nine-year campaign to reach 100 million of the world’s poorest families, especially the women of those families, with credit for self employment and other financial and business services by the year 2005. In 1999 at the Council meeting mentioned above there were 3,200 Council members, and more than 2,100 Institutional Action Plans have been submitted over the last tow years by more than 1,200 institutions.

The Micro credit Summit Campaign has four core themes, which are: 1) reaching the poorest 2) reaching women, 3) building financially self-sufficient institutions, and 4) ensuring impact.

Institutional Financial Self-Sufficiency (IFS) is necessary for a Micro finance Institution (MFI) to reach and benefit truly large numbers of the poor and poorest households in order to obtain the large amount of funds required. There is no necessary trade-off between serving large numbers of the poorest households and the attainment of IFS by an MFI. This is proven by the achievements of the MFIs in Asia, Africa, and Latin America.

Cost effective identification of the poor and the poorest women is essential to maximizing the effectiveness and efficiency of providing micro finance services to them. If the service is not exclusively for the poor and the poorest, it should be operated separately for them to minimize leakage to the non-poor.

Efficient micro finance for the poor and poorest, through detailed business planning, timely and accurate monitoring of performance, and maintenance of loan portfolio quality through attractive client and staff
incentives, should maximize the funds reaching them. The needs of the poor and the poorest women for financial services must be known in depth and the financial products and delivery system designed specifically to satisfy them.

Government, having universally failed to provide sustainable access to micro credit for the poor and the poorest, should provide a supportive policy and regulatory framework for efficient private initiatives to do so.

At a minimum, this requires removal of any interest rate caps on doing business with the poor and provision of a suitable legal identity (and regulation) for MFIs working with the poor and the poorest women. Under these circumstances commercial banks should be interested in funding micro finance for the poor and the poorest, thereby removing the final constraint to its expansion. In these ways micro finance for the poor and the poorest women.

Expanding the role of credits to finance anti-poverty polices-and combining credit with grants-has become a new venue being explored by governments and donors. The expanded role of credit is limited, however by the difficulties of targeting and of reaching the poorest of the poor. To maximize the effectiveness of such targeting, credit must be perceived as part of a larger process, (financial intermediation), including magnetization and saving mobilization at the local level. One prerequisite to addressing these issues is a common approach to poverty eradication, itself based on a commonly accepted definition of poverty.

It is not easy to embody poverty in a concept, let alone a quantifiable concept. While poverty can be described in broad macroeconomic terms, no objective definition exists at the micro level. The term "poor" often refers to a feeling or perception, a subjective approach that is difficult to communicate to others and one that cannot be used either to identify those who can be called "poor" or to measure the
impact of actions developed to counter poverty. Analysis of poverty became centered on the poor rather than on the abstract notion of poverty itself. The people-centered approach considered that standards of living, when appropriately defined, could provide a global yardstick against which poverty could be measured. The standard of living of an individual or a household, is considered to be consumption activities related to services pertaining to health, education, housing. Total real expenditure is the most practical, quantitative proxy for the direct-consumption element, none-consumption activities, on the other hand, are aggregated in the non-quantitative concept of basic needs.

The use of real household expenditure per capita as a measure of individual welfare in turn permits a quantitative definition of poverty as a threshold, the poverty line, a figure cutting the distribution of the income of a population into two unequal parts. Those individuals showing a real household expenditure per capita lower than this figure are to be considered as "poor" while those above it are not.

The International labor Organization has been supporting small enterprise development programmes for almost 30 years. As the formal sector in many countries, can offer only limited new employment opportunities, governments and their partners in development (such as Ilo) are increasingly looking to the informal and small-scale sectors to generate new and sustainable employment opportunities.

The promotion of self employment is a basic but minor component of economic development and social policy in most developed countries and in many less-developed nations. In conjunction with a wide variety of public assistance and welfare programs, self-employment is recognized as one means of bringing a person into the mainstream of society as a productive and contributing individual. A sizeable portion of the American population (6.7%) is self-employed persons in the U.S. has grown considerably in the past two 3 decades (up 45% since 1970).
Also the significance of tiny “micro-enterprises” or very small businesses (often home based one person operation), which have often been characterized for their to “micro rather than macro” effects. Although such businesses have little positive impact on the local economy and rarely create new jobs, they do provide one person with employment and self-sufficiency at a minimal cost to society. And they sometimes mark the start of a path to more significant entrepreneurial activity in the future activity that does impact the economy and create jobs for others.

Self-employment programs exist throughout states and nations. They are aimed at a variety of target groups including existing micro-entrepreneurs, the unemployed, welfare recipients, and poor women. Although public and private funds dedicated to such programs are still relatively minimal in comparison to more traditional income maintenance and welfare programs, the attraction of such programs to those who control social policy is that they help people to help themselves, and that they have the potential to eventually benefit not only the individual recipient but the larger community as well.

Of course, not all disadvantaged persons are appropriate recipients of such programmes. A 1988 study conducted in Maine provides some indicative data. In a random survey of ten percent of the states welfare recipients (with a 25% response rate), 60 percent said they were interested in running a small business, could name one or more business ideas, and had a realistic understanding of the difficulties of starting one’s owns business. Eighty-five percent of these respondents cited lack of money as the major reasons keeping them from becoming self-employment, while 45% cited their limited business knowledge and experience cited more than one reason). Clearly, these data indicate that a sizable portion of the disadvantaged population may be benefited by self employment programs.
Lack of capital is so frequently a barrier to self employment is especially frustrating because the amount of money needed to start a business is generally quite minimal. Micro enterprises and small business can be defined in capital requirements of from $500 to 100,000. U.S. census data show that half of all small business owners started their firms with less than $5000 (in USA).

The values and ideologies underpinning the support for small enterprises vary from the laissiez fairest neo-liberalism of de Soto (1989), through the employment creation, view of the ILO, to the humanitarian quest to reinforce survival strategies for the poor. Among the most frequently asserted objectives are:

- efficient utilization of resources.
- employment generation.
- innovative entrepreneurial development (seedbed, role).
- stimulation and democratization of capital accumulation by redressing regional or ethnic imbalances.
- regional development.
- national control of the economy.
- increasing flexibility of the economy.
- ensuring sustainable development through the use of environment-friendly small-scale technologies.

2.3.2. What is small enterprises development?

A large number of publications have devoted considerable space to attempts to define small enterprise. This has led to a bewildering plethora of sub-categories, such as micro enterprise, cottage industry, tiny enterprise, survival enterprise.

From the 1950’s, governments and international aid donors subsidized credit delivery to small farmers in rural areas of many developing countries. It was assumed that poor people found great
difficulty in obtaining adequate volumes of credit and were charged high rates of interest by monopolistic money-lenders. Development finance institutions, such as Agricultural Development Banks, were responsible for delivery of cheap credit to poor farmers.

These institutions attempted to supervise the uses to which loans were put, and repayment schedules were based on the expected income flow from the investment. Returns were often overestimated. For example, calculations would be based on agricultural yields for good years as a result, loans were often not repaid. A dependence on the fluctuating whims of governments and donors, together with poor investment decisions and low repayments rates made many of these development finance institutions unable to sustain their lending programmes. Credit provision for poor people was transitory and limited. This model of subsidized credit was subjected to steady criticism from the mid-1970’s as donors and other resource allocators switched attention from state intervention to market-based solutions. Policy makers were reminded that credit could also be described as debt and that the over-supply of subsidized credit without realistic assessment of people’s ability to repay could result in impoverishment for borrowers.

At the same time the concept of "transaction costs" and the notion that full information about borrowers was not available to lenders, were used by the opponents of subsidised credit to justify the high interest-rates charged by money-lenders. Lending money carries with it risk of non-repayment. In order to know who is creditworthy and who is not, and so reduce this risk, the lender screens potential borrowers. This involves gathering information on the circumstances of individuals, which may not be easy to obtain. Then enforcement costs are incurred to ensure repayment. Through this process risk are reduced, though not eliminated. Where a loan is disbursed on condition that it is used for a particular purpose, supervision costs also arise.
Using these of analysis it was argued that private money-lenders charged interest rates which were higher than formal bank-rates because of the high costs they faced in terms of risk, particularly when lending without physical collateral. At the same time, it was argued money lenders were an efficient source of credit because their greater knowledge of the people to whom they were lending lowered screening costs.

Moreover, potential borrowers faced high transaction costs when they sought loans from formal-sector finance institutions. These costs included the time, travel, and paperwork involved in obtaining credit, and were often prohibitive for poor clients, especially those most geographically isolated. On the basis of this analysis based at Ohio State University (USA), notably Dale Adams and Von pischke, put forward the view that the provision of credit should be left almost entirely to the private sector.

In concentrating on the problems of publicly subsidized credit, these economists ignored the social ties, power relations, and coercion associated with the activities of money lenders. However, detailed micro level research has demonstrated the widespread use of "interlocked", contracts to force exchange to the disadvantages of poor people. Powerful local people, including landlords, employers, and traders, are able to influence the terms of loans made to tenants, worker and small producers via conditions set in transactions involving land, labor, or crops. For example, traders frequently lend working capital to small farmers on conditions that their crops are sold to that trader at a pre-determined price. Similarly, loans are made to workers against the promise of labor to be provided at below the going rate at aset future date.

Against the background of these debates, recent developments in the design of micro finance schemes have generated an understandably high degree of excitement. This is because innovative features in design have reduced the costs and risks of making loans to poor and isolated
people and made financial services available to people who were previously excluded.

2.3.3. Making use of social collateral

There was little knowledge among formal sector financial intermediaries of alternatives to physical collateral, until the 1970’s, when the Grameen Bank in Bangladesh began using peer-group monitoring to reduce lending risk.

The model for credit delivery in the Grameen Bank is as follows:

- Groups of five self-select themselves, men’s and woman’s group are kept separate but the members of a single group should have a similar economic background.
- Membership is restricted to those with assets worth less than half an acre of land.
- Activities begin with savings of Taka 1 per week per person and these savings remain compulsory throughout membership.
- Loans are made to two members at a time and must be repaid in equal installments over 50 weeks.
- Each time a loan is taken the borrower must pay 5 percent of the loan amount into a group fund.
- The group is ultimately responsible for repayment if the individual defaults.
- Between five and eight groups form a development center led by a chair person and secretary and assisted by a Grameen Bank staff member.
- Attendance at weekly group and center meetings is compulsory.
- All transactions are openly conducted at center meetings.
- Each member may purchase a share in the Bank worth Taka 100.
Through this system the Grameen Bank has provided credit to over 2 million people in Bangladesh (94 percent women) with a very low default rate (ibid).

However, peer-group monitoring has not proved necessary to other institutions seeking to do away with physical collateral. In Indonesia, government sponsored banks have successfully used character references and locally recruited lending agents. The peer-group method of Grameen and the individual-user approach of the Bank Rakyt at Indonesia can both be seen as attempts to lower screening costs by using local insider information about the creditworthiness of borrowers.

The degree to which Grameen Bank employees themselves implement peer group monitoring has recently questioned. It is argued that the reason for the Grameen Bank high repayment of loans installments and the collection of savings. The meetings reinforce a culture of discipline, routine payments, and staff accountability).

Another means of improving loan recovery is to insist on regularity of repayment. This is likely to reflect the actual income-flow of the borrower much better than a lump-sum demand at the end of the loan period. Borrowers can make repayments out of their normal income rather than relying on the returns from a new-often untested-business. Nevertheless, where seasonal agriculture is the main source of income, and borrowers face seasonal hardship, regular repayment scheduling may cause problems.

Micro-finance specialists have argued that the prospects for scheme’s stability are improved by innovations such as social collateral and regular repayments installments. Indeed, financial sustainability has become an important goal in itself. To achieve sustainability, microfinance institutions, be they NGOs, government agencies, or commercial banks, need to ensure that the costs of providing the service are kept low and are covered by income came through interest payments is also small
in comparison with administration costs. To generate profits, therefore, it is necessary to increase scale-in other words to lend a large number of people.

Micro-finance should implied lending and saving, because micro finance in it is simple meaning, is lending and saving plus other financial services. So the regular repayments on loans required by large non-governmental micro finance institutions in Bangladesh including (BRAK, ASA and Grameen) provide evidence that poor people can save in cash. These intensive repayment regimes are similar to those of rotating savings and credit associations: steady weekly payments, enforced by social collateral, in return for a lump sum. Loans made are, in reality, advances against this stream of savings.

By insisting on regular savings, micro finance institutions can screen out some potential defaulters, build up the security of individuals, increase funds available for lending, and develop among members a degree of identification with the financial health of the institution, people involved in such schemes may previously have been unable to reach formal-sector banks, complete their procedures, qualify for loans or open saving accounts. A saving facility is an extremely valuable service in its own right, which often attracts many more clients than accredit programme particularly from among the poorest.

This evidence that poor people can save in cash has opened up further debate. Distinction is made between schemes in which borrowers must save small and regular amounts in order to obtain loans (termed compulsory saving) and those which offer flexible savings facilities. In the latter case people can deposit and withdraw cash in whatever amounts, and as often, as they wish. This distinction is made especially strongly by Robinson (1995) in her account of the Bank Rakyat Indonesia.
The BRI local system has about six times as many deposit accounts as loans. On 31 December 1993, BRI’s local banking system had $2.1 billion in deposits. These were all voluntary savings. By 31 December 1995, there were 14.5 million savings accounts. Savers with BRI have access to savings whenever they want.

BRI deals with individuals rather than groups. Its saving programme was designed specifically to meet local demand for security, convenience of location, and choice of savings instruments offering different mixtures of liquidity and returns.

BRI’s local banking system has a loan of about $11,000. The idea is that good borrowers should not be forced to leave until they can qualify for the loans provided by ordinary commercial banks.

In addition, BRI has a system which gives its borrowers an incentive to repay on time. An additional 25 per cent of the interest rate is added to the monthly payment. This amount is paid back to borrowers at the end of the loan period if they have made every payment in full and on time. There is a corresponding in-built penalty for those who have not (Rolinson 199).

Robison argues that there is an enormous unmet demand for flexible savings services. However, she also warns that managing a savings system of this type is much more complex than running a simple credit programme.

Schemes which operate under these "new" savings and credit technologies are an improvement on the old model of subsidised agricultural and micro-enterprise finance. The story of how they have succeeded in reaching poor people is now the subject of a large literature (for example, Rutherford, 1995b, Hulme and mosely, 1996, Mansell-Carstens, 1995). That many more poor people can now obtain financial services is a major achievement of these schemes. However, the questions
of which poor people have been reached and of whether poverty has been reduced still remain (ibid).

2.3.4. Can micro finance interventions reduce poverty?

If poverty is understood as low levels of annual income per household, reducing poverty is about raising average income levels. If a particular level of annual income per head is used as a poverty line, poverty reduction could be measured by counting the number or proportion of people who cross that line—who are promoted out of poverty line have focused on credit, in particular credit for small enterprises, including agricultural production (ibid).

However, attention to annual income can also be understood as vulnerability to downward fluctuations in income. Such fluctuations can be relatively predictable, such as the seasonal decline in employment for agricultural workers, or as a shortage of income and trading opportunities in the dry season or before harvest. Alternatively, fluctuations in income may result from unexpected shocks such as crop failure, illness, funeral expenses or loss of an asset such as livestock through theft or death, or a natural disaster such as cyclone. Vulnerability can be high lightened by the lack of saleable of pawn able assets and by debt obligations. Interventions which reduce such vulnerability and protect livelihoods also reduce poverty (ibid).

A further dimension of poverty which is often the focus of NGOs interventions is powerlessness, whether in an absolute sense or in relation to others. Economic inequality between and within households is likely to be associated with concentrations of political and social power. Inequality can increase whenever better-off people are able to improve their incomes faster than others. Even if the absolute level of material well-being of the worst-off people does not change, relative poverty (Peck 1994) may
increase, and with it a sense of powerlessness among very poor people (ibid).

Power relations are partly determined by norms of expected behavior. Neither the relations nor the norms are static; they are contested and change over time. Powerlessness can be experienced in a variety of situations: within the household, as a result of differences in gender and age; and within the community, between socio-economic groups, as a result of caste, ethnicity, and wealth. Defining poverty in terms of power relations implies that assessment of the impact of microfinance interventions should focus on their influence on social relations and the circumstances which reproduce them. Even in a similar geographical and historical context, it is important to distinguish between the ways in which specific groups of poor people (women and men, landed and landless, particular ethnic groups) are able to benefit from financial services or are excluded from doing so.

While there are methodological difficulties involved in measuring increases in incomes brought about by provision of credit, studies have demonstrated that the availability of credit for microenterprise can have positive effects. A recent survey collected data from government, NGOs, and banks involved in providing financial services for poor people. Twelve programmes were selected from seven countries, six) Households which had received credit were compared with households which had not. The results demonstrated that credit provision can enable household incomes to rise.

However, taking the analysis further, Hulme and Mosely demonstrated that the better off the borrower, the greater the increase in income from a microenterprise loan. Borrowers who already have assets and skills are able to make better use of credit. The poorest are less able to take risks or use credit to increase their income, indeed, some of the poorest borrowers interviewed became worse off as a result of micro-
enterprise credit, which exposed these vulnerable people to high risks. For them, business failure was more likely to provoke a livelihood crises than it was for borrowers with a more secure asset base. Specific crises included bankruptcy, forced seizure of assets, and unofficial pledging of assets to other members of a borrowing group. There have been reports of suicide following peer-group pressure to repay failed loans.

A much smaller survey comparing micro-enterprise programmes in El Salvador and Vanuatu found that the development of successful enterprises and the improvement of the incomes of very poor people were conflicting rather than complementary objectives. By selecting those most likely to be successful for credit and training, the programmes inevitably moved away from working with the poorest people.

Reviews of Oxfam’s experiences with income-generating projects for women raised serious questions about the profitability of such activities. Full input costings, which would have revealed many income-generating projects as loss-making, were not carried out. Omissions included depreciation on capital. The opportunity cost of labour (the earnings participants could have had through spending the time on other activities) and subsidization of income generating projects with income from other sources. Market research and training in other business skills had often been inadequate.

Whether income promotion is based on loans for individual micro-enterprise or on group-based income generation projects, is appropriateness as strategy for poverty reduction in the case of the poorest people is questionable. Other evidence suggests that self-selected groups for peer-monitoring have not been inclusive of the poorest people. People select those with whom they want to form a group on the basis of their own knowledge of the livelihood that these people will make timely payment of loan and savings installments: X will only have Y in her group if she believes Y capable of making regular repayments and has
much to lose from the social ostracism associated with default. This system might well be expected to lead to exclusion of the poorest. Even the law asset and land-holding ceiling which the big micro finance institutions in Bangladesh have successfully used to target loans away from better-off people has not necessarily meant that the poorest, who are often landless, are included.

So while the innovations referred to earlier appear to have made loans more available to poor people, there is still debate over the design of appropriate financial services for the poorest. Hulme and Mosley’s study strong suggests that providing credit for micro-enterprises is unlikely to help the poorest people to increase their incomes. However, detailed research with users, have found that some design features of savings and credit schemes are able to meet the needs of very poor people. For example, it was found that easy access to savings and the provision of emergency loans by SANASA enabled poor people to cope better with seasonal income fluctuations.

Micro finance specialists increasingly, therefore, view improvements in economic security-income protection rather than promotion (Dreze, and Sen, 1989), as the first step in poverty reduction...from the perspective of poverty reduction, access to reliable, montized savings facilities can help the poor smooth consumption over periods of cyclical or unexpected crises, thus greatly improving their economic security, it is only when people have some economic security that access to credit can help them move out of poverty improving the productivity of their enterprises or creating new sources livelihood.

Interventions have an impact on social relations partly through their economic-effects. In many instances implementers of credit schemes have claimed that the work will lead to progressive social change, for example by empowering women and changing gender relations in the household and in the community (Ackerly, 1995).
Much of the work that has been done in assessing the impact of credit programmes on women has been in Bangladesh. One approach was to look at the control women retained over loans extended to them by four different credit programmes: the Grameen Bank, BRAC, a large government scheme (the Rural Poor Programme RD-12), and a small NGO (Thangemara Mahila Senbuj Sengstha). Results suggested that women retained significant control over the use to which the loan was put in 37 percent of cases: 63 percent fell into the categories of partial, limited or no control over loan use. Goetz and Sen. found single, divorced, and widowed women more likely to retain control than others. Control was also retained more often when loan sizes were small and when loan use was based on activities which did not challenge notions of appropriate work for women and men. The question of whether women were empowered is not answered even when they did not control loans, they may have used the fact that loan had been disbursed to them as women to increase their status and strengthen their position in the household. However, in some cases women reported an increase in domestic violence because of dispute over cash for repayment installments.

A second major piece of research has assessed the effect of Grameen and BRAC programmes on eight indicators of women’s empowerment: mobility, economic security, ability to make small purchases, ability to make larger purchases, involvement in major household decisions, relative freedom from domination by family, political and legal awareness, and participation in public protests and political campaigning. The study concludes that, on balance, access to credit has enabled women to negotiate within the household to improve their position. However, unlike the Goetz and Sen. Gupta study, which is based on 275 detailed loan-use histories, Hashemi et al. Attempted to compare villages where Grameen or BRAC were present with villages
where they were not. Because of difficulties inherent in finding perfect control villages (which the author acknowledge), the conclusion of the study do not signify the end of the debate.

It has also been argued that focusing on women is much more to do with financial objectives than the aim of empowerment. According to Rutherford (1995b) the real reasons for targeting women in Bangladesh are that they are seen as accessible (being at home during working hours) more likely to repay on time, more pliable and patient than men, and cheaper to service (as mainly female staff can be hired).

Thus the process of loan supervision and recovery may be deliberately internalized inside the household. Goetz and Sen, do not use this argument against the provision of finance for women in Bangladesh, but rather suggest that to avoid aggravating gender based conflict, loans should be given to men directly as well as to women and at the same time, that efforts should be made to change men’s attitudes to women worth.

The above mentioned incidences, evidence and arguments suggests that micro finance interventions may increase incomes, contribute to individual and household livelihood security, and change social relations for the better. But that they can not always be assumed to be doing so. Financial services are not always the most appropriate intervention. The poorest in particular, often face pressing needs in terms of primary health care, education, and employment opportunities. Lipton has recently argued for anti-poverty resources to be allocated across sectors on the basis that a concentration on a single intervention mechanism, say credit, is much less effective in poverty reduction than simultaneous credit, primary health, and education work, even if this entails narrowing geographical focus. The particular combinations which will be most effective will depend on the nature of poverty in a special context. Although micro finance provision appears to be evolving towards greater
sustainability, relevance, and usefulness, there are few certainties at the search for better practice continues.

At the macro-level of development policy a new orthodoxy appears to be emerging at the end of the 1990s which is shifting the primary focus of development back on to the eradication of poverty. This has led to a greater sense of economic growth being a means to this ultimate end, rather than the central goal of development and aid.

Since the 1980s development theories have increasingly argued for the provision of small loans to micro-entrepreneurs as an effective policy instrument in the fight against poverty.

Systems which facilitate financial transactions and are owned by their users are many and varied, and range from simple reciprocal arrangements between neighbors, savings clubs and rotating savings and credit associations (ROSCAs), to forms of insurance, building societies, and systems of cooperative business finance. An example of each of these types is described below. All of these systems can be found in a variety of country settings.

Rotating savings and credit associations (ROSCAs) in particular, are an extremely common phenomenon. They exist in almost every country (for example, partners, in Jamaica and Britain, bu in Vietnam, and njangi in Cameroon) the principle is very simple a number of people agree to save a fixed amount of money at regular intervals, at each meeting, for example weekly, each member contributes an agreed amount, resulting in a single lump sum becoming available, which is then allocated on the basis of strict rotation between members of the group; second, on the basis of a lottery of members: third, it may be auctioned to the member who is willing to accept the biggest discount. The group will usually meet (but does not always need to) and undertake this transaction on as many occasions as there are members of the group, thus ensuring that each member gets the prize once. The ROSCA demonstrates the
basic principle of financial intermediation: collecting many small savings from many people, turning this into a lump sum for one person, and repeating this procedure over time.

ROSICA finance is used for many purposes. Some ROSCAs operate to enable an asset to be purchased, such as a rickshaw or fishing equipments for each member, and may have been set up specifically for the purpose Merry-go-rounds: as ROSCAs are called among kikuyu women in Kenya, are sometimes used by women as a means of accumulating enough money to buy new household utensils or clothes. The technology of ROSCA is not unique to poor communities but is also used by salaried professionals to purchase major consumption items or assets such as refrigerators or cars (ibid).

A further example of a user-owned device is the insurance fund which makes pay-outs conditional on certain circumstances occurring. These are intended to cover large expenses such as those connected with marriage or death.

Institutions and individuals see entrepreneurship as a strategic development intervention that could accelerate the rural development process. Furthermore institutions and individuals seem to agree on the urgent need to promote rural enterprises; development agencies see rural entrepreneurship as an enormous employment potential.

Poor people have always their own traditional financial systems, which both exploit them and serve them. What is new is that people in modern formal financial institutions, which have evolved to serve the financial needs of the rich are beginning to recognize that they can learn from the informal financial intermediaries that serve the poor, and that there may be even profits to be made in this new market, which is regarded as a form of assistance to small enterprises, now they are coming to be seen as another type of enterprise themselves.
Modern micro finance such as is described owes its origins to two long-standing but very different institutions, the money lenders and the local savings group. Money lenders, like middlemen in general, have traditionally been despised and demolished. Jesus Christ is said to have overthrown their tables in front of the temple in Jerusalem over two thousand years ago, and Shakespear’s Shylock is only one of many classic moneylender villains.

Local savings groups have been hated, but have until recently been disregarded by formal financial institutions, except possibly as a form of deposit mobilisation. Nearly every society in the world has some traditional form of regular savings mechanism, with or without a credit component, but they have been seen as the poor man’s or more usually poor woman’s, substitute for formal banking, not as a potentially profitable distribution channel for banking services.

Market imperfections such as poor communications often allow money-lenders to impose local monopolies, and the very small local scale of their operations means that they have to charge what appear to be high rates of interest on the limited funds they have to lend. These rates may be even higher because money lending is in theory illegal in many places, so a premium has to be added to cover the cost of illegality and the impossibility of pursuing debts through the courts. Millions of poor people in South Asia are still indebted to local moneylenders, and these debts are often passed down from generation to generation: the loans may be serviced by bounded labor, but the principal is never repaid, and the moneylender is happy for it to remain that way.

Moneylenders are however themselves micro-entrepreneurs, and like any other business their survival depends on their ability to satisfy the needs of their customers. They offer fast, convenient and informal service, repayments can be flexible, and they are willing to lend for so-called consumption as well as their customers need to spend money on
food, education, house repairs, health care and clothing in order to be able to earn money, so they are willing to make loans for these purposes as well as for business and farming. They realize that the distinction is largely meaningless.

There are also many modern variants of traditional moneylenders, whose business owe nothing to the recent innovations in micro-finance. Pawnbrokers enable poor people to make use of what few assets they have to mobilize funds when they need them, and goldsmiths not only sell jewelry but also offer an after-sales services, by lending money on the security of what they have sold. In Indonesia and elsewhere village goldsmiths recognize the certificates of authenticity which others have provided, they advance money up to the value of the gold contained in jewelry, and allow borrowers to recover the items on repayment plus a free. Before 1971, when the price of gold was fixed in dollars by an international agreement, investment in this form provided poor people with an instantly convertible form of savings with at least some element of inflation protection.

The so-called, new world" of micro finance is not the first attempt to formalize the virtues of traditional methods of intermediation with a social rather than a business motive, Friedrich Raiffeisen started the first formal cooperative savings and credit organizations in Germany in 1848, and the first Indian Cooperative Credit Societies Act was passed in 1904.

These early and genuine groups came together to pool their funds and their expertise, and facilitate intermediation between savers and borrowers beyond the local community.

Cooperatives and Credit unions have in some places continued both to grow and to serve the poor, and in many countries, and districts, they are the most important and successful financial institutions. Elsewhere however, and particularly in the poorer countries, cooperatives have been “hijacked” by the less poor, the landowners, and by allied
political interests. Governments first became involved because of the need to protect very poor people from unscrupulous or incompetent promoters, but this very proper concern has often been corrupted by politicians, desire to protect and further their own interests.

Rural cooperatives have also traditionally served farmers, who own some land, however little. There are more and more people who live in rural areas but who own no land at all, at they are increasingly earning their living from activities which have little or even nothing to do with agriculture. These people find it difficult to fit into the usual cooperative financial systems, since their patterns of financial needs and their assets are so different.

Traditional savings and credit mechanisms have thus existed all over the world for hundreds of years, and have been the basis of important financial institutions of many different forms. Why then is there such world wide interest in micro finance, and what is different about the new micro finance institutions? Micro finance is in fact a very traditional and familiar form of business, which has evolved and indeed is still evolving in a variety of different ways to meet the needs of its many different customers, what, if anything, is new?

The development business, like most endeavors, is a creature of fashion, and micro-finance is certainly fashionable. There are however a number of good reasons for the fashion, which may mean that the enthusiasm will survive longer than some others appear to have done.

There has been great economic progress in most of the poorer countries of the world, such that many of them can genuinely be called developing countries, rather than stagnant or declining ones, the poorer people inmost of these countries, however are relatively and often absolutely worse off than they were ten and even twenty years ago. As populations have increased and the quantity of fertile land has remained
the same or has even decreased, more and more people are forced to make a living in some way other than through farming.

Some migrate to cities in search of employment, but government and public enterprises are down-sizing, and in spite of economic liberalization and restructuring private business, whether foreign or local, are not absorbing even a small proportion of the people who want jobs. As a result, the only option is some form of self-employment, whether in the countryside or in the town, and the so-called “informal sector:” or micro-enterprise, appears not to be a temporary waiting place for proper jobs, but a permanent and growing part of the economy (ibid).

There have been numerous attempts to provide assistance to small enterprises, but few have been successful. Programmes which are designed to help formal small business with services such as training premises or technical advice are usually neither useful nor economic for informal micro-enterprise, and they can never reach more than a very small proportion of the enterprises they are intended to help.

Micro-finance, however, seems to be the ideal development assistance, product, it can reach millions of the poorest people, and it can claim to have left behind a permanent self-sustaining institution, which will continue to perform its function without further aid. It goes beyond the traditional test of cost-effectiveness, and can even become a profitable business in its own right.

Micro-finance can also claim another virtue. Its main customers, and indeed those who not only gain the most from it but are best able to make it profitable are women. Every proposal for a development project has to include a statement as to how it will affect women, but projects for micro-finance cause no problems in this area. It can clearly be demonstrated that women gain economically and that their social position is also improved through access to micro-finance. Empowerment” is as
difficult to define, and perhaps therefore as popular, as sustainability, but it does seem to be a by-product of successful micro-finance.

Some enthusiasts even argue that micro-finance offers a unique opportunity to combine genuine humanitarian aid for the poorest with good opportunities for trade and investment. Multinational banks are beginning to study its possibilities not as a form of public relations or charity, but as a source of profitable investment opportunities. If we can help the poor by including them in “our” global financial system, perhaps we never need feel guilty and they will never threaten us again. It is not surprising, therefore, that an attractive field was in early 1997 accorded the ultimate accolade of “summit”.

Traditional money lenders, however, who are the original micro-financers, have always been profitable, so profitability in itself is nothing new. What is new, some critics argue, is that respectable and indeed widely admired micro-finance institutions are charging interest rates which until recently would have been considered usurious.

In many cases, in fact, their rates are in excess of the maximum allowed by laws which control usury, and the institutions have to conceal their interest rates. Some, particularly in Islamic societies, make borrowers pay some part of the interest as “administrative charges”. Others charge interest as if the whole loan was outstanding for the first period. This method of quoting rates on a flat basis but charging them on the declining balance can be said to be deceptive, but some would suggest, the deception is forgiven in the general enthusiasm for any form of sustainable development institution. The poor have always paid more for credit as well as for other goods and services, we must be sure that formal micro-finance is not merely a legitimate form of traditional injustice.

In most of the cases the only alternative source of finance which is available to the clients of the institutions which is described is the local
moneylender. He or (she) may lend money, or he may provide materials or other inputs and then buy back the processed items, in such a way that the person without capital pays a premium over the price of the material for access to credit. The interest rates are sometimes well over 100 per cent per year, but in other cases they are more reasonable, and may be little higher than the rates charged by the formal micro-finance institution.

What is usually clear is that the option of borrowing from a commercial bank or other formal institution was generally not an option at all for the majority of clients of micro-finance institutions. When we speak of market rates of interest we must remember that for most of these clients their "market" was never the one with which we are familiar. Their market is the moneylender, the local trader or commission agent, or family and friends, and their “market rate” was whatever rate of interest the accessible sources charged.

This market rate may be in the hundreds or even thousands of per cent per year, or it may be close to the rate charged by a micro-finance institution; whether it is, we must compare the new rates with that, and not with the bank rates which were never accessible to such borrowers.

One of the golden rules of micro finance is that access is more important to small borrowers than cost, and most of the institutions described in the cases, have provided far better access than typical commercial or development banks. They have done this through ingenious design and good management, but also by charging higher interest rates.

The basic conceptual framework for analyzing the financial environment in which micro finance projects are implemented in developing countries today can be found in the seminal work on financial liberalization done more than two decades ago by Goldsmith (1969), Mckinon, 1973) and Shaw (1973). According to these economists, a
A strong, positive correlation exists between the extent of financial development and economic growth. Developing economies enhance their growth potential by liberalizing and strengthening their financial sector. Such strengthening allows a better rationalized, intertemporal allocation of resources, which is the first requirement for economic growth.

In economies plagued by research fragmentation, McKinnon writes, development cannot take place merely from the accumulation of physical investments, as asserted by the then-prevailing economic theories of development. The much-awaited take-off would come only if investments operated in a de-fragmented economy. Consequently, governments should strive first to deregulate by suppressing fragmentation would come about as a natural follow-up to the establishment of active, efficient financial markets in these countries.

To most, microfinance means providing very poor families with very small loans (microcredit) to help them engage in productive activities or grow their tiny businesses. Over time, microfinance has come to include a broader range of services (credit, savings, insurance, etc...) as we have come to realize that the poor and the very poor who lack access to traditional formal financial institutions require a variety of financial products.

Microcredit came to prominence in the 1980s, although early experiments date back 30 years in Bangladesh, Brazil and a few other countries. The important difference of microcredit was that it avoided the pitfalls of an earlier generation of targeted development lending, by insisting on repayment, by charging interest rates that could cover the costs of credit delivery, and by focusing on client groups whose alternative source of credit was the informal sector. Emphasis shifted from rapid disbursement of subsidized loans to prop up targeted sectors towards the building up of local, sustainable institutions to serve the poor. Microcredit has largely been a private (non-profit) sector initiative that
avoided becoming overtly political, and as a consequence, has outperformed virtually all other forms of development lending.

Traditionally micro finance was focused on providing a very standardized credit product. The poor, just like anyone else, needs a diverse range of financial instruments to be able to build assets, stabilize consumption and protect themselves against risks. Thus, we see a broadening of the concept of micro finance, our current challenge is to find efficient and reliable ways of providing a richer menu of micro finance products.

**2.3.5. Who are the clients of micro finance?**

The typical micro finance clients are low-income persons that do not have access to formal financial institutions. Micro finance clients are typically self-employed, often household-based entrepreneurs. In rural areas, they are usually small farmers and others who are engaged in small income-generating activities such as food processing and petty trade. In urban areas, micro finance activities are more diverse and include shopkeepers, service providers, artisans, street vendors, etc... Micro finance clients are poor and vulnerable non-poor who have a relatively stable source of income.

Access to conventional formal financial institutions, for many reasons, is directly related to income: the poorer you are the less likely that you have access. On the other hand, the chances are that, the poorer you are, the more expensive or onerous informal financial arrangements. Moreover, informal arrangements may not suitably meet certain financial service needs or may exclude you anyway. Individuals in this excluded and under-served market segment are the clients of micro finance.

As we broaden the notion of the types of services micro finance encompasses, the potential market of micro finance clients also expands. For instance, micro credit might have a far more limited market scope than say a more diversified range of financial services which includes
various types of savings products, payment and remittance services, and various insurance products. For example, many very poor farmers may not really wish to borrow, but rather, would like a safer place to save the proceeds from their harvest as these are consumed over several months by the requirements of daily living.

**2.3.6. How does micro finance help the poor?**

Experience shows that micro finance can help the poor to increase income, build viable businesses, and reduce their vulnerability to external shocks. It can also be a powerful instrument for self-empowerment by enabling the poor, especially women, to become economic agents of change.

Poverty is multi-dimensional. By providing access to financial services, micro finance plays an important role in the fight against the many aspects of poverty. For instance, income generation from a business helps not only the business activity expand but also contributes to household income and its attendant benefits on food security, children's education, etc. Moreover, for women who, in many contexts, are secluded from public space, transacting with formal institutions can also build confidence and empowerment.

Recent research has revealed the extent to which individuals around the poverty line are vulnerable to shocks such as illness of a wage earner, weather, theft, or other such events. These shocks produce a huge claim on the limited financial resources of the family unit, and, absent effective financial services, can drive a family so much deeper into poverty that it can take years to recover.

**2.3.7. When is micro finance NOT an appropriate tool?**

Micro finance increasingly refers to a host of financial services—savings, loans, insurance, remittances from abroad, and other products. It's hard to imagine that there would be any family in the world today for
which some type of formal financial service couldn't be designed and made useful. But the fact of the matter is that in most people's mind, "micro finance" still refers to micro credit.

Micro credit is only useful in certain situations, and with certain types of clients. As we are finding out, a great number of poor, and especially extremely poor, clients exclude themselves from micro credit as it is currently designed. Extremely poor people who do not have any stable income, such as the very destitute and the homeless—should not be micro finance clients, as they will only be pushed further into debt and poverty by loans that they cannot repay. As currently designed, micro credit requires sustained, regular, and often significant payments from poor families. At some level, the very cause of poverty is the lack of a sustained, regular, and significant income. Even though a family may have a significant income for extended periods, it may also face months of no income, thereby reducing its ability to enter into the type of commitment demanded today by most MFIs. Some people are just too poor, or have incomes that are too undependable to enter into today's loan products. These extremely poor people at the bottom percentiles of those living below the poverty line need safety net programs that can help them with basic needs—some of these are working to incorporate plans to help 'graduate' recipients to micro finance programs (ibid).

Often time governments and aid agencies wish to use micro finance as a tool to compensate for some other social problem such as flooding, relocation of refugees from civil strife, recent graduates from vocational training, and redundant workers who have been laid off. Since micro credit has been sold as a poverty reduction tool, it is often expected to respond to these situations where whole classes of individuals have been 'made poor'. Micro credit programs directed at these types of situations rarely work. Credit requires a 98% 'hit' rate to be successful. This means that 98% of recent vocational school graduates or returning
refugees would need to be successful in establishing a micro enterprise for repayment rates to be high enough to allow for a program's overall sustainability. This is simply unrealistic. Running a program with substantial default rates undermines the very notion of credit and destroys credit discipline among those who could repay promptly but who look foolish given that many do not (ibid).

Micro credit serves best those who have identified an economic opportunity and who are in a position to capitalize on that opportunity if they are provided with a small amount of ready cash. Thus, those poor who work in stable or growing economies, who have demonstrated an ability to undertake the proposed activities in an entrepreneurial manner, and who have demonstrated a commitment to repay their debts (instead of feeling that the credit represents some form of social re-vindication), are the best candidates for micro credit. The universe of potential clients expands exponentially however, once we take into account the broader concept of 'micro finance'.

It is also important to design background interventions that build the market for micro finance clients. Such interventions can range from building infrastructure to opening up new markets for the produce of the poor to providing business development services. Often these interventions will create conditions and opportunities for micro finance and not the other way round. What needs to be avoided is directional use of micro finance to sort out developmental challenges in situations where the basis of peoples' livelihood is destroyed.

2.3.8. Why do Micro Finance Institutions charges such interest rates to poor people?

Providing financial services to poor people is pretty expensive, especially in relation to the size of the transactions involved. This is one of the most important reasons why banks don't make small loans. A $100 dollar loan, for example, requires the same personnel and resources as a
$2,000 one thus increasing per unit transaction costs. Loan officers must visit the client's home or place of work, evaluate creditworthiness on the basis of interviews with the client's family and references, and in many cases, follow through with visits to reinforce the repayment culture. It can easily cost US $25 to make a micro loan. While that doesn't seem unreasonable in absolute terms, it might represent 25% of the value of the loan amount, and force the institution to charge a 'high' rate of interest to cover its cost of loan administration.

The micro finance institution could subsidize the loans to make the credit more "affordable" to the poor. Many do. However, the institution then depends on permanent subsidy. Subsidy-dependent programs are always fighting to maintain their levels of activity against budget cuts, and seldom grow significantly. They simply aren't sustainable, especially if other micro credit operations have shown that they can provide credit and grow on the basis of 'high' rates of interest-and along the way serve far greater numbers of clients.

Evidence shows that clients willingly pay the higher interest rates necessary to assure long term access to credit. They recognize that their alternatives-even higher interest rates in the informal finance sector (moneylenders, etc.) or simply no access to credit-are much less attractive for them. Interest rates in the informal sector can be as high as 20 percent per day among some urban market vendors. Many of the economic activities in which the poor engage are relatively low return on labor, and access to liquidity and capital can enable the poor to obtain higher returns, or to take advantage of economic opportunities. The return received on such investments may well be many times greater than the interest rate charged.

Moreover, the interest rate is only a small part of their overall transaction cost of credit, and if micro finance institutions offer credit on a more accessible basis, substantial costs in terms of time, travel,
paperwork, etc. can be reduced, thus benefiting the poor. A long series of studies has shown that many programs that charge subsidized interest rates end up using rationing mechanisms to distribute credit in response to excess demand. These mechanisms cause the borrower to have to 'jump through hoops' increasing the time and money he must put out to get the loan. In fact, these transactions costs are frequently higher than the interest costs which takes away the advantage to the borrower of the interest rate subsidy. However, while increased access to credit for the poor on a long term and sustainable basis can bring significant benefits, MFIs must continue to work to improve efficiency levels, and to increase scale. This will bring down the cost of providing loans, and the benefits transferred to the poor in terms improving loan products, better access to loans, and lower borrowing costs (ibid).

2.3.9. Aren't the poor too poor to save?

The poor already save in ways that we may not consider as "normal" savings investing in assets, for example, that can be easily exchanged to cash in the future (gold jewelry, domestic animals, building materials, etc.). After all, they face the same series of sudden demands for cash we all face illness, school fees, need to expand the dwelling, and burial.

There are problems with some of these informal ways people save. It's hard to cut off one leg of a goat that represents a family's savings mechanism when the sudden need for a small amount of cash arises. Or, if the poor woman has lent her "saved" funds to a family member in order to keep them safe from theft (since the alternative would be to keep the funds stored under her mattress), these may not be readily available when the woman needs them. The poor need savings that are both safe and liquid. They care less about the interest rates that they can earn on the savings, since they are not used to saving in financial instruments and
they place such a high premium on having savings readily available to meet emergency needs and accumulate assets.

These savings services must be adapted to meet the poor's particular demand and their cash flow cycle. Most often, the poor not only have low income, but also irregular income flows. Thus, to maximize the savings propensity of the poor, institutions must provide flexible opportunities, both in terms of amounts deposited and the frequency of pay ins and pay outs. This represents an important challenge for the micro finance industry that has not yet fully made up its mind that it can profitably capture tiny deposits.

Households all around the world have always saved, as insurance against emergencies, for religious and social obligations, investment and future consumption. The importance that poor people attach to saving is also demonstrated by the many ingenious, but often costly, ways they find to save in addition to keeping small amount of cash secured at home.

2.3.10. What is a Micro Finance Institution (FI)?

Quite simply, a micro finance institution is an organization that offers financial services to the very poor. Most MFIs are non-governmental organizations committed to assisting some sector of the low income population. Almost all of these offer micro credit and only take back small amounts of savings from their own borrowers, not from the general public. Within the micro finance industry the term micro finance institution has come to refer to a wide range of organizations dedicated to providing these services-NGOs, credit unions, cooperatives, private commercial banks and non-bank financial institutions (some that have transformed from NGOs into regulated institutions) and parts of state-owned banks, for example.

The image most of us have when we refer to MFIs is of a ‘financial NGO', an NGO that is fully and virtually exclusively dedicated to offering financial services; in most cases micro credit NGOs are not
allowed to capture savings deposits from the general public. This group of a few hundred NGOs have led the development of micro credit, and subsequently micro finance, the world over. Most of these constitute a group that is commonly referred to as ‘best practice’ organizations, ones that employ the newest lending techniques to generate efficient outreach that permit them to reach down far into poor sectors of the economy on a sustainable basis.

A great many NGOs that offer micro credit, perhaps even a majority, do many other non-financial development activities and would bristle at the suggestion that they are essentially financial institutions. Yet, from an industry perspective, since they are engaged in supplying financial services to the poor, we call them MFIs. The same sort of situation exists with a small number of commercial banks that offer micro finance services. For our purposes, we refer to them as MFIs, even though only a small portion of their assets may actually be tied up in financial services for the poor. In both cases, when people in the industry refer to MFIs, they are referring only to that part of the institution that offers micro finance.

There are other institutions, however, that consider themselves to be in the business of micro finance and that will certainly play a role in a reshaped and deepened financial sector. These are community-based financial intermediaries. Some are membership based such as credit unions and cooperative housing societies. Others are owned and managed by local entrepreneurs or municipalities. These institutions tend to have a broader client base than the financial NGOs and already consider themselves, to be part of the formal financial sector. It varies from country to country, but many poor people do have some access to these types of institutions, although they tend not to reach down market as far as the financial NGOs (ibid).

2.3.11. Can micro finance be profitable?
Yes it can. Data from the Micro Banking Bulletin reports that 63 of the world's top MFIs had an average rate of return, after adjusting for inflation and after taking out subsidies programs might have received, of about 2.5% of total assets. This compares favorably with returns in the commercial banking sector and gives credence to the hope of many that micro finance can be sufficiently attractive to mainstream into the retail banking sector. Many feel that once micro finance becomes mainstreamed, massive growth in the numbers of clients can be achieved.

Others worry that an excessive concern about profit in micro finance will lead MFIs up-market, to serve better off clients who can absorb larger loan amounts. This is the ‘crowding out' effect. This may happen; after all, there are a great number of very poor, poor, and vulnerable non-poor who are not reached by the banking sector.

It is interesting to note, that while the programs that reach out to the poorest clients perform less well as a group than those who reach out to a somewhat better-off client segment, their performance is improving rapidly and at the same pace as the programs serving a broad-based client group did some years ago. More and more MFI managers have come to understand that sustainability is a precursor to reaching exponentially greater numbers of clients. Given this, managers of leading MFIs are seeking ways to dramatically increase operational efficiency. In short, we have every reason to expect that programs that reach out to the very poorest micro clients can be sustainable once they have matured, and if they commit to that path. Evidence supports this position.

**2.3.12. What is the government’s role in supporting micro finance?**

Governments have a complicated role when it comes to micro finance. Until recently, governments generally felt that it was their responsibility to generate ‘development finance', including credit programs for the disadvantaged. Twenty years of insightful critique of
rural credit programs revealed that governments do a very bad job of lending to the poor. Short term political gain is just too tempting for politically controlled lending organizations; they disburse too quickly (and thoughtlessly) and they collect too sporadically (unwillingness to be tough on defaulters). In urban areas, governments never really got into the act, and subsidized micro enterprise credit is still relatively rare when compared to its rural counterpart.

Now that micro finance has become quite popular, governments are tempted to use savings banks, development banks, postal savings banks, and agricultural banks to move micro credit. This is not generally a good idea, unless the government has a clear acceptance of the need to avoid the pitfalls of the past and a clear means to do so. Many governments have set up apex facilities that channel funds from multilateral agencies to MFIs. Apex facilities can be quite complicated and there are few successful examples in micro finance. Successful apex organizations in micro finance tend to be built on the backs of successful MFIs, not the other way around. Finally, governments can also get involved in micro finance by concerning themselves with the regulatory framework that impinges on the ability of a wide range of financial actors to offer financial services to the very poor. This topic is treated below.

2.3.13. What is the role of the financial regulator in supporting the development of micro finance?

Many feel that the most important role of a financial regulator in supporting the development of micro finance is to create an alternative institutional type that allows sound financial NGOs, credit unions, and other community-based intermediaries to obtain a license to offer deposit services to the general public and obtain funds through apex organizations. In a few countries, this may be an appropriate strategy. In most countries, however, the general level of development of the micro finance industry does not yet warrant the licensing of a separate class of
financial institutions to serve the poor. And in most countries, budgetary restrictions faced by bank regulators make it very unlikely that they will be able to supervise a whole host of small institutions; these institutions’ total assets may make up a tiny percent of the total financial system, but the cost of adequate supervision could eat up between 25 and 50% of the total budget of the agency.

Rather, regulators can work with the nascent micro finance industries of most countries on issues such as modifying usury limits as stated in the commercial code to allow appropriate levels of interest, generating credit information clearinghouses to share information on defaulting borrowers to limit their ability to go from one MFI to another, working with civil authorities to ensure that private loan contracts can be recognized by courts in those transition economies that lack even basic legislative infrastructure, and reporting requirements that will prepare MFIs to eventually become regulated.

Regulators can also examine the laws, executive decrees, and internal regulations that limit the ability of traditional banking institutions to do micro finance. These regulations include limits on the percent of a loan portfolio that can be lent on an unsecured basis, limits on group guarantee mechanisms, reporting requirements, limits on branch office operations (scheduling and security), and requirements for the contents of loan files. Not least, banking regulators may need to look at the way in which they would evaluate micro loan portfolios within large banks.
CHAPTER THREE

Poverty and Social Development

In the Sudan

3.1. Introduction

Sudan is a country with a potential for growth despite all its diversities. It is envisaged that the burden of poverty unevenly distributed between the different regions of the country. This in its self constitutes a real challenge to development at large. Sudan is rich in terms of its natural and human resources. Unfortunately high percentage of the population is under poverty lines. Poverty remains unacceptably high, the number of poor people remained roughly constant as the population increased, and the human development indicators remained low simultaneously. Problems of development since post-independence are characterized with: low productivity, high unemployment, high illiteracy rate, high inflation rate and consequently low living standard. The obstacles of economic growth and the absence of the basic social needs over the years have adversely affected development plans. The effects of civil war and tribal conflict in the southern and western parts of the country have severe set back on political stability and social integration.

3.2. The Structure of the Sudan's economy

Sudan's poverty challenge is characterized by the poor record of economic growth prior to 1990s, while the Sudanese economy was dominated by the services sector. High inequality in income and assets ownership, and inadequate access to basic social services, which result in low levels of human resources development and low agricultural productivity. Recently the economic performance of the country has improved significantly. Although the economy has been growing during the last years at a faster rate than earlier, yet income distribution has not improved and poverty alleviation remains one of the main concerns of
social and economic policies (LDC & Document of MOFEP, 2003) On the Human Development Report Sudan ranks, number 138 out of 153 countries which indicates very low improvement than the previous report where Sudan was ranked number 142 out of 147 countries. Sudan is endowed with huge and under-utilized economic potential. Total arable land is estimated at 200 million acres of which only 15 percent is currently under cultivation. Sudan is also rich with water resources and animal resources. The livestock has been the fastest growing sub-sector of Sudan's economy, in addition to the natural resources e.g. oil, gold, iron, copper, magazine, zinc, mica, and chromate. This in addition to the current development and the investment of oil with a huge amounts. This situation lead to a big question about poverty growth and the spread out of its implications on its people and their vulnerability to adverse shocks, related to inability to reduce risk or cope with shocks which represent a major material and human deprivation that perpetuates poverty. The risks that poor people face are a result of their vulnerability and the risk of being socially excluded and victims of violence and crime, especially women. Low level of assets make poor people vulnerable to negative shocks, while those with more assets are resilient to these shocks.

Sudan is an agricultural country where the agricultural sector contributes 45% to the National Domestic Product (NDP), 54% employment, 85% of the export earning Least Developing Countries & Document of Ministry of Finance and Economic Planning (LDC & Document of MOFEP 2003). The industrial sector contributes 23% which increased due to oil production the services sector contributes 31% which has progressively decreased due to the policies that favour productive sector through provision of financing and reduction of Government spending and budgetary control (ibid).

Socio-economic development plans for the improvement of the population situation have a long history in the national strategies of
independent Sudan. The country has adopted several development philosophies which have resulted in different degrees of success and failure, in which net gain in development performance has not yet been properly assessed. The national attitude towards the realization of recognizable levels in socio-economic development has been an integral part in almost all our national policies and strategies (population, economic and social polices). What is by now new in the national attitudes is the integration of these policies and strategies in specific plans of action to be implemented by the Government and all the institutions of the civil society (ibid).

Since 1992, Sudan has embarked on a far-reaching Comprehensive National Strategy (CNS) aimed to redirect the economy towards sustainable and equitable development path and in that context it has accorded a high priority to poverty eradication. An extensive macroeconomic policy package was adopted to rescue the economy during the strategy years. The policy package included structural, fiscal, monetary, foreign trade and human development policy measures. These have generated commanding plans on economic and social infrastructure side during the 1990s. These plans include realizing positive economic growth rate, controlling rising inflation rates, reduction of internal and external deficits, increasing the number of health and educational establishments. In spite of the positive improvements realized, rapid changes of welfare distribution could easily be observed, that in a short period of time many people became poorer and there has not been any indication of poverty reduction (ibid).

3.3. Evolution of poverty and poverty profile

For the discussion of the nature, causes and measurement of poverty in the country it is very important to develop a profile of the poor and define the most vulnerable groups, and be able to answer such questions as what is the extent of poverty? Who are the poor? Where do
they live? What is their occupation? How do they cope with poverty? How is it possible to gauge changes in the magnitude of poverty? In this manner it will be viable to deepen the understanding of the main characteristics of the poor whether: demographic, location, and gender, sources of income or occupation (ibid).

Poverty has been defined in both relative and absolute terms. The absolute notion refers to the “inability to attain a minimal standard of living” (WB, 1990:26). Relative poverty, on the other hand, applies when the satisfaction of the basic needs is less than adequate compared to that of the others (Schubert, 1994, 24-5); (i.e. the relatively poor may be living above the minimum level but are still below the average of the society). When it takes a regional and peripheral expression, relative poverty/derivation might lead to social instability and could lead to rebellion, regional tensions and possible civil wars. This happen when the gap between the poor and rich becomes intolerable and this is probably why the issue of poverty recently acquired more importance in the country.

Absolute poverty is defined as the inability to obtain the minimum necessities for the maintenance of merely physical efficiency. Relative poverty is defined as the inability to attain a given, minimum contemporary standard of living. Whereas the concept of absolute poverty tends to distinguish those people who are literally starving, the concept of relative poverty identifies those people who are the poorest in the interior pattern of income distribution in the country. The concept of the poverty line is a central requirement. The poor and non-poor are commonly defined by establishing a definition of a minimum standard of living-a poverty line- any individual having a standard of living which falls below the minimum acceptable level is considered poor. Ideally, establishment of poverty line requires definitions of various components of a standard of living (food, health, education, clothing, fuel and transport) and agreement
on what constitutes a minimum satisfactory level for each of these components. This approach seeks to record drawback in terms of total household income. Difficulties encountered in achieving accurate income estimates have led to reliance upon expenditure as a more suitable indicator of welfare. The most accepted approach is to determine the minimum expenditure necessary to satisfy minimum nutritional intake. The minimum food expenditure thus calculated and then ‘grossed up’ by a suitable portion to allow for non-food provisions (ibid).

The poverty analysis, in it's entirely, helps to identify policy measures and programme intervention that assist to reduce poverty and improve living conditions for the poor.

The Poverty Line Survey of 1992 and Labour Force and Migration Surveys of (1990, 1996, 1997) were the backbone for almost all studies on poverty in the 1990’s. Moreover the results of the 1993 census were also utilized to crosscheck the sample parameters of surveys. In addition an ad hoc small size sample surveys were used to find out per capita income within certain segments of the society. The Central Bureau of Statistics in collaboration with the Social Solidarity Fund conducted the Poverty Line Survey in 1992. The survey was a socio-economic study intended to collect cross sectional information at household level to study the poverty situation. The survey covered the north part of the country at urban, semi-urban, rural and nomadic levels by region and municipalities. The sample size was small (10,000 households). Both per capita income and expenditures were used as indicators for welfare distribution. Adjustments were made to incorporate own production and adult equivalent. As for the food basket of the poverty line adjustments were made to match up the minimum food requirement per person per day to a caloric intake of 2,379 and 2,487 calories for rural and urban respectively. As for the non-food expenditures a normative set of items were selected (ibid).
The Poverty Line Survey of 1992 followed proper methodologies of household income and expenditure surveys, which has been mainly used to measure the magnitude of poverty. However, the survey didn’t accommodate other dimensions of poverty such as education, health, housing, etc. The survey showed large portion of population below the poverty line at levels of 87% and 86% for urban and rural respectively (ibid).

The high poverty rates, during that period, would be acceptable particularly if we consider the declining trends of GDP growth rates. The agriculture sector growth rate, the major employer in the economy, has declined from 24.5% in 1991/92 to 1.6% in 1992/93 and further more to-3.6% in 1993/94. The industry sector followed the same trend (see table 1) below.

Table (3.1) Gross Domestic Product
(Growth rates at 1981/82 prices)

<table>
<thead>
<tr>
<th>Sector/Year</th>
<th>1992/93</th>
<th>1993/94</th>
<th>Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture</td>
<td>1.6</td>
<td>-3.6</td>
<td>-1.0</td>
</tr>
<tr>
<td>Industry</td>
<td>-2.2</td>
<td>-12.0</td>
<td>-7.1</td>
</tr>
<tr>
<td>Services</td>
<td>2.2</td>
<td>7.6</td>
<td>4.9</td>
</tr>
<tr>
<td>GDP</td>
<td>4.6</td>
<td>1.0</td>
<td>2.8</td>
</tr>
</tbody>
</table>

Source: Central Bureau of Statistics.

The above table shows negative growth rates in the major sectors of the economy, which clearly support the results of the Poverty Line Survey of 1992. For the analysis we would accept those results as benchmarks and continue our investigation throughout the 1990s.

The Ministry of Manpower conducted the Labour Force and Migration Surveys (LFMS) of 1990, 1996 and 1997. Similar to the Poverty Line Survey the coverage of the LFMS surveys was limited to the northern states of the country. The purpose of the LFMS is to investigate income and wages.
Several poverty studies have been undertaken, in recent years, in the country. Those studies mostly used the definition and concepts of absolute poverty. Anand and Nur firstly established the poverty line in 1988. The poverty line they adopted was based on twelve alternative minimum food baskets reflecting the consumption patterns of the poor in different parts of the country. The minimum needs food basket was then scaled up to insure that it provides for an average consumption level of 2238 calories. Consequently, the cost of food baskets was estimated using weighted average prices collected from eight urban centers. The cost of non-food component of the poverty line was assumed to be two folds the cost of the food basket. Finally Anand and Nur estimated poverty lines, based on 1984 prices, at 1,335 Sudanese pounds per person per annum. Thereafter, (Ali 1994) made some modifications to estimate new poverty lines aiming to examine the social effects of the structural adjustment policies. Using a variety of data sources, Ali estimated measures of poverty (incidence, depth and severity) at four time points of critical significance to major economic policy changes in the country (see table 1).

**Table (3.2) Poverty measures 1968-1992**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Poverty line (pounds)</td>
<td>136</td>
<td>777</td>
<td>6,384</td>
<td>270,000</td>
</tr>
<tr>
<td>Head Count (%)</td>
<td>50</td>
<td>53</td>
<td>75</td>
<td>91</td>
</tr>
<tr>
<td>Poverty Gap (%)</td>
<td>25</td>
<td>23</td>
<td>45</td>
<td>59</td>
</tr>
<tr>
<td>Severity (%)</td>
<td>15</td>
<td>13</td>
<td>31</td>
<td></td>
</tr>
</tbody>
</table>

From 1986 to 1978 considered period the introduction of economic stabilization polices.
For the sake of comparison the following time frame was selected to represent periods before, after and when polices of stabilization polices were implemented under the auspices of the IMF and World Bank.

1992 continuation of economic liberalization polices under the present government.

The main findings of Ali’ Abdelgadir of the regional ILO office analysis (in 1996) was that Structural Adjustment Programme implemented in the country, whether under the auspices of IMF and the World Bank or under the present government have resulted in dramatic increases I poverty. Those increases were greater than predicted by the secular trend in the absence of these programmes.

In 1992 the Solidarity Fund in collaboration with the Central Bureau of Statistics conducted the Poverty Line Survey sponsored by UNICEF. The survey intended to collect cross-sectional information at household level to study the poverty situation in the country. A sample of 10,000 households was equally divided between urban and rural settings. This was intended to give more representation to urban population on the assumption that the poverty was more prevalent in the urban setting. Nur (1984) analyzed the results of the survey and estimated the head count index (based on consumer expenditures) at 83% in urban areas and 71% in rural areas. Shifting the basis to income changes, he has estimated headcount indices at 87% and 86% respectively. The difference between the two sets of indices was taken as an indication of the extent of coping practices (ibid).

The, Sudan Poverty Study (SPS), Fergany 1997, was intended to maximize utilization of available information on poverty in the country, such as the 1993 census and the 1990 and 1996 Manpower and Migration Surveys. Moreover, seven background papers were eventually prepared
The report defined poverty as human capability failure and tackled the following key economic and social forces that explain low incomes and high levels of poverty in the country:

- Level of development and essential features of the macro-economy.
- Educational attainment, employment, unemployment, earning, international migration and poverty measures.
- Regional dimension of poverty.
- The gender dimension of poverty.
- The burdens of man-made and natural disasters.

Issues covered were significant as they correlated the macro and micro framework of poverty. Also investigated the extent and trends of poverty, processes of poverty generation, effects of other dimensions of poverty, consequences of poverty for sustainable human development, mechanisms of poverty alleviation and assessed their effectiveness.

Two methodologies were adopted for poverty measurement. A relative poverty map based on non-monetary indicators to measure relative poverty, and income/expenditure method for the measurement of income poverty. A composite index, comprising 15 variables of socio-economic standard derived from the 1993 population census on the level of Town and Rural Councils (TRCs), was constructed. These variables express different dimensions of educational attainment, occupational profile of employed persons, aspects of health, housing and mortality. The composite index was normalized to a minimum of (1) to indicate (the poorest) and a maximum of (1) to indicate (The richest). The majority of TRCs are concentrated at the lower values of the socio-economic standard index. In the north of Sudan, almost three quarters of the population are estimated to be poor-more than 30% are ultra poor and less
than 5% are estimated to be rich. Extreme poverty, much more prevalent in rural areas while about 90% of the rich are in urban areas including the ultra poor, about 42% of urban population is estimated to be poor compared to 89% in the countryside.

The survey of Ministry the Manpower (The Labor Force and Migration Survey) of 1996 was adopted for income poverty measurement and was analyzed to identify major determinants of poverty. The household income per adult equivalent was used as another variable and important dimensions of poverty such as regional distribution and gender aspects were investigated. Assessment of annual household income showed considerable variability in income varying from less than LS 100 to more than LS 10 million in countryside and from less than LS 1000 to more than LS 22 millions in urban areas. The regional decomposition of income-poverty showed that the Darfur region has the largest proportion of income poor (29%) and the Khartoum region has the lowest less than 3%. Eastern, Middle and Kordofan regions have roughly the same share about (16%) and the Northern region about 7%. The decomposition of income-poor by educational attainment of household head, for the northern part of the country more than half the income poor are illiterate. About three quarters of the income poor have not completed primary education. About 3% of household heads with university education or higher are still estimated to be income poor. As for gender differentials the analysis of the 1996 MMS concludes that the gender of the head of household is not a significant determinant of the probability of poverty, with the exception of rural area in 1996 where a household headed by a female is more likely to be poor than one headed by a male.

3.4. The evolution of human resource development

1980-2001
It is evident that Sudan as a developing country represents a case for development endeavours and challenges.

Sudan has launched a number of development plans focusing on human resource development. These plans acknowledged the relevance of human resource development to socio-economic development and argued that human resource development is both a tool and instrument of social development at large.

However Sudan has witnessed development crises, internal conflicts, ethnic strife and socio-political and economic disasters that collaboratively impeded transparency and equity in the allocation of national resources. As regards human resources development it is worth mentioning that the impact of macro-economic policies in human development has both negative and positive bearings on human resources development agenda and infrastructure.

The Six-Years Development Plan was formulated in 1980 during that period Sudan was heavily relaying on donors contributions to finance small projects. The Six Year Development Plan did not address the basic problems of development (i.g. gender division of labor and displacement problems particularly the displaced coping mechanisms of living.)

The Three-Year Investment Plan Programme (1981-1983) was developed as an emergences response to the significant decline of the economy. The Three Year Plan increased the productive capacities of the existing projects which relatively promoted the family welfare and subsequently contribute, to raising the standard of living.

The Four-Year Salvation Recovery and Development programme 1988-89-1991-92 had a positive effect on the development process as it clearly addressed the acute problems facing the economy in a systematic and comprehensive manner. Later it has transformed into the Three-Year
Salvation Programme 1990-1993 which was later replaced by the Comprehensive National Strategy (1992-2002).

The Three-Year Salvation Programme 1990-1993 was designed to fulfill specific objectives:

1. Revitalization of the Sudanese economy.
2. Increasing production and productivity.
3. Protection of vulnerable groups against adverse effects of the adjustment programmes.
4. Encouragement of the private sector to play a more active role.

The current regime is strongly committed to alleviate poverty, and it has accordingly adopted policies to achieve this end. The comprehensive National Strategy (1992-2002) represents a sort of strategic thinking and planning it embodied in its social welfare and development strategy section, a commitment to provide two million families with the means of production by the end of its time horizon. This is to be done in stages targeting 200,000 poor families annually with the help of NGOs, (CBOs,) Banks, UN organizations and any other concerned partners. At the state level the distribution of productive projects production projects within each state annually. Secondly the major objective of the Ministry of Social Welfare Development is to alleviate poverty through a programme of productive families and social Solidarity system. Thirdly the social funds also have their own multiple objectives which falls within the general framework of the national objectives.

3.5. The Social Welfare & Development Strategy

Objectives
- Improvement of living standard.
- Realization of social solidarity.
- Orientation of the entire societies force to satisfy the needs necessary for realization of self-reliance principles.
- Catering for targeted categories through insurance, social preservation, rehabilitation and integration of the same in the society.
- Steering of social change movement towards achieving the highest national targets and objectives.

3.6. Policies
- Combating poverty through programs of productive families and social solidarity.
- Adjustment of the social distortions such as displacement, drugs, and begging.
- Taking of social precautions to prevent negative social phenomena.
- Rehabilitation welfare insurance and social defense.
- Mobilization, of the women sectors that it be enabled to assume the expected significant role in the family and society building.

3.7. Priorities
1. Establishment of institutional and legislative structure of social development and welfare programs.
2. Combat poverty through productive family programs and establishment of the solidarity based society (Takaful).
4. Undertaking of studies and researches aimed at social planning.
5. Rehabilitation of the manpower necessary for the work in social development fields.

3.8. Women Programs
1. Support of organizations concerned with women.
2. Making available of an inventory of all national, international and regional conventions that the Sudan government has accepted to implement.

3. Training of leaders in women work at all levels in the fields of social work and social development.

4. Establishment of women affairs documentation organs.

5. Preparation of women programs through the social centers in the following areas:
   
   a) Women’s jurisprudence.
   b) Child education.
   c) Protection of the environment.
   d) Utilization of appropriate power technology.
   e) Nutrition.
   f) Fighting practices harmful to maternal and child health.
   g) A.I.D.S Preventive precautions
   h) Combating wrong consumer habits.

6. Establishment of nine centers for formation and training of young women. Provision of legal consultancy services and family guidance to women through social welfare offices and social centers.

7. Social awareness, formation and training program for women.

8. Establishment of lending Banks to finance women development projects.

9. Coordination between Sudanese Women Union and the specialized bodies in the execution of literacy programs.

In addition to the Comprehensive National Strategy, the Khartoum State Government has launched the (1999-2002) Local Poverty
Alleviation Plan that falls within the general framework of the (1999-2002) Comprehensive National Strategy. The State’s Poverty Alleviation Plan hinges on mounting a frontal attack on poverty in coordination with all the organs of the state government, NGOs, CBOs, specialized funding institutions, UN agencies and donors. A Three Year Plan was prepared to address poverty through promotion of community participation in productive and social activities. The state intended to intensify the role of the social funds, social welfare programme in order to attract international support with the following objectives:

- Alleviating poverty by transforming 300,000 households into productive self-reliant households.
- Upgrading of the technical and managerial capabilities of the poor especially women through training and capacity building programmes.
- Provision of basic needs.
- Support of poor female-headed household.
- Attraction of financial funds.

The Comprehensive National Strategy (CNS) represents a sort of strategic thinking and planning. The social welfare and development section in the strategy has explicitly shown commitment to provide two million families with the means of production by the end of it’s time horizon. This is to be done annually in stages targeting 200,000 poor families with the help of NGOs, CBOs, banks, UN organizations and other concerned partners.

At the state level the distribution of the productive projects within each state annually. Secondly the major objective of the Ministry of Welfare and Social Development is to alleviate poverty through programmes of productive families and social solidarity system. Thirdly the social development funds have also their own multiple objectives, which fall within the general framework of the national objectives.
As stated on the (CNS) the government ultimate objective is to provide projects in order to increase the income of the poor and ascertain equity in economic and social growth, strive for increase of national income and reduce the negative aspects of social phenomena (e.g. homelessness, begging, vagrancies and others). This is expected to be implemented by two approaches namely; participation of banks in supervising small scale development projects, profit sharing. Some States had directly benefited from productive family projects by 1994 including Khartoum State the following are the Sorts of the productive family projects:

a. Handicrafts.
b. Swing & tailoring.
c. Animal husbandry.
d. Poultry farms.
e. Antiquities
f. Food processing, milk products, fruits, vegetables, canning & drying.
g. Processing industries (oil, soap making, grain grinding).
h. Hand waving.
i. Tricot.
j. Carpet making.
k. Agriculture.
l. Vocational training workshops e.g. iron, carpentry.

Securing capital is an obstacle in the Sudan to every poor entrepreneur. To start with, the poor often lack awareness of the existence of credit facilities and the borrowing conditions imposed by financial institutions. Due to social and legal disadvantages, many of the poor cannot, meet formal loan requirements the majority of them cannot furnish collateral. Depending on the local needs with spread of poverty, specific interventions have been developed prominent among them was
the establishment of the specialized funds to facilitate the poor access to credits.

**3.9. The establishment of specialized funds**

It is envisaged that Sudan as a developing country is considered as a heavily indebted country. There is a general consensus among the researchers that poverty trends, is rapidly increased in recent years. Despite this consensus the determination of the actual level of poverty remains the most controversial issue in the literature of poverty in the Sudan. Such controversy, focus on the relevance of the standard measures of poverty profile of the Sudan. Concerning the causes of poverty in Sudan, poor economic performance, regional inequality, urban-biased development strategies, drought, desertification, civil war and mounting foreign debt are considered the most important causes of poverty incident in Sudan. In the 1990s the country adopted poverty alleviation policies, against it the following targets have to be achieved:

[a] Allocation of resources to finance the reform and expansion of both the general and higher educational system.

[b] Establishment of a national fund to attract professionals and qualified Sudanese personnel working abroad to return to the country.

[c] Design and implementation of a social support system to protect vulnerable groups against the adverse effects of the economic Salvation and Adjustment Programme.

Accordingly a number of specialized funds were established, these include the following:

**A. Social Development Foundation (SDF)**

The establishment of the SDF emerged as the first response to alleviate poverty in Khartoum with special emphasis on women.
SDF has been established in 1997, becoming operational in early 1998 as a public institution under the umbrella of the State Ministry of Social and Cultural Affairs. SDF mandate is to eradicate poverty with government and none-government resources, e.g. popular participation and attraction of NGOs and CBOs funds to foster poverty alleviation programmes particularly that cater for women promotion and empowerment such as training and provision of credits and loans advocacy in the women development. Stemming from its objectives, SDF adopted a package of tools for poverty alleviation that includes providing poor households with income generating activities on a revolving credit basis; skills development and women empowerment programmes.

1. **SDF Target group:**
   - Women headed households.
   - Those women below poverty line of the poorest of the poor.
   - Households lacking access to services.

2. **SDF Source of finance:**
   SDF receives its financial supports from the Central & State Ministries of Finance as main sources, in addition to the UNDP support.

3. **SDF operational procedures:**
   To carry out its activities SDF is working within a multitude of other financial political and social organizations aiming to integrate its policies in accordance to the mechanism.
   
   SDF area of operation is confined to greater Khartoum (urban-rural areas) in co-ordination and collaboration with the municipalities in a community base approach, with the participation of the local community.

   SDF started its activities by needs assessment to incorporate the poor in income generating activities, and training programme. The SDF targeted 90,000 households 2/3 of them were headed by women (in 1998-2000).

4. **Capacity building and institutional strengthening:**
To affect the process of integrating women empowerment needs and concerns into the mainstream of development, capacity building intervention constitutes a major component in the training activities of SDF directed to women beneficiaries to acquire the necessary skills required for the envisaged employment opportunities and sustainable income generating projects. Women constitute 89% of the training programme through the period (1992-2002). A number of women training centers were established with government intention to promote women capabilities.

The evaluation of the impact of the income generating activities (IGA) implemented by the SDF during the period of (1999-2000) pertained to the following:

- IGAs supplemented the targeted families income
- IGAs enabled the beneficiaries to use their income to meet school fees.
- IGAs enhanced the beneficiaries’ self-esteem and self-worthiness.
- IGAs enabled the beneficiaries to play an active role in decision making process in their community.
- IGAs enhanced the socio-economic of the beneficiary.

**B. The Saving and Social Development Bank (SSDB):**

The SSDB was established in 1992 to replace the Sudanese Saving Bank (established in 1974) and to act as a model Islamic Bank to support the poor and small producers through the provision of credit. The bank has 31 branches nationwide. The bank has two types of deposits: (1) Regular Deposits. (2) Social Development Deposits. The former include current and time deposits, while the latter represent government transfers to be used by the bank to support the poor (Ministry of Social Planning, MOPS 2000). In 1998 regular deposits were about 1339 million
Sudanese Dinars, whereas social development deposits reached 329 million Sudanese Dinars.

A. The role of zakat in poverty reduction:

The Zakat, which is one of the pillars of Islam, could operate successfully in poverty reduction provided that it functions with a social structure that adheres to the basic Islamic principles related to solidarity and equality. The function of Zakat is to reduce the inequalities between the rich and the poor and eradicate poverty with the ultimate objective of stabilization of the social system.

Zakat is a redistribute system of wealth based on Islamic religious order as stated in the Qura'an and consolidated by hadith. Zakat targeted the poor who represent only one of other eight social categories entitled to Zakat (e.g. indigents paupers and bonds, insolvents, persons of inclined hearts, for the Sake of God, way farer, and Zakat collector). women constitute 50% of the benefices of Zakat as waded, divorced, and women headed households as they receive regular and periodic cash assistants. Recently Zakat embarked on income generating activities through the programme of reproductive families mainly targeting women headed households.

Recently in 1998 the Zakat Chamber of Khartoum State set forth an ambitious target of collecting 1.300 SD million and succeeded to achieve most of it. It is envisaged that Zakat revenues will multiply in the forth coming 3 years as follows:

**Table (3.3) Estimated Revenues of the Zakat Chamber (in SD million)**

<table>
<thead>
<tr>
<th>Years</th>
<th>Estimated revenue - SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>1998</td>
<td>1.300</td>
</tr>
<tr>
<td>1999</td>
<td>1.500</td>
</tr>
<tr>
<td>Year</td>
<td>Amount</td>
</tr>
<tr>
<td>------</td>
<td>--------</td>
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<tr>
<td>2000</td>
<td>20,000</td>
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<td>2001</td>
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B. The Social Insurance Fund:
It was established in 1990 to provide social insurance to government and private sectors employees (1.4 million persons). The fund utilizes its resources to finance poor households and those who don’t have access to formal finance. Thus the fund plays a dual role in poverty alleviation.

C. The National Pension Fund:
It was established in 1992 to support about 148,000 retirees. In addition the fund uses its resources to finance poor families investment projects.

D. The Students Support Fund:
It was established in 1992 to support poor university students nationwide. In 1999 the fund provided financial support for 192,858 students and it spent about 303 billion Sudanese Dinars for that purpose. Moreover, in 1999 it provided 348 residents units to accommodate 739,953 students (SSF 2000).

E. The National Mobilization Scheme for Takaful and Production (NMSTP):
The NMSTP was established by the then Ministry of Social Planning mainly to mobilize the whole society to participate and augment government effort to combat poverty. The main objectives of the NMSTP include the following:

1. alleviation of poverty of two million households within a four year plan.
2. promotion of small-scale industries.
3. creation of employment opportunities for the most disadvantaged groups.
4. provision of support for limited income groups through non-conventional means.

F. The Takaful Fund:

It was established in 1991 with the objective of protecting vulnerable groups against the adverse effects of the Structural Adjustment Programms policies adopted during the three-year Economic Salvation Programme (1990-1993). The fund initiated the (Productive Families Projects). The fund was dissolved in 1993 mainly due to its poor performance.

3.10. The role of banks in poverty reduction

Some financial institutions such as Nelein Bank Group for Industrial Development, Saving and Social Development Bank, Sudanese Islamic Bank, Faisal Islamic Bank ...... etc, used to extend financing for artisans and micro industries under the aegis of productive family with the objective of spreading such activities country wise, increasing real per capita income, providing basic needs, replacing imports by local production, realizing balanced regional development and creation of employment opportunities in rural areas to help in reducing displacement and migration to urban centers. The income generating activities financed by these institutions include kisra ‘nature bread’ processing, manufacture, traditional clothe, sewing machines, soap factories, flour mills, oil mills, and workshops for manufacture of ready made clothes.

3.11. The experience of the agricultural bank

The establishment of the Agricultural Bank was the beginning of introducing the system of institutionalized funding with its goals, policies, terms, and means of delivering services to the target groups of rural women and productive families. In 1992 an specialized administration was established under the umbrella of the bank funding
and was called Rural Women and Productive Families Development Administration to confirm and cope with what was stated in CNS 91992-2000 (i.e. to realize the required expansion, by financing these two groups through the bank's branches in the different states of the country).

The aforementioned arrangements were accompanied with the classification of banks financing policies for the sectors of artisans, professionals, and small producers including productive families. The outcome of this is to ensure facilities and easy terms of funding to these two groups. It should be mentioned that funding had started since the financial year 1994/1995, was followed by policies in the following years (e.g. the policy of the financial year 1999/2000) had fixed the financing of productive families and small producers at not lesser than 7% of the total amount allocated by the bank for funding.

In addition to the above funds some financial institutions used extended financing for micro industries.

3.12. The social services

3.12.1. Education

The Universal Declaration of Human Rights (1948) stated that everyone has the right to education. However after more than 50 years this historic text remains as a dream for more children, women and men in the less developing countries (LDCs) ironically some times, the economic and social development countries is hampered by shortage of skilled men and women. If the capacity of people to be improve, the measure and indicators of development should considers their basic education as a human right.

The harsh fact is that in Sudan as in some parts of the world children who do complete their schooling are minority and the promise of equal opportunity remains unfulfilled.

Since independence the education issue has been the subject of many inquiries and investigations in the Sudan. A committee was formed
of eleven Sudanese educationalist in 1958 to study the aim of education and to recommend the steps necessary for reorientation to the needs of the country. The report of the committee submitted in 1959 set out a number of new aims for Sudan education to achieve: one of the roles of education in economic development is stated that education can be a powerful aid and stimulant to the socio-economic development process, to the raise of national income, and to the improvement of the standard of living.

The Ten-Year Plan of Economic and Social Development viewed education, for the first time, as investment. Out of the plan, public investment amounting to LS 285 millions LS 36.6 millions was allocated to education.

Recently there has been a growing interest in education in Sudan as it shapes individual future, mainstream in the social development process. Education is a key factor in development that empowers the individual to participate in development. It can produce changes in societies and affects, in turn, the choice of career of its members.

Education is highly considered by society for many reasons, its own value, securing other values (e.g. income, prestige, stable employment, cultural values).

As regards the educational attainment in Sudan according to 1993 Population Census 42% females 10 years and above could read and write compared to 30.9% in 1983.

Corresponding figures for males in 1993 are 63.7% compared to 57% in 1983. Literacy rate for family in 1993 were only 2/3 of those of males, gender gap is getting narrower in 1994/95 the enrollment rate in basic education of 51.1% that for boys was 56.6% compared to 49.4% for girls.

Despite the overall progress, the gender gap in education has not been narrowed greatly, low adult literacy rate prevailed.
Post independence strategies focused on human resources development through promotion in education and health. The social services sector was allocated 32%, 22% and 16% of the total public investment in the ten years plan and the six years plan, respectively. School enrollment and literacy rates, has been increased consequently. The enrollment rates and the graduates number in the period 1989-1990-1991 according to the available statistics indicate that the education policy is effective and it seems to gear towards the satisfaction of the economic and social needs of the country.

In 1990/1991 (after the declaration of the educational revolution) which incorporated on the National Comprehensive Strategy (1992-2000) universal of preschool education is stipulated in the general education policy to ensure access to pre-school education for all children.

Geographical, disparities in education is due to several factors e.g. funding and sponsoring agencies be it governmental, private missionary etc… As regards public spending in education, the education budget increased in 1991/1992 from 1.7% to 12.12% in 1995/1996. In addition to the popular participation and contribution to general education which, constitute 58% of the total budget of general education in 1994/1995.

However despite the above efforts still there is a number of constraints and challenges in the area of education connected with the implementation of the new educational ladder and the transformation from six to eight years and the burden facing poor families and government in school fees on the one hand and providing accommodation, teaching facilities, text books, and teacher training on the other hand. It is envisaged that such constraints will embed the efforts and the intention of the country to universalize basic education.

Striking enough is the decline of the enrollment ratio of boys in the latest years by 5.3% deepening by a higher percentage compared to girls
(6.6%). That is to say girls-outnumbers boys in schooling, particularly in higher education.

**3.13. Social services for the displaced**

The 1980s witnessed the flow of migrants and displaced from different parts of the country particularly from the southern region and the west region due to the man-made disaster existing there, environmental degradation leading to drought and famine in western part and the civil war in the southern part in addition to famine sudden eruption of epidemics and inter-tribal conflicts. So the characteristic feature of internal displacement in the Sudan is the overlapping and interacting nature between variables pertaining to displacement.

The displacement process affects the social fabric structure of the society and tends to generate more burden on women by increasing the number of women-headed households and father less families plus the increasing number of street children and the emerged child labour phenomena because displacement occurrence associated with loss of assets, employment and source of income. This situation consequently led to persistent of poverty among them. Displaced are poor as the household structure, size and presence of males who are economically active constitute the core element of survival strategies. The displaced female headed household low profile of education skills, and consequently low income. Most of these families associated with employment than other displaced females. The intervention of the UN agencies and NGOs, have effectively contributed to survival. They tend to combine several coping mechanisms where child labour figures as integral part of it, which in turn add to the poverty of female headed household rather than to alleviate it.

Duration of stay in the host community together with the survival strategy adopted are determined factors for integration within the host communities or settlement in original house hold.
Being deprived of basic skills and hence well paid jobs, DFHH continuous stay in the host community would perpetuate their status as marginal segment of population unless a special intervention program is designed for them to alleviate and eradicate their poverty.

As regards the rooted causes of displacement it is not only a complex but also a dynamic phenomenon. Multiple factors contribute to it e.g. intensification of war, cease-fire, inter-tribal raids, humanitarian assistance, government policies and type and degree of social solidarity, which has ramification on the survival of the displaced affect the magnitude, trends, directions and even the future perspective of the affected population.

The number of displaced population in the Sudan, differ according to sources of agencies concerned with the phenomenon. In 1988 there were 6.78 million persons in the Sudan that represents 31% of the total population of the country which amounted to 22 millions at that time.

According to the UN there was million displaced persons 1992. They were displaced either due to war, famine, epidemic diseases or inter-tribal conflict. For the same year (1992) and estimated 3.5 million internally displaced persons, No recent census of Southern Sudan has been possible so any figure that would be provided for the South at best accrued estimate. However, the 1993 census estimated that there were 3.8 millions southerners from a total of 25 millions. However 1994-1997 displaces are not yet fully assessed and the picture had changed dramatically especially at the end of 1996. The involuntary movement of population tends to affect the dynamics of family structure. As a result of this social transformation is the emerge of more female-headed households than in the ordinary situations of rural-urban migration. Women headed households, ranges from 16-50 percent among displaced families. In Khartoum camps CARE and NPC, 1992 estimated 16% and the National Population Council 1995 estimate was 25%. However
UNIFEM and Dall, 1994 studied area-specific of Southern Sudanese camps gives an estimate of 50% women headed households.

### 3.14. Displacement, poverty and access to services

According to the Sustainable Human Development Report (MOSP) Sudan (1998) poverty whether it is a result of human or natural forces has common symptoms these include: low income earned sealing of assets, poor diet, and poor nutrition, limited access to basic social services (like education health, training, as well as jobs opportunities and market). Taking into considerations characteristic of poverty, displacement resulting from war, inter-tribal conflicts, drought, famine etc. create situation of poverty. Because the usually abrupt and involuntary massive movement of population from increasing attacks or other hazards is always associated with total loss of assets.

The level and magnitude destitution among displaced people differ according, to different variables including the social network within which the displaced people are accommodated. This addresses the immediate family structure, and kinship relations in the displaced community and the capacity of these structures to provide the displaced with basic needs (Ibid).

The type of transport used reflects the degree of poverty and implies negative impacts on displaced health in case of long journeys. Using indicators such as types of housing assets, ownership, employment, income, expenditure, access to social services and even means of transport, used in traveling from homeland to host community. Most of the displaced camps lacking public transport, except the planned area, the rest are used donkey carts, no public hospitals except of the NGOs or UN agencies clinics. Schools available are of the Muslims or missionary missions. Displaced camps lacked the haggadic sanitation system as they relied on traditional pit latrines as a contribution of the NGOs working in this field.
3.15. Displaced survival coping mechanisms

The majority of the cases are female headed households whose characteristics would be more poor than those headed by male, as female has less education and less chances of competing for better paying economic activities. Within the current situation of the free market policies reducing the services to basic services like health, education, transport. Challenged by their low income, they have to pay more for water, energy, and transport than for food.

The majority lives in slums and shanty areas using contained water, the non-hygienic environment with no sanitation in facilities the remoteness of their residential areas from areas of work opportunities all these factors add to their misery and poverty. As stated on the (SHD) a number of variables tend to intervene to shape their survival mechanisms. These are: structure and size of household, Number of economically active household members, i.e. the dependency ratio, type of skills acquired by economically active household members, type of available and accessible remaining assets, type of social interaction with the host community (kinship relations), previous experiences of the displaced people, future plans with regard to resettlement or integration, proximity to urban centers, degree of social solidarity and mutual household assistance.

The (SHD) study identified three main categories of coping mechanisms adopted by female headed households. These are:

1. Mechanisms for resource generation. This category includes domestic work, liquidation of assets, child labor, petty trading, relief, and mutual assistance.
2. Mechanisms for improving the efficiency of existing resources. This includes mainly changing the pattern of expenditure and consumption, manifested basically in reduction in food quality and change in its ingredients.
3. Mechanisms related to change in household composition. This category includes either increase in size of household, in addition of one to two members, or amalgamation of two households. Decrease in the size of the household usually involves reduction in the number of children. The same study concluded that two variables are considered determinant with regards to the number of mechanisms adopted, these are income and marital status.

3.16. Provision of drinking water

Access to clean potable water has been identified as a top priority in the Areas Profile Survey conducted by Urban upgrading and poverty alleviation project (UPAP) in Khartoum State. It has also been identified as a top priority in a study conducted by the State Government through the Ministry of Economic Affaires. Realizing its importance many NGOs and UN agencies have made water an important component of their mandates and programme.

In Sudan the river Nile is considered as the main source of water to the majority of the population as they stocked it during floods and rainy sessions. This why the quality of drinking water is not of the standard and needs more purification. Despite the investment on the water sector during the past decade to serve all residents of the country still there is a gap between produced clean water and the demand amount required. There is a deficit in the water supply to both urban and rural areas.

According to the UN the required intake per person is 20 liters per day in a rural locality and between 200-300 liters per person for a day for the urban population.

The current government endeavored to promote and widen the services by installing water units statewide in the Sudan this is in addition to the large national water projects.
The number of the water installations throughout the country rose to 1165 units e.g. deep water wells, surface water Hafires in the rural areas. The rate of services in this field rose from 30% in 1999 to 47% in 2000 i.e. at an average rate of 10 liters per person per day. This average is still below the standard quotes specialized by 50%.

The deficiency retrained to various factors such as in ability of the installations to maintain the production rate for which they were originally designed due to the lack of spare parts and disconnection of electric power.

The number of the urban water installations rose to 64 units, which covered water purification stations and ground water wells. As regards the average of population service rose from 60% in 1990 to 79% in the year 2000 i.e. at any average daily conception rate average from 20-50 liters per person per day which is still far less than the W.H.O standard quota of (200-300) liters per person per day due to the damage of the distribution of network, intermittent electric power flow and the resulting recede in production capacity.

Realizing the importance of the provision of save drinking water the government efforts related to achieve the target of provision of save drinking water is to provide the rural population to the extent of 303,000 cubic meters per day to attain a daily consumption average of 20 liters per person per day in the year 2005.

The provision of urban population requirements of save drinking water to the extent of 1.250.000 million, cubic meters satisfy the demand of the daily consumption rate of 90 liters in 2005.

According to Khartoum State Plan of Action which represents one of the government efforts toward solving the problem of drinking water the main issues related to water supply in Khartoum State are:

(a) production of sufficient quantities of water to serve all residents of the state.
(b) The existing water treatment plants have chronic problems of maintenance and shortage of spare parts, which need urgent rehabilitation.

(c) Piped water from treatment plants does not supply large numbers of poor households in the city and peripheral.

(d) 30% of the artesian plants are in urgent need for rehabilitation.

(e) The quality of water produced is generally acceptable most of the year.

(f) Public water distribution network covers about 65% of urban areas of the state.

Water pricing according to the same source poses an equity question. While an average household connected to the network pays monthly flat fee of less than four dollars for its water consumption, a poor household in the peripheral areas pay about ten times this amount for water delivered by water vendors.

3.17. Nutrition

Nutrition is a basic need and human investment. It is one of the basic human resource development need and investment. Nutrition is the supply of a balanced diet, which requires strongly to promote growth and development of work and maintenance of health. An adequate balanced diet is the one consisting of variety of food ingredients which meet the international and recommended dietary per capita intake (ibid).

The relationship between food and agriculture is interrelated and interchangeable. Hence agricultural policies and strategies have strongly affected the sustainable food production, quality, quantity, employment opportunities and income earning, which in-turn affects poverty.

The nutrition bases for the Sudan as a whole as stated for the years 1995/96 consisted of 5.79.000 tons of Sorgham (1648000) millet (970000) wheat (44800) maize (11000) and rice (2000). In the country
strategic plan of 1997, total consumption means the individual share is 352 grams/day. In the Sudan report to the International Committee for Child Rights (1997) it estimated that the annual consumption/head is only 14 kg i.e. 38.4 grams/day (ibid).

Food intake varies from one state to another is reflected in the malnutrition diseases, which reflect the in-depth of poverty in these states.

Incidence of the protein-calorie malnutrition in Wadi Halfa and Lake Nubia can be attributed to food habits rather than to unavailability of protein rich foods. But in Umbada attributed to insufficient food intake.

Recent information about the incidence of right blindness among children at school age suffering vitamin (A) deficiency is on the increase and is recorded as one of the ten duties that cause death to the children. There is evidence of high incidence of Bilhariza in the Gezera.

The Ministry of Health established 15 nutrition centers at the state levels, in addition to 26 further centers established by the Ministry of Education. These centers provide and promote nutrition situation for both mothers and children. The activities for the growth flow-up covered 30 health units, for the growth of children under 5 years old. All these activities are envisaged to be conducted by the primary health care units in the year 2005.

Economic and social information have been collected on health condition, nutrition for early warning all over the geographical dimension of the health area, in 18 health area distributed among 14 States of the country.

Training sessions have been conducted on various nutrition programmes, i.e. awareness rising sessions on breast-feeding importance, lack of nutrition elements such as lack of vitamin A, iodine and ferrous.
Iodized Salt has been processed to prevent the enlargement of the thyroid gland (goiter) two factories have been erected in Port Sudan on the Red Sea State, and in Nyala city, in Darfur western Sudan, for the preparation of idolized Salt. This in addition to a nutrition guide booklet has been compiled for use by the medical staff. Some maternity hospitals turned to child friend units. The Multi Indication Survey (MIX) 2000 has revealed that the rate of natural breast-feeding reached more than 20% compared with 14% as shown by the results of demographic health survey of 1989-1990. It is worth mentioning that the employed women shall be offered a year paid leave besides an hour to breast-feed her infant during the working time.

3.18. Regional disparities in social development

There is signified regional variation in social welfare in Sudan..

Nur (1997) using the 1992 survey data makes the important point that average measures of poverty for a state or region do not represent sufficient basis for policy formulation inequality euthenics the region or state has to be taken into consideration. He concludes that “only less than 10% of overall expenditure in equality in Sudan is due to regional differences” implying that more than 90% is found within regions. This implies that only limited equity can be achieved by policies designed to reduce difference between regions (e.g. the state-tuning policy) it will be more effective if policies were designed to reduce inequality within regions.

To start with, it is important to note that in a country like the Sudan poverty reduction is not only about reducing inequality. In addition to distributive justice crucial development are needed to raise the overall standard of living through full filament of human capabilities. The map of relative poverty, database of the 1993 census, reveals both disparities among States and between rural and urban residence, it indicates explanatory classifications for variability in the real standard of living.
Never the less the simultaneous consideration of differences in a regard levels of social welfare among geographic or administrative subdivision and the extend of inequality within these subdivision is an important characterization of poverty that is worth pursuing further. It is better to utilities non- monetary indicators for this purpose because Monterey indicators of poverty specially from the present data base in Sudan, are subject to larger margin of error and more susceptible to extreme values. For similar reasons, emphasis is placed on the former database of the 1993 census utilizes in the construction of relative poverty map presented briefly above.

The relative poverty map identified differential in average of poverty among regions and states by rural and urban localities, and it can very utilizes the rural or urban segment of region or state tremendously on the socio-economic status index.

It represent a characterization of relative poverty in the north of Sudan on the level of seven States, Northern, Eastren, Khartoum, Gezira, Middle Kordofan and Darfour by rural and urban residence. A number of 25 thousands is estimated to have lived in ultra poverty in urban area all in Kordofan.

Rural ultra poverty is concentrated in the Darfor region followed by kordofan, the eastern and middle States in order rural segment of the northern and Khartoum localities on the other hand have very small number of the ultra poor Gezira has none.

The largest numbers of urban poor are to be found in the eastern and Darfour States followed by Khartoum and Kordofan States.

The Northern and Gezira States have almost none. Including the ultra poor, rural poverty is universal in Darfour and Kordofan and near universal in the eastern and middle States. Poverty in rural Gezira and northern States is also extensive but mostly of the lighter sort. Rural Khartoum has the slight presence of poverty (ibid).
The none-poor predominant in urban areas the largest number are to be found in Khartoum followed at a distance by the eastern and Gezira regions, Kordofan, Middle and Northern regions each has a small presence of none-poor exist in significant number only in the Gezira and Khartoum regions.

Finally the rich are concentrated in urban Khartoum (650 thousand) with a small presence of a round (100 thousand) in urban areas of each of the northern and Gezira regions. The interesting observation, however is the presence of a sizeable population (75 thousand) in the rich class in rural areas of the eastern regions which is distinguished by the absence of none-poor population as patterning of the rich is to be found in the urban segment of the middle region and rural Khartoum. This happened despite the efforts exerted by the government recently what is available is not considered as a universal scheme which represent full coverage.

Against this background a big question could be raised here: where is the precaution put by the government to assure sustainability and to reduce vulnerability? The major challenge to reduce vulnerability is to adopt and extend the strategies of social protection which are considered one of the essential precautions world wide (ibid).

3.19. What is Social Protection?

Some author tend to equate social protection with social security, where the latter can be taken to mean the maintenance of incomes up to a minimum considered necessary for level of living without want, with such a minimum being a social norm arrived at in different societies in specific stages of their development (Guhan, 1992). Social security is often interpreted as meaning the specific public programmes of assistance, insurance and benefits that people can draw upon in order to establish a minimum level of income. The World Bank goes some to widening the social protection concept away from simply social security, however, it is still retains an instrumentalist definition of social protection
as “a collection of measures to improve or protect human capital, ranging from labour market interventions assist individuals, households and communities to better manage the income risks that leave people vulnerable.

Similarly, Lustig (2001) couches the concept in terms of public initiatives that can assist individuals and households in income-risk management. However, she sees these initiatives as including both specific interventions such as labour market regulations and pensions, and also macro-level public actions aimed at reducing risk such as fiscal policy, large-scale reforestation to prevent natural disasters, and health campaigns to reduce the incidence of illness. The incorporation of both micro-specific policy and micro-development considerations under the umbrella of social protection reflects an increasing tendency to conceptualise the term social protection much more widely than social security so that it is now pushed as an agenda rather than simply a set of technical measures (ibid).

However in most of developing countries, due to a variety of constraints that typically restrict the range of social protection services offered by the welfare state, the concept of social protection must be widened to include both private and public mechanisms for social protection provisioning.

In order to develop some conceptual clarity about the notion of social security—one that is neither excessively specific and hence limited in scope, nor so general as to encompass development itself. Guhan distinguish between:

- promotional measures which aim to improve real incomes and capabilities,
- preventive measures which directly seek to avert deprivation in specific ways and
- protective measures that are even more specific in their objective of guaranteeing relief from deprivation.

Conceptualizing approaches to poverty and vulnerability:

![Diagram of Social Protection Measures]

Source: Taken from Kabeer (2001)

Although the definition of social protection offered here may appear to be much wider than more conventional understanding of the term, this reflects the focus on areas of the world which have precisely fallen outside the reach of conventional measures. For instance, while microfinance is not normally considered to fall within conventional social protection measures, it is important substitute for the absence of insurance markets in the informal economy.

**3.20. Why is the concern with social security?**

Two competing paradigms dominated discussions on the theory and practice of development for a good part of the twentieth century especially since the Second World War. One was based on the ideology of capitalism as it evolved in Western Europe and North America and the other on the ideology of socialism as it was practiced in the former Soviet Union. Both had important variations especially with regard to the public provision of what may be called a broad range of social security requirements. The specific historical context of struggles and subsequent independence from colonial domination attracted a good number of developing countries to the model followed by the Soviet Union in so far as the role of the state was concerned in providing, basic social security.
However, given the structural characteristics of these economies, their overall economic backwardness prevented them from institutionalizing social security arrangements to meet contingencies. The capitalist countries of the west increasingly transformed themselves into “welfare states” which also provided both basic security (BSS) and contingent social security (CSS) social security to meet contingencies. BSS refers to the social provision of a critical minimum to meet conditions “deficiency” in such basic wants as food, health, education and housing, By CSS we mean socially-supported institutional arrangements to meet conditions of “adversity” such as sickness, accidents and old age. If there was something common between these two competing paradigms of socialism and welfare capitalism, it was in the arena of providing a more or less wholesome social security to the citizens social security, poverty reduction and development.

Sudan, after an initial relatively modest period of growth but historically unprecedented, achievements in social development, started lagging behind. The theoretically expected convergence between the poor and the rich did not take place. Instead there was increasing evidence of divergence in economic performance, and in a debt trap of borrowing from the multilateral financial institutions of the IMF and the World Bank. Such developments sought to reduce the role of the state and, directly or indirectly reduced its role in a broad range of social security arrangements.

This sort of development is crystallized into what is now known as globalization” which is from the social security point of view. What is striking about the current period is the unprecedented growth in incomes characterized by increasingly inequality between the people. These developments have now posed both theory and practical challenges to the concept of social security as collective sharing of costs and benefits to meet situation of deficiency and diversity. The theoretical challenge has
been thrown up by the ideology of neoliberalism that underpins the current process of globalization. Here the challenge is to the concept of the welfare state with direct implications for its responsibility to provide security to the citizens. The theory presumption of the neoliberalism is that the market mechanism will take care of all the demand and supply of goods and services and that the state should not interfere in such a way as to constitute a distortion in the functioning of the market. It should however be noted that the reality of poverty, vulnerability and social insecurity is all pervasive irrespective of the income levels of the people. The difference is only one of degree and not of essence. This demonstrates the failure of the theory that places its faith on the effectiveness of the market mechanism in taking care of the economic and social insecurity of the people.

In practical terms, the situation is one of paradox. Despite an unprecedented increase in wealth as well as productive capacity in the world, there is a greater social insecurity. In terms of provision of basic needs there may be some overall improvement in the global averages of such indicators as income-poverty, infant mortality and school enrolment ratios. But the sense of social insecurity seems to have increased in Sudan due to an enhanced sense of vulnerability. This especially when the state, reduces or abdicates its responsibility in the provision of basic needs as well as in the support for social security to meet contingencies. Increasing economic inequity adds to this sense of social insecurity.

Basic social security is directly linked to the problem of deficiency of those who are not in a position to access minimum of resources to meet their economic and social requirements for a dignified life in the society. This takes care of human deprivation and vulnerability. The social arrangements to take care of adversity i.e. contingencies of wide-ranging nature. These could be hazardous situations arising out of human life and work, such ill-health, injuries and accidents, unemployment, maternity,
old age, death of an earning member, these types of arrangements should attract policy makers, advisors and development planners, to advocate and adopt the universalization of basic social security (BSS) to all the poor who by definition face the problem of deficiency, while this advantage is available in all the developed countries. However, Sudan face the biggest gap in extension of social security since the contingent social security is now confined, by and large, to those employed through the formal labour market or the public sector. Large majority of the people work in the informal economy face the lack of such security. What we are, therefore, emphasizing is the need for extension of both basic social security and social security to meet contingencies. However the state has to take a proactive role through promotion, facilitation and organization of social security arrangements.

It is not difficult to recognize that the basic social security is directly related to address absolute poverty as a manifestation of the problem of deficiency. This is provided by Sen (1989) and Dreze and Sen (1989). The first step in this is to understand the notion of “entitlements”. Poverty can then be seen as mentioned earlier in this study, as a failure of entitlements. Entitlements refer to the command that individual or a family or a group can establish over goods and services. For example, entitlement to command food is by means of ownership of means of production (land) which produces food, or by the ability to secure employment opportunity which fetches an income to buy food or a member in a public institution or NGOS organization which secures food at subsidized prices. This why a situation of poverty can be interpreted as a failure of entitlements. Such notion of entitlement could be extended not only by commanding food but by commanding other commodities like clothes, non-food but basic in consumption, shelter, education and health also represent this kind of basic consumption.

Thus the focus on entitlements emphasizes the command over commodities and services. The failure of entitlement is often related to not only to the inadequacy of current consumption but also to the absence
of basic capabilities. All these are understood in the sense of access to minimum levels. The objective here is the creation of what may be called a “social floor” below which it is made unacceptable to the society at large, men and women poor and non-poor but with special stress on the poor segments.

CHAPTER FOUR

The Aspects of Urban Poverty in the Sudan

4.1. Introduction

This chapter deals with reviewing the extent of poor people economic participation in the informal economy through running of the micro-finance as it has been a popular poverty-alleviation strategy among development agencies as well as among the clients since the mid 19980s. It has also been consider as an effective vehicle for women’s” empowerment. Support consists most typically of the provision of small loans, either to individuals or groups. Group loans are based on traditional rotating credit arrangements. This strategy has received large amounts of funding in recent years from the major development agencies and banks, with the World Bank committing US $200 million in the mid 1990s with emphasis on the programs that support poor women entrepreneurs. Relying on the fact that micro-finance can help improve the well-being of the poor in general and of women in particular. In the Sudan with the spread of poverty, poor women became conscious of their inferior status in the society this shift in thinking represents a fundamental change in economic thinking and the beginning of an era of emphasis on social change.

According to the 1993 census, the population of the Sudan was found to be approximately 30 millions 49.80% are women. The economic growth of the country has been considerably fluctuating compared to
annual population growth of 2.9%. The level of poverty have steadily increased, poverty is reflected in the various economic indicators. Due to the last civil war which extended for about forty years a number of displaced living in camps around the greater Khartoum all of them fall below the poverty line, 50% of them are women headed households, burdened with high dependant spouse.

As stated early in the preceding chapter the level of poverty is perceived to have steadily increased over the past two decades. Although no fully reliable statistics are available on the severity of poverty it is estimated that nearly 80% of its population live below the poverty line. The socio-economic indicators and empirical incidence of poverty is reflected in the country. These include low life expectancy (55 years), the high infant mortality and maternal rates (110 per 1,000 and 365 per 100,000 births respectively), mal-nutrition (55% among children under five), and the high rates of illiteracy (53.4%, 42.3% for males and 85% for females).

Looking to women’s share in basic social services such as health and education one finds that although they constituted nearly half the total population of Sudan according to the last census yet their share in education was only 25%. This ratio reflects the gender gap in education opportunities where as the literacy rate among rural women was 80% compared to 40% among urban women. Urbanization rate constitute only 6.4% accompanied by high mortality rate among urban women, it represent 663 case in every 100,000 live birth.

The ratio of women working in the agricultural sector reads 68% of the total number of women on the labor force, followed by the trade sector, cooperative which represents 65% & services sector which represents 22% and the industrial sector of 4% (1996 survey) the percent of women in the public sector was 40.8% (Source Civil service chamber).
The informal sector absorbed the bulk of the labor force of both sexes particularly in the urban areas where the migrants and displaced concentrated. The informal sector characterized by easy access and a variety of job opportunities which needs no high skills such as food making and services. These figures generally reflect the reality of women status and their share in development and indicate the importance of narrowing this gap if we want women empowerment and widening employment opportunities and other benefits.

According to the population census of 1993 women - headed household represented about 22% of the total population, compared to the average of 25% in the developing countries, this percent could be attributed to the family cohesion and the prevalence of the norms and values of solidarity in the Sudanese society despite the spread of poverty. 88% of the households headed by women in Sudan falls below the poverty line. It is noticed that 192,000 poor families headed by women were concentrated in rural areas compared to 103,000 in urban areas.

The table below show the distribution of women headed households who live in absolute poverty by state-rural-urban in Northern Sudan 1996:

Table (4.1) indicates the number of families living in absolute poverty by states

<table>
<thead>
<tr>
<th>No.</th>
<th>State</th>
<th>Urban</th>
<th>Rural</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Greater Northern State</td>
<td>6.8</td>
<td>87</td>
</tr>
<tr>
<td>2</td>
<td>Eastern State</td>
<td>7.4</td>
<td>14.2</td>
</tr>
<tr>
<td>3</td>
<td>Khartoum State</td>
<td>33.7</td>
<td>3.4</td>
</tr>
<tr>
<td>4</td>
<td>Central State</td>
<td>18.2</td>
<td>24</td>
</tr>
<tr>
<td>5</td>
<td>Greater Kordofan</td>
<td>11.2</td>
<td>19</td>
</tr>
<tr>
<td>6</td>
<td>Greater Darfur</td>
<td>22.7</td>
<td>30</td>
</tr>
<tr>
<td></td>
<td>No. of families (1000)</td>
<td>103</td>
<td>192</td>
</tr>
</tbody>
</table>
The above table indicate that there were 295,000 families living in absolute poverty headed by women, and it is obvious that there is a concentration of urban poor households in Khartoum (34%) and greater Darfur (30%) followed by 24% in the Central State.

### 4.2. Aspects of Urban Women Poverty

Poverty has became the primary concern of both government and none governmental efforts during the last decade after the implementation of the, adjustment programmes specifically in the late 1980s, the economic reforms demanded by this process soon created important distribution effects at the local level, many people lost their jobs and became poor and excluded as a result of these measures taken to down size public administrations and privatize public enterprises.

All these factors had adverse impacts particularly on low income urban women’s families and thereby compelled women to search new jobs for the survival of their families, putting in consideration the fact that most of urban women have modest skills their recruitment in the public sector is too little. Therefore they work in the informal sector although they encounter several constraints e.g. lack of legal protection, police campaigns, coupled with the opening of boarders and the subsequent inflows of goods and services which will cause local industries that were not competitive to close down and lay of workers to the bulk of the urban poor women. Work in the informal sector perhaps as one of the few choices available to poor families as it does not require high skills and capacities. It is characterized by easy accessibility but most of the activities are marginal. This confirms the fragility of such activities and the fact that do not lead to women economic empowerment. On the contrary it increase women vulnerability by adding new burden to their burden at home.
4.3. Aspects of Rural Women Poverty

Despite the active participation of rural women in the agricultural sector yet this role is too often over locked by program planners and decisions makers. For this reason rural women still face several obstacles and constraints related to their roles in the family and productive activities that need intensive labour force and which in most cases unpaid. In addition to inequality in access to resources such as water, land, and market facilities, stereotypic views of women in rural areas affect their participation in decision making which adverse affect their accessibility to agricultural extensions and services, technology, training and micro-credits. Similar to urban women rural women also suffered from the implementation of the adjustment Structural Programmes.

Subject to the above factors, the interest in micro credit has grown just as microfinance practitioners have come to understand that small loans and micro saving are appropriate for the poor especially the poor women. It is suggested that the poor have a strong demand to use financial services to run a small enterprise and to turn small, frequent cash inflows (from daily kissra or tea sales, or run a small kinteen for example) into usefully large sums. Accumulated savings can also buffer expected or unexpected spikes in households expenses due to childbirth, school fees, home repairs, life-cycle celebrations etc.

In the Sudan poor people depends so much on their own traditional practices in savings and lending, poor women use informal savings to smooth consumption. The existence of these informal mechanisms shows that the poor want to save, and to work very hard to do so. The results of the questionnaire conducted for the purpose of this study revealed that informal lending, rotating savings and Credit Associations, monthly saving groups (sandoug or khatta) suggest that the poor want low cost saving and lending mechanisms.
The development community distinguish between two groups of poor people: those who can increase their income by themselves and those who can not. Members of the first group can engage in economic activities that can move them closer to or even above the poverty line. Members of the second group have no capacity, either because they lack skills or because they are destitute (UNCDF 1996).

Members of the first group are called the entrepreneurial poor or economically active poor. The households of the economically active poor may have some assets (such as land) and some members may be employed to run a micro business. These households have reliable income, freedom from imminent contingencies, and sufficient resources (such as savings, non-essential convertible assets and social entitlements) to cope with problems when they arise (Hulme and Mosley 1996).

Members of the second group are called the extremely poor. Lacking economic viability (the ability to meet basic needs such as food, shelter, and clothing) and economic security (the ability to protect household assets and income from shocks), these households live below the minimum subsistence level.

Informal savings and lending mechanisms are useful, but they do not remove the need for formal mechanisms, formal lending and saving offer greater safety, higher rates of return, quicker access to funds, and greater anonymity.

What can microfinance do? In The Sudan and with the ascertain demand due to poverty for microfinance, we can say from the discussion done for the purpose of this study with the poor groups in group discussion sessions, its success so far has been to supply production loans to women and men to run petty trades and businesses. This decreases their disadvantages in the society, and increase their power in the household, because the economic independency empower women and gives them identity in the household and in the society at large.
Table (4.2) Example of how the clients use loans:

<table>
<thead>
<tr>
<th>Loan use</th>
<th>Example</th>
</tr>
</thead>
<tbody>
<tr>
<td>To build income base</td>
<td>* To diversify income sources</td>
</tr>
<tr>
<td></td>
<td>* To increase income</td>
</tr>
<tr>
<td></td>
<td>* To engage in income generating activities</td>
</tr>
<tr>
<td></td>
<td>* To start a new enterprise</td>
</tr>
<tr>
<td>To build assets base</td>
<td>* To repair, maintain, or improve house</td>
</tr>
<tr>
<td></td>
<td>* To maintain or to improve business premises</td>
</tr>
<tr>
<td></td>
<td>* To by a new furniture</td>
</tr>
<tr>
<td></td>
<td>* To join a rotating saving or credit association (ROSCA).</td>
</tr>
<tr>
<td></td>
<td>* To invest in education</td>
</tr>
<tr>
<td></td>
<td>* To invest in health</td>
</tr>
<tr>
<td></td>
<td>* To fulfill a social obligation.</td>
</tr>
<tr>
<td></td>
<td>* To manage and cover daily household spending</td>
</tr>
<tr>
<td></td>
<td>* following sickness, death, or disaster.</td>
</tr>
<tr>
<td></td>
<td>* To support loss of income due to</td>
</tr>
<tr>
<td>To manage cash and resources</td>
<td>unemployment or death</td>
</tr>
<tr>
<td></td>
<td>* To increase creditworthiness</td>
</tr>
<tr>
<td></td>
<td>* To pay off debt</td>
</tr>
</tbody>
</table>

Source; Interview conducted for the purpose of this study 2005.

From the clients point of view health and life insurance are top priorities. Making easily accessible and flexible loans, emergency loans, flexible savings, and insurance available to respond to these basic needs can only be seen as a win-win strategy for both microfinance institutions and clients.
Government institutions play small role in microfinance. Despite the fact that a number of social funds has been established with the intention to combat poverty but their role is very narrow with the exception of the Graduate Employment Funds, Social Development Foundation at its starting during 1999-2001, and the Saving and Development Bank which now run assort of considerable microfinance programme. It is noted that most of the microfinance institutions take a narrow approach, offering only credit for business activities. Many poor people needs saving and deposits services, especially women, so a large part of the poor is excluded, either because they have no collateral required by the lending institutions or because they have no access. Most of the programmes surveyed were expected to serve within five years many active clients, their goals were ambitious, although their expectations were not realistic within the problems facing them such as the inability to cover their costs, and that most of the targeted beneficiaries are not credit worthy, but often not able to pay, and by having a loan put them in debt- most of the intuitions running to expand their outreach without social screening or survey, the fact that most of the MFIs is suffering from deficit in repayment.

The questionnaire conducted for the purpose of this study focused on the borrowing experience (taking loans) and its impact on poverty reduction factors as the main purpose of the research. One of the most far-reaching factors for social and economic changes over the last decades have been urban women’s participation in economic activities e.g. paid employment in the public sector and self-employment in the informal sector within the informal economy. World-wide have been fighting for legal and economic equality as their human rights.

In the Sudan (as stated by Ali, 1994) measurement of poverty has mostly been monetary, in terms of streams of current income and
expenditure and absolute. This needs to be changed. As alluded to earlier, the poverty line approach has its methodological shortcomings.

Many social scientists have expressed and argued that the mainstream of social sciences either ignore or distort the experiences of women. By so doing it is consider that social sciences has failed to provide useful tools for the analysis of women movement and contribution particularly with the spread of poverty phenomena.

The changing economic role of women is perhaps the most significant change in the lives of the Sudanese women in the twenty first century. This change is primarily reflected in changes in the level and degree of labour force participation. The results analysis of this questionnaire reflects the extent of gender contribution in poverty reduction within their families, and to what extent dose micro-finance reduce poverty among the urban poor especially women as women are the most vulnerable group for poverty and its implications. An attempts would be made to explore this (poverty in-depth and poverty aspects) from the results of the questionnaire analysis, from a sample took from Khartoum States.

**Important Note**

In this analysis the analyst depend on the borrowing experience factors as the main purpose of the research in all of his analysis. (Table below).

<table>
<thead>
<tr>
<th>Table (4.3) The Descriptive Percentile Analysis</th>
</tr>
</thead>
<tbody>
<tr>
<td>Descriptive Statistics</td>
</tr>
<tr>
<td>N</td>
</tr>
<tr>
<td>Statistic</td>
</tr>
<tr>
<td>Age Groups</td>
</tr>
<tr>
<td>Education</td>
</tr>
<tr>
<td>Previous Experience</td>
</tr>
<tr>
<td>Marital Status</td>
</tr>
</tbody>
</table>
Table (4.4) Age Groups

<table>
<thead>
<tr>
<th>Age Group</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>18-25</td>
<td>11</td>
<td>10.0</td>
<td>10.1</td>
<td>10.1</td>
</tr>
<tr>
<td>25-35</td>
<td>23</td>
<td>20.9</td>
<td>21.1</td>
<td>31.2</td>
</tr>
<tr>
<td>35-40</td>
<td>26</td>
<td>23.6</td>
<td>23.9</td>
<td>55.0</td>
</tr>
<tr>
<td>40-55</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Researcher's own data.
The table above indicates that the age group of 40-55 comprises about 40% of the respondents whom demand loans, followed by the age group 40-35 and 25-35 (24, 21 respectively) and those three groups earned 95% of the loans. The highest number of the respondents who have taken loans are fallen on the productive age group.

<table>
<thead>
<tr>
<th>Age Group</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>44-55</td>
<td>40.0</td>
<td>95.4</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>4.5</td>
<td>4.6</td>
<td>100.0</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>109</td>
<td>99.1</td>
<td>100.0</td>
<td></td>
</tr>
<tr>
<td>Missing</td>
<td>System</td>
<td>.9</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>110</td>
<td>100.0</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Researcher's own data.

The above table shows that the Primarily educated earned about 36% followed by the secondarily educated 30% followed by the illiterate members of the sample, the graduates and post graduate own one12%, thus the lending policy achieved by the borrowing institutes take no care of the Level of the education, even it gives more care for the lower educated member which serve the social factor of capturing poverty among illiterate and middle education members of the society.

<table>
<thead>
<tr>
<th>Table (4.5) Education</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valid</td>
</tr>
<tr>
<td>Illiterate</td>
</tr>
<tr>
<td>Primary</td>
</tr>
<tr>
<td>Secondary</td>
</tr>
<tr>
<td>University</td>
</tr>
<tr>
<td>Postgraduate</td>
</tr>
<tr>
<td>Total</td>
</tr>
</tbody>
</table>

Source: questionnaire conducted for the purpose of this study August 2005.

The above table shows that the Primarily educated earned about 36% followed by the secondarily educated 30% followed by the illiterate members of the sample, the graduates and post graduate own one12%, thus the lending policy achieved by the borrowing institutes take no care of the Level of the education, even it gives more care for the lower educated member which serve the social factor of capturing poverty among illiterate and middle education members of the society.
The above table shows: that the Previous experience factor which consist of three groups; 41% of the sample are have informal experience and 41% of the sample the question is not applicable to their situation and the rest which is 18% have a formal experience, thus the borrowing experience does not related to the formal experience of the borrowers.

Table (4.7) Marital Status

<table>
<thead>
<tr>
<th>Valid</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Married</td>
<td>61</td>
<td>55.5</td>
<td>55.5</td>
<td>55.5</td>
</tr>
<tr>
<td>Divorced</td>
<td>12</td>
<td>10.9</td>
<td>10.9</td>
<td>66.4</td>
</tr>
<tr>
<td>Single</td>
<td>13</td>
<td>11.8</td>
<td>11.8</td>
<td>78.2</td>
</tr>
<tr>
<td>Widowed</td>
<td>16</td>
<td>14.5</td>
<td>14.5</td>
<td>92.7</td>
</tr>
<tr>
<td>Other</td>
<td>8</td>
<td>7.3</td>
<td>7.3</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>110</td>
<td>100.0</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

Source: Researcher's own data.

The above table shows that the married applicant’s took 56% of the loans followed by the widowed which is 15% and the rest sprayed between divorced, single and other. We can say that the married applicants wish to have loans.

Table (4.8) Residence

<table>
<thead>
<tr>
<th>Valid</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Khartoum</td>
<td>51</td>
<td>46.4</td>
<td>46.4</td>
<td>46.4</td>
</tr>
<tr>
<td>Khartoum</td>
<td>3</td>
<td>2.7</td>
<td>2.7</td>
<td>49.1</td>
</tr>
</tbody>
</table>

Source: Researcher's own data.
The above table shows that most of the members of the sample live in Khartoum town (46%) if we add Al-kalaklah area, it will increase to 52% which is more half of the sample. The rest percentage (7%) are from Umdurman, this tends to show that the borrowing institutes in Khartoum are more flexible in granting loans.

Table (4.9) Do you own your house?

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valid</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Yes</td>
<td>65</td>
<td>59.1</td>
<td>61.3</td>
<td>61.3</td>
</tr>
<tr>
<td>No</td>
<td>41</td>
<td>37.3</td>
<td>38.7</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>106</td>
<td>96.4</td>
<td>100.0</td>
<td></td>
</tr>
<tr>
<td>Missing System</td>
<td>4</td>
<td>3.6</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>110</td>
<td>100.0</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Researcher's own data.

The above table shows that 61% of the sample own their house. This may lead to the lending institutions may demand a real state collateral for their money. This factor have negatively affected loans distribution.

Table (4.10) With whom do you live

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valid</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Family</td>
<td>85</td>
<td>77.3</td>
<td>78.0</td>
<td>78.0</td>
</tr>
<tr>
<td>Alone</td>
<td>12</td>
<td>10.9</td>
<td>11.0</td>
<td>89.0</td>
</tr>
<tr>
<td>With others</td>
<td>12</td>
<td>10.9</td>
<td>11.0</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>109</td>
<td>99.1</td>
<td>100.0</td>
<td></td>
</tr>
<tr>
<td>Missing</td>
<td>System</td>
<td>1</td>
<td>.9</td>
<td></td>
</tr>
<tr>
<td>---------</td>
<td>--------</td>
<td>---</td>
<td>----</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>110</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

Source: Researcher's own data.

The above table shows that 78% of the sample live with their families while the singles and those who live with other has 11% for each of them.

**Table (4.11) How long have you lived in Khartoum**

<table>
<thead>
<tr>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>5 years</td>
<td>4</td>
<td>3.6</td>
<td>3.6</td>
</tr>
<tr>
<td>10 Years</td>
<td>9</td>
<td>8.2</td>
<td>11.8</td>
</tr>
<tr>
<td>more than 10 years</td>
<td>97</td>
<td>88.2</td>
<td>88.2</td>
</tr>
<tr>
<td>Total</td>
<td>110</td>
<td>100.0</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Source: Researcher's own data.

The above table shows that more than 88% of the sample live in Khartoum for a period of more than 10 years, thus the borrowing culture and the complexity of the live tends them to take loans.

**Table (4.12) Do you have children?**

<table>
<thead>
<tr>
<th>Valid</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>88</td>
<td>80.0</td>
<td>80.0</td>
<td>80.0</td>
</tr>
<tr>
<td>No</td>
<td>22</td>
<td>20.0</td>
<td>100.0</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>110</td>
<td>100.0</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

Source: Researcher's own data.
The above table shows that 80% of the sample has children so the family responsibilities urge them to take loans.

### Table (4.13) Number of Children

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valid</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1-5</td>
<td>53</td>
<td>48.2</td>
<td>60.2</td>
<td>60.2</td>
</tr>
<tr>
<td>5-7</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>25</td>
<td>22.7</td>
<td>28.4</td>
<td>88.6</td>
<td></td>
</tr>
<tr>
<td>7-10</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>10</td>
<td>9.1</td>
<td>11.4</td>
<td>100.0</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>88</td>
<td>80.0</td>
<td>100.0</td>
<td></td>
</tr>
<tr>
<td>Missing</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>System</td>
<td>22</td>
<td>20.0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td></td>
<td>100.0</td>
</tr>
</tbody>
</table>

Source: Researcher's own data.

The above table shows that 60% of the sample has a moderate size family (1-5 children), 29% has big size family and 11% has a huge size family (7-10 or more).

It is evident that the moderate-size family has the big share of the loans given by the borrowing institutions.

### Table (4.14) Age of the children

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valid</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1-5</td>
<td>5</td>
<td>4.5</td>
<td>5.7</td>
<td>5.7</td>
</tr>
<tr>
<td>5-10</td>
<td>11</td>
<td>10.0</td>
<td>12.6</td>
<td>18.4</td>
</tr>
<tr>
<td>over 10</td>
<td>41</td>
<td>37.3</td>
<td>47.1</td>
<td>65.5</td>
</tr>
<tr>
<td>Mixed</td>
<td>30</td>
<td>27.3</td>
<td>34.5</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>87</td>
<td>79.1</td>
<td>100.0</td>
<td></td>
</tr>
<tr>
<td>Missing</td>
<td>System</td>
<td>23</td>
<td>20.9</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>110</td>
<td>100.0</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
The above table shows that 82% of the applicants have children aged over 10 years old. Thus the family responsibilities increased and more income needed to face its responsibilities.

**Table (4.15) Are your children in school?**

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valid</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>yes</td>
<td>73</td>
<td>66.4</td>
<td>83.9</td>
<td>83.9</td>
</tr>
<tr>
<td>no</td>
<td>11</td>
<td>10.0</td>
<td>12.6</td>
<td>96.6</td>
</tr>
<tr>
<td>Some left School</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>2.7</td>
<td>3.4</td>
<td>100.0</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>87</td>
<td>79.1</td>
<td>100.0</td>
<td></td>
</tr>
<tr>
<td>Missing System</td>
<td>23</td>
<td>20.9</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>110</td>
<td>100.0</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Researcher's own data.

The above table shows that 84% of the sample send their children to schools. 13% of the sample their children were not admitted school and 3% of them left school.

Thus school fees and schooling requirements affect the schooling of these children and may be that is why their families need extra money.

**Table (4.16) If they are not in School what is the Reason?**

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valid</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>school fees</td>
<td>7</td>
<td>6.4</td>
<td>46.7</td>
<td>46.7</td>
</tr>
<tr>
<td>Under Age</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>2.7</td>
<td>20.0</td>
<td>66.7</td>
<td></td>
</tr>
<tr>
<td>other</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(specify)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
The above table shows that only 14% of the children sampled families left school. The reason for the children to left school is mainly the school fees (47%). Thus this factor is not affect the loans very much and even this effect lies on the schooling fees.

**Table (4.17) How do you Describe your Health?**

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valid</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Good</td>
<td>73</td>
<td>66.4</td>
<td>67.6</td>
<td>67.6</td>
</tr>
<tr>
<td>middle</td>
<td>29</td>
<td>26.4</td>
<td>26.9</td>
<td>94.4</td>
</tr>
<tr>
<td>Not Healthy</td>
<td>6</td>
<td>5.5</td>
<td>5.6</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>108</td>
<td>98.2</td>
<td>100.0</td>
<td></td>
</tr>
<tr>
<td>Missing</td>
<td>System</td>
<td>2</td>
<td>1.8</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>110</td>
<td>100.0</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Researcher's own data.

The above table shows that 68% of the sample has a good health, 27% middle health and 6% not healthy.

Thus health factor play a significant part, in obtaining loans from the lending institutions.
Table (4.18) Schooling of the Husband

<table>
<thead>
<tr>
<th>Valid</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>illiterate</td>
<td>26</td>
<td>23.6</td>
<td>28.9</td>
<td>28.9</td>
</tr>
<tr>
<td>Primary</td>
<td>27</td>
<td>24.5</td>
<td>30.0</td>
<td>58.9</td>
</tr>
<tr>
<td>Secondary</td>
<td>18</td>
<td>16.4</td>
<td>20.0</td>
<td>78.9</td>
</tr>
<tr>
<td>University</td>
<td>12</td>
<td>10.9</td>
<td>13.3</td>
<td>92.2</td>
</tr>
<tr>
<td>Postgraduate</td>
<td>2</td>
<td>1.8</td>
<td>2.2</td>
<td>94.4</td>
</tr>
<tr>
<td>Other</td>
<td>5</td>
<td>4.5</td>
<td>5.6</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>90</td>
<td></td>
<td>81.8</td>
<td>100.0</td>
</tr>
<tr>
<td>Missing</td>
<td>System</td>
<td>20</td>
<td>18.2</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>110</td>
<td></td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

Source: Researcher's own data.

The above table shows that 82% of the sample is applicable to this question, 30% of them are Primary, 30% illiterate, 20% secondary, i.e. 80% has a basic education or less, Graduates and post graduate are 8% thus may tend to be that they meet their needs with no needs of loans or they has their own way of getting them.

Table (4.19) Why did you take loan?

<table>
<thead>
<tr>
<th>Valid</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Poor</td>
<td>35</td>
<td>31.8</td>
<td>34.0</td>
<td>34.0</td>
</tr>
<tr>
<td>No job</td>
<td>36</td>
<td>32.7</td>
<td>35.0</td>
<td>68.9</td>
</tr>
<tr>
<td>widowed</td>
<td>12</td>
<td>10.9</td>
<td>11.7</td>
<td>80.6</td>
</tr>
<tr>
<td>divorced</td>
<td>5</td>
<td>4.5</td>
<td>4.9</td>
<td>85.4</td>
</tr>
<tr>
<td>other</td>
<td>9</td>
<td>8.2</td>
<td>8.7</td>
<td>94.2</td>
</tr>
<tr>
<td>Poor &amp; No job</td>
<td>5</td>
<td>4.5</td>
<td>4.9</td>
<td>99.0</td>
</tr>
<tr>
<td>Poor &amp; No job &amp; Widowed</td>
<td>1</td>
<td>0.9</td>
<td>1.0</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>103</td>
<td>93.6</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>
The above table shows that the main factors that affect the reason of taking loans are being poor and idle, which have 94% of the sample, rest sprayed on the other factors.

Thus the lending institutions try to capture poverty through giving poor or idle people loans to start their work and to overcome poverty.

### Table (4.20) From which institution did you borrow?

<table>
<thead>
<tr>
<th>Valid</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Bank</td>
<td>14</td>
<td>12.7</td>
<td>13.6</td>
</tr>
<tr>
<td></td>
<td>Association</td>
<td>49</td>
<td>44.5</td>
<td>61.2</td>
</tr>
<tr>
<td></td>
<td>Organization</td>
<td>8</td>
<td>7.3</td>
<td>68.9</td>
</tr>
<tr>
<td>Other</td>
<td>32</td>
<td>29.1</td>
<td>31.1</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>103</td>
<td>93.6</td>
<td>100.0</td>
<td></td>
</tr>
<tr>
<td>Missing</td>
<td>System</td>
<td>7</td>
<td>6.4</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>110</td>
<td>100.0</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Researcher's own data.

The above table shows that 94% of the respondents answered this question while 6% of the answers were not effective. 48% of the
respondents took their loans from associations, 8% from organizations 31% from other institutions whereas banks give only 14% of them.

Thus the associations (which in common has a social aspects and did not ask of collaterals and guarantees) have a big share of lending money to this sample, and the other big share goes to the traditional lending institutions (like the Shaikh of the local society, the grocer and the family members).

**Table (4.21) Was the decision to borrow your own?**

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valid</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Yes</td>
<td>87</td>
<td>79.1</td>
<td>87.9</td>
<td>87.9</td>
</tr>
<tr>
<td>No</td>
<td>12</td>
<td>10.9</td>
<td>12.1</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>99</td>
<td>90.0</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

Missing

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>System</td>
<td>11</td>
<td>10.0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>110</td>
<td>100.0</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Researcher's own data.

The above table shows that 88% of the sample took the decision to borrow by themselves, 12% by the help of others.

Thus the borrowers have an adequate knowledge of borrowing and the lending institutions and can deal with loans by themselves.

**Table (4.22) Shows How did you spent the loan**

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valid</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>cash</td>
<td>5</td>
<td>4.5</td>
<td>5.1</td>
<td>5.1</td>
</tr>
<tr>
<td>goods or assets</td>
<td>93</td>
<td>84.5</td>
<td>94.9</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
The above table shows that 85% of the respondents spent the money in goods such as assets of their new projects which were in some times not more than a need of filling a tea kettle to sell it to customers. This clear from the occupations and the amount of the loan taken by the most of the borrowers.

Table (4.23) Do you determine how the loan money spent?

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valid</td>
<td>Yes</td>
<td>91</td>
<td>82.7</td>
<td>97.8</td>
</tr>
<tr>
<td></td>
<td>No</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>1.8</td>
<td>2.2</td>
<td>100.0</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>93</td>
<td>84.5</td>
<td>100.0</td>
</tr>
<tr>
<td>Missing</td>
<td>System</td>
<td>17</td>
<td>15.5</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>110</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

Source: Researcher's own data.

The above table shows that connecting this question by the last one it will be clear that most of them know how the loan money spent since they bought goods by it (98%).

Table (4.24) Are you working as a result of the loan

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valid</td>
<td>Yes</td>
<td>86</td>
<td>78.2</td>
<td>90.5</td>
</tr>
<tr>
<td></td>
<td>No</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>9</td>
<td>8.2</td>
<td>9.5</td>
<td>100.0</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>95</td>
<td>86.4</td>
<td>100.0</td>
</tr>
<tr>
<td>Missing</td>
<td>System</td>
<td>15</td>
<td>13.6</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
The above table shows that the effect of the loan on the borrowers in this sample is very clear since 91% of the sample are established a small project as a result of the loan.

Thus the lending institutions have a hand in finding jobs for workless members of the society and this can be developed to an effective mechanism to overcome idleness and meanwhile the poverty.

**Table (4.25) If you are working as a result of the loan what is the type of your work**

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valid</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Private</td>
<td>48</td>
<td>43.6</td>
<td>48.5</td>
<td>48.5</td>
</tr>
<tr>
<td>Informal</td>
<td>42</td>
<td>38.2</td>
<td>42.4</td>
<td>90.9</td>
</tr>
<tr>
<td>Other</td>
<td>9</td>
<td>8.2</td>
<td>9.1</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>99</td>
<td>90.0</td>
<td>100.0</td>
<td></td>
</tr>
<tr>
<td>Missing</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>System</td>
<td>11</td>
<td>10.0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>110</td>
<td>100.0</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Researcher's own data.

The above table shows that the type of the work taken by the borrowers divided between main tow factors private and informal.

Thus 90% of the sample establish informal activities for themselves and thus become active citizens.

**Table (4.26) Do you enjoy the work you have initiated with the help of your loan**

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valid</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Yes</td>
<td>87</td>
<td>79.1</td>
<td>89.7</td>
<td>89.7</td>
</tr>
<tr>
<td>No</td>
<td>10</td>
<td>9.1</td>
<td>10.3</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>97</td>
<td>88.2</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

Source: Researcher's own data.

The above table shows that the type of the work taken by the borrowers divided between main tow factors private and informal.

Thus 90% of the sample establish informal activities for themselves and thus become active citizens.
The above table shows that 90% out of respondents enjoyed the work they established by the loan. Thus the continuing in this work may happen.

**Table (4.27) Have you start your work with feasibility study?**

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valid</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Yes</td>
<td>63</td>
<td>57.3</td>
<td>62.4</td>
<td>62.4</td>
</tr>
<tr>
<td>No</td>
<td>38</td>
<td>34.5</td>
<td>37.6</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>101</td>
<td>91.8</td>
<td>100.0</td>
<td></td>
</tr>
<tr>
<td>Missing</td>
<td>System</td>
<td>9</td>
<td>8.2</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>110</td>
<td>100.0</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The above table shows that this question have created confusion some confusion respondents, since most of them were illiterate or at best time secondary graduates, and most of them did not even know the meaning of a feasibility study, any way their answers indicate that 62% carried out their feasibility whereas 38% did not.

Thus the feasibility study may one of requirements demanded by the borrowing institution which add more burden to the borrower, since the amount of the loan is very small in most cases, this factor have no effect on taking decision to borrow but may affect the decision of the borrowing institution to lend money.

**Table (4.28) Did you know your loan life?**

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valid</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Yes</td>
<td>76</td>
<td>69.1</td>
<td>77.6</td>
<td>77.6</td>
</tr>
<tr>
<td>No</td>
<td>21</td>
<td>19.1</td>
<td>21.4</td>
<td>99.0</td>
</tr>
<tr>
<td>Some how</td>
<td>1</td>
<td>.9</td>
<td>1.0</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>98</td>
<td>89.1</td>
<td>100.0</td>
<td></td>
</tr>
<tr>
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<td>System</td>
<td>12</td>
<td>10.9</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>110</td>
<td>100.0</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Source: Researcher's own data.

The above table shows that 78% of the sample know their loan life, thus they can deal with loan installments and payments.

**Table (4.29) Have you repaid your loan yet?**

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
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<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Yes</td>
<td>76</td>
<td>69.1</td>
<td>79.2</td>
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<td>100.0</td>
</tr>
<tr>
<td>Total</td>
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<td></td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>110</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

Source: Researcher's own data.

The above table shows that 79% repaid their loans and 20% not and by more analysis to the questionnaire most of the 20% payment are not due till the filling of the questionnaire.

Thus the borrowers are very serious in dealing with lending matters.

**Table (4.30) Are you pleased with the decision to borrow?**

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valid</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Yes</td>
<td>94</td>
<td>85.5</td>
<td>94.0</td>
<td>94.0</td>
</tr>
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<td>No</td>
<td>6</td>
<td>5.5</td>
<td>6.0</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
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<td>90.9</td>
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</tr>
<tr>
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<td>9.1</td>
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</tr>
<tr>
<td>Total</td>
<td></td>
<td>110</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

Source: Researcher's own data.

The above table shows that 94% are pleased with decision to borrow, since they solve some of their problems.

**Table (4.31) Is your Family also pleased with the decision to borrow?**
The above table shows that also 95% of the borrowers' family are also pleased by the decision to borrow and this is clear since most of the borrowers have families and help them in taking loans.

**Table (4.32) Do you recommend other to borrow?**

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valid</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Yes</td>
<td>93</td>
<td>84.5</td>
<td>97.9</td>
<td>97.9</td>
</tr>
<tr>
<td>No</td>
<td>2</td>
<td>1.8</td>
<td>2.1</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>95</td>
<td>86.4</td>
<td>100.0</td>
<td></td>
</tr>
<tr>
<td>Missing</td>
<td>System</td>
<td>15</td>
<td>13.6</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>110</td>
<td>100.0</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Researcher's own data.

The above table shows that 98% of the respondents recommend others to borrow, on the ground that they have succeeded in their experiments of borrowing.

**Table No (4.33) Shows As a result of the loan: Have you overcome poverty**

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valid</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Yes</td>
<td>75</td>
<td>68.2</td>
<td>83.3</td>
<td>83.3</td>
</tr>
<tr>
<td>No</td>
<td>15</td>
<td>13.6</td>
<td>16.7</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>90</td>
<td>81.8</td>
<td>100.0</td>
<td></td>
</tr>
<tr>
<td>Missing</td>
<td>System</td>
<td>20</td>
<td>18.2</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>110</td>
<td>100.0</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Researcher's own data.

The above table shows that 83% thinks that they overcome poverty, 17% do not. This is a very important result which yields that those loans helps overcoming poverty.
The above table shows that 86.3% complain of collaterals, 87.3 for access, 64.2% about repayment.

Thus these three main factors affect loans very much and if we want to overcome poverty or unemployment and consequently other social problems that constraint development process we have to maintain the way and access to microfinance as an effective tool for poverty reduction.

In addition to the questionnaire presented above interviews has been conducted with a number of clients males, females, and loans officers. Field data included not only the content of interviews but also observations of the neighborhoods, institutions (such as schools, clinics) and overall surroundings. My field case study attempted to capture the quality/nature of clients home and work situations, clients interactions with the family and the community a large clients interview questions explored loan history, nature, purpose, residence in Khartoum and association with lending institutions, loan impact, health of family
members, and overall assessment of the impact of the credit programme, with constraints therein explored in detail.

Clients interviewed from females reflect reasons for taking loans and the application of this loans in productive enterprises. The clients interviewed were involved in a number of occupations, including sewing, embroidery, cloth wholesaling, petty traders. The condition under which loans were first sought of generally involved unusually financial hardship.

Most of the salient tangible benefit of interviewees from credit, concerned food security and improved households nutrition. The majority of the interviewees described improved and increased food availability in their homes, and a greater sense of reassurance about their next meal, since the inception of their first loan. This illustrated very well in the case of one of the females interviewed she said: The greatest benefit is that my children now eat three times a day. When we did not have the means, they ate twice a day. Now they are allowed an extra meal.

Women entrepreneur are often prevented from running competitive businesses by their relatively low education and skill levels, which generally limit their access to the various support services. If they are given the right support, they can be part of the collective process of enterprises development and improve their success rates. Despite many shortcoming and constraints facing women, they have been able to establish and create their own business. The majority of the women entrepreneurs interviewed indicated that the first reason for taking loans is to start business because they need money, to help their families. After the implementation of the Structural Adjustment programme in the late 1987, many lost their jobs or opted for voluntary separation or early retirement decided to work as independent entrepreneurs. In general we can say in the Sudan despite the stereotypic views ,that limits women but they motivated by their will in building the future of their children, and in
most cases they obliged to care for the elders in the family, all these responsibilities women put women in a real challenge for the success of their business.

It is evident from the results of the questionnaire that securing finance is an obstacle to every entrepreneur, most of the obstacles stem from a combination of factors, institutional, as women felt that the administrative officials and the local government officers within the localities and municipalities harassed them rather than they did their male counterparts.

Lack of organization is emerged during the discussion as it face many women among other problems like little access to technologies and information, difficulty in finding a permanent sites with out the pressure of the local authorities, lack of skills for competitive products, inadequate infrastructure and utilities, of which transport facilities from peripheral areas to the nearest market.

In addition it has been observed that women lack any sort of organization within their work place between the women themselves, and between women and existing associations and support institutions. However, networking is very useful to access information, markets, and raw materials through bulk purchases. It is also permit the interaction and facilitate to obtain support from the funding institutions.

Until recently, women entrepreneurs faced constraints and barriers to the development of their enterprises within the existing of the prevailing laws and regulations. Obtaining licenses, registering the business, are consider for them like a nightmares that they scare from it but they had to live with. Despite the social pressures from the civil society association and women groups but still the changes in the legal framework are not satisfactory. Still the enabling environment is not available a lot of work need to be done to make available conducive laws and regulations in the field of small enterprises.
CHAPTER FIVE
Banking Sector in the Sudan

5.1. Introduction

This chapter will examine core issues and challenges in the provision of microfinance in the Sudan.

Governments and donor agencies are funding microfinance programmes in a number of low income countries, many of them are targeted towards women. Most donors will agree that microfinance institutions (MFIs) whether credit unions, village banks, NGOs, commercial banks or development banks can contribute to poverty reduction. There is less consensus however, about the degree to which, how and when poverty can be reduced through microfinance.

In the range of different views on this question, there are two main camps regarding microfinance and poverty reduction: the financial systems approach and the poverty lending approach.

The financial system approach (or institutionists) states that the overall goal of microfinance is to provide sustainable services to low-income people, but not necessarily to the poorest among them. Furthermore competition will ensure high-quality and low-cost services, and that evaluation of microfinance should focus on financial indicators.

The poverty lending approach (or welfarists) claims that the overall goals of microfinance should be poverty reduction and empowerment. Therefore, MFIs should target the poor and conduct impact assessment studies to prove the poverty-reducing effect of their activities. The truth lies in between the financial systems and the welfarist approaches. Rather than simply asking the question of whether or not microfinance is an important tool for poverty reduction, it is important to analyse how, to what degree and under which conditions microfinance can play a role that contribute to poverty reduction.
Financial should be classify into two categories consumption and risk management, and production and investment. Thus we can say microfinance mainly to assist the poor and particularly poor households to invest in productive assets for income generation, and facilitating them to overcome shocks and reduce their vulnerability. These facilities include also empowerment and building of social capital.

Governments and international agencies such as the World Bank have committed to reduce fifty percent of world poverty by the year 2015. The measurement of poverty attempts to provide a concise definition of what exactly poverty is, and uses this definition as the basis for effective policies aimed at its eradication.

The World Bank's approach to poverty has been dominated by the need of every person to acquire the 'absolute necessities of life', defined as nutrition, warmth and shelter. As such it has arrived at a figure of $1 per day, which could be used as a universal poverty line. However, this approach is criticised not least because it underestimates the minimum value of the poverty line it also underestimates the number of people living in poverty.

The United Nations and the governments of 117 different countries have agreed that there are two meanings of the word poverty: 'absolute' and 'overall.' Absolute poverty reflects a situation where someone is deprived of food, clothing, shelter or basic health care. Overall poverty reflects a situation where persons have essential needs satisfied but do not live in a safe environment, cannot meet the essential costs of transport or do not feel part of their community. By stressing both objective and subjective criteria poverty is viewed as relative, multidimensional, dynamic and gendered.

The concept of social exclusion should be viewed as multidimensional. One attempt at defining social exclusion used by the British Household Panel Survey (BHPS) suggests the following
Exclusion and poverty are concepts that are considered to be concomitant overlapping or complementary. Although the focus here is on the first of these concepts, a number of the considerations relating to exclusion are also valid in the case of poverty. The idea of social exclusion and its application first emerged in the backdrop of the economic crisis of the ‘70s in France. This explains why there is so much documentation on the subject in these countries.

In the Sudan working towards Institutional Financial Self-sufficiency is essential for Microfinance Institutions to reach and benefit numbers of the poorest households- those living in the bottom 50% of the population.

There are more than nine commercial banks, and seven social funds in addition more than 30 None Governmental Organizations (NGOs) working in this field. Despite their number, one can say there is no evident impact for the work of the most of these institutions. In an interview conducted for the purpose of this study with three of the banks managers branches, it is evident that the most of bankers are convinced by the importance of microfinance and its role in poverty reduction but the commercial and governmental banks are governed by the policies of the central bank of Sudan which limits their role and regulate the dispersion of loans and credit, with collateral beyond the ability of the poor lenders. To be eligible for the loan, an individual must have grantee or check collateral equivalent to 150% of the total amount of the required loan. 90% of the banks managers interviewed ascertain the fact that women are decent clients, trusted and keen to repay.

Although Sudan has been engaged in the area of microfinance with the high number of active microfinance borrowers, there is outstanding
size of the poverty. The contribution and growth of microfinance in Sudan appeared since the engagement of Sudanese Islamic Bank in 1983 as well as the saving and Social Development Bank, which was established in 1992. However, the access of poor and low income households to financial services remains lacking in terms of service outreach and diversity of products.

Despite these pioneering efforts from the government and commercial and specialized banks by entering the microfinance markets, the provision of financial services to the poor is not yet a common feature of the banking sector. Efforts are required to stimulate further entry of multi-purpose banks in this market segment. The achievement of this will be possible through the adoption of a sector development approach which targets the mainstream of microfinance in the formal financial sector through concerted action of respective government bodies, donors and financial intermediaries. The success of the sector development approach is ultimately measured by the level of involvement of the financial sector to respond to the demand for microfinance services in the absence of donor support. This will require a multi-tiered financial system where a variety of market players (multi-purpose banks, dedicated banks, credit-only financial institutions, NGOs, co-ops, etc.) provide a broad range of services to small enterprises and the poor through a market based, competitive sector.

Microfinance programmes are viewed as a magic key strategy in addressing poverty reduction and women empowerment. Chronic malnutrition, widespread hunger, and low life-expectancy indicate the pervasive poverty in the Third World in Asia for instance according to the 1987 World Bank figures, about 67.5 million people live below the poverty line. Kabeer (1994) argues that the interpretation of female malnutrition is complicated by interaction between gender and economic factors. Gender discrimination starts at birth and continues throughout
life, and this helps to perpetuate female poverty and women’s subordinate position in society. Women's access to productive resources and economic opportunities are significantly curtailed through powerful beliefs and practices that are sanctioned by the norms and community. Hence women are socially and economically dependant on men. So the economic impact of microfinance is clearly important in challenging social inequality and marginalisation where microfinance helps women become economically independent.

Microfinance is a key strategy in enhancing economic and social development at the individual level and at the level of households.

Most of the poor believe that they should not pay interest at all and they keep call for the cancellation of the interest rate put by MFIs. Although experience world wide has shown that, however, subsidized interest rates reduce the access of the poor to financial services and negatively affect the viability of the financial services provider.

The sustainability of the microfinance services is depends very much on the interest rates because it is the main source of its finance, the ability of the microfinance institution’s to continue in the provision of its services depends on recovery done by its clients.

Microfinance institutions should endeavour to cover the operating costs, costs of funds, and loan losses through interest income.

Microfinance institutions working in the provision of credits and financial services for the poor should determine the appropriate interest to insure the continuous of its services and to meet the needs of its clients from the poor.

As mentioned in the preceding discussion, the banking sector has essential role to play at the local levels national banks concentrated in the urban centre in the capital, leaving the poor area despite the fact that some poor area has highly liquid economies.
Non bank organizations play apparent role in Sudan as reflected by the respondents in the interview, at the local level non-bank institutions can, and in many cases do, collect and extend credits.

The legal situation under which these non-bank organizations operate is often ambiguous, most of their operations undertaken in a gray area that surrounds the banking laws.

Most of the non-bank organizations in Khartoum render loans to their clients through (CBOs) community based organizations under the co-operative law, although most of co-operatives failed at a time but these CBOs still working under this label. The problems emerged from the fact that credit distributed by these co-operative CBOs were not subject to the jurisdiction of the central bank. The thing which labeled them always with non-sustainable operations and sustainable services.

The primary goal is to reach operational sustainability it can not achieve this goal unless the revenues from lending cover the costs of the micro-credit operation. Financial sustainability is reached when the source of funds be banks and not donors; because borrowing from a bank reflect that the institution is sustainable and has sufficient net worth to receive loan from commercial bank.

The lending institution could sustain if it is able to work on its own. Sustainability is a big problem facing micro-finance institutions in the Sudan, for example most of the social funds are not sustain because they rely very much on donors and government subsidies operations.

The above brief analysis revealed that at the local levels in the Sudan and particularly in Khartoum State there is a series of CBOs community based associations managing their own loans and has their own group of borrowers, the rabidly growth of poverty in Khartoum requires the availability of an institutional strategy to enable them to develop and communicate and thus attain their objectives of poverty alleviation.
A new generation of micro credit services providers emerged in the Sudan which have developed a variety of financial services tailored to specific needs of the clients (the extremely poor). This enables them to manage their household income and expenditures, more effectively without compromising financial discipline. Such schemes have strong antipoverty focus as they aim to increase income and smooth consumption.

In the Sudan there are four types of credit intervention these are (a) direct financing through credit institution (b) revolving funds through the various community lending system (sandoug) traditional saving and lending mechanism (c) microfinance project with a very limited impact as it encounter many problems (d) micro credit schemes managed by NGOs.

The majority of the lending institutions adopted Islamic mode of finance to overcome the barriers to credit experienced by the poor due to rigid requirements of the commercial banks. The main modes of Islamic finance are:

(a) Mudaraba-agency joint venture.
(b) Murabha –purchase or resale of debt/mark up.
(c) Musharka-joint partnership.
(d) Salem or shale involve two parties, the bank which owns the money and the partner, the entrepreneurs who uses /her/his skills.

It is evident that most of the micro-finance intervention did not involve saving component although it should be involved within any institutions. To extend the micro-finance product to the poor, it should be developed by the development of saving products because savings are more effective in reducing vulnerability to wide unpredictable events, such as expenditures for wedding or loss of jobs or business and sickness. One of the remarkable things, women are improving their conditions by benefits through greater participation in the informal labor market. They
build up their own independent business. In addition there is growing reliance on the yields of their small business on the family budget, particularly in the female-headed household families in the displaced camps and the war affected areas. The rural poor-who are engaged in micro agro-processing represent another target group of micro-finance as they benefited of the support given by NGOs or government organizations or the local GBOs working in the localities, they get involved in micro-finance and run income generating activities.

Nevertheless the absence of adequate access to credits facilities for the poor is still pervasive the reasons for this is ascribed to banks and the policies of the central bank which directed the prevailing credit system. So it is essential to review the financial procedures within the context of the macro-economic polices, despite the recognition of the central bank of Sudan with the important of the impact of micro-finance in poverty reduction and the recent change on its perspectives.

Despite the recent adoption by some banks of innovative forms of collateral [e.g. personal cheque guarantees and third party guarantees from the local chief or a person of good standing in the locality there are still problems particularly for women entrepreneurs, due to the ownership regulations denying them land rights. Still most of the poor face the constraint of collateral as a mandatory condition prior to the approval of loans, and rigid enforcement in clients defaults often taking the case to the legal court and subsequent imprisonment.

Banks are concern with profit at the first place and are generally customer oriented and do not adopt a proactive approach to target new target group small-scale entrepreneurs. Banks also interested in short-term loans due to risks in long term loans.

More over banks are usually for from the poor residential areas, (slums, camps) banks usually concentrated in urban area, rather than rural areas where the bulk of the needy rural poor live.
So there is a real dichotomy. The informal sector and the rural economy which has tremendous potential to reduce poverty finds the rural poor unable to generate income due to their inability to fulfill the requirements of lending institutions with the concentration of women in the informal sector who shoulder the dual responsibility of out side-work and house-work, availability of micro-finance is a vital necessary which can play a vital role in dominating barriers among the poor in accessing productive means.

Reducing poverty has thus, become a gender issue rather than gender becoming an issue in the reduction of poverty. The role of gender is an important factor influencing economic participations but its presence as an enabling or restricting factor varies. It may be worth mentioning here that according to the UNDP Human Development Report (HDR) of 2002, Sudan's Gender Development Index (GDI) ranking was 116th out of 146 countries. However, the Gender Empowerment Measure (GEM) which reflects the degree of women's economic and political participation and power over economic resources did not mention Sudan in HDR 2002, though according to the HDR of 1995, Sudan ranked 102th out of 116 countries. Given the diversity of the Sudanese Society, the Scio-economic, the status of women varies from region to region. Nevertheless, gender being across-cutting theme, it is intricately intertwined with most of the key issues of development. Due to the informal sector's relative ease of entry and women's dual responsibility women are present in large numbers in this sector in nearly all the states particularly Khartoum State.

As it is evident from the result of the questionnaire that entrepreneurs Sudanese women, could be identified as vulnerable regarding credit and creditability, (lack skills to understand loan procedures).
Despite the balanced gender population ratio (49.80% females) there is no equalities in women labor force participation, the direct cost of education to the family, opportunity cost of child services, at home, etc these factors often result in low enrollment and low literacy rates. Women play a major role in production and reproduction responsibilities so it is necessary to integrate them in micro-credits to facilitate their integration in the economic development process.

5.2. Banking Sector in the Sudan

According to the Consultative group Against Poverty (CGAP) the following elements should be consider in integrating commercial banks in microfinance:

- Leverage existing infrastructure & distribution channels to increase access to financial services for low-income people.
- Integrate MF into the formal financial systems of all countries.
- Increasing competition.
- Add to the bottom line (poor beneficiaries).
- Make corporate infrastructure “work harder”.
- Diversify risk.

5.2.1. Evolution of Financial Institutions in the Sudan

The first financial institutions in the Sudan was initiated in 1903 with a branch of the Egyptian” Ahli Bank” . It were followed by branches of foreign banks with Barclys Bank in 1913 being the first then the Osmani Bank in 1946. This later became the National and GRINDLEYS Bank.

In the 1951 the Egyptian Ahki Bank branch in Sudan, was upgraded to become the central bank. The Bank of Sudan was then initiated in 1959, as a central bank, taking over from the Ahli Bank the responsibility of
control over all the banks in Sudan and it started to produce the local currency.

The indigenous national bank, the Sudanese commercial bank was initiated in 1960. The idea of specialized banks was started in 1957, with the creation of the Agricultural Bank of Sudan, with the objective of financing agricultural activities. This was followed by the Industrial Development Bank in 1961. The Sudanese Saving Bank was then initiated in 1973, to encourage and collect savings, develop the saving awareness as general and encourage small savers to invest these savings in financing productive and service sectors.

Micro-finance became part and parcel of the banks activities worldwide. As it consider as one of the tools which widen the financial services for the poor. With the increasing of the poverty levels in the Sudan the need to creating new institutional mechanisms for poverty reduction emerged. Banks as one of these institutions entered the field of micro-finance and playing a social role. Thus emerged the necessity to formulate principles and internal restrictions to control and regulate the banks work and procedures in this area, according to the rules and regulations of the Sudan central Bank. It is clear despite rules and regulations there is no ideal procedures, as it lagged behind. The banking sector in the Sudan as mentioned above, composed of a number of commercial, private and governmental banks in addition to the foreigner banks which established recently. According to the central bank statistics the number of banks reached in 2003 23 banks with 535 branch strayed in the different geographical areas, whereas Khartoum State alone has 34%, the central state has 20%, the Eastern State has 14% and the Northern State has 11%, Khartoum has 10% Darfour has 8% and the Southern States has 3% only, from the total number of banks in the Sudan.
According to the 2003 statistics of the central bank, the total of assets of the commercial banks reached 790 billion Sudanese Dinar and 16 billion Dinar for the specialized governmental banks (the agricultural, Real State bank, saving and development bank) while the total of the savings for 2003 reached 500 billion Dinar, of which 69% current savings, and the finance percentage represents more than 40% of the total savings.

The finance rate divided by balanced rate between the modes of finance adopted by the bank (e.g. the Murabha reached 45%, the Musharka reached 32% Mudaraba 6%).

5.3. Micro-finance Extension in the Sudanese Banks

The number of the commercial Sudanese banks working in micro-finance reached 20 banks. According to the financial polices of the central bank the 10% was allocated for micro credit as stated in the financial policy of 2005.

Despite differences in loans size between these banks, and the number of financed projects and the deficit rates, with the exception of the saving banks all these banks are common on the weak rates of microfinance out of the grand total of its finance. The table below illustrate this in details:

**Table (5.1) Illustrates the Distribution of Microfinance in Sudanese Banks**

<table>
<thead>
<tr>
<th>No</th>
<th>Bank name</th>
<th>Not project</th>
<th>Deficit rate</th>
<th>% of microfinance</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Agricultural bank</td>
<td>653</td>
<td>864</td>
<td>29</td>
</tr>
<tr>
<td>2</td>
<td>Khartoum bank</td>
<td>15</td>
<td>5</td>
<td>0,03</td>
</tr>
<tr>
<td>3</td>
<td>Nileen bank</td>
<td>1,995</td>
<td>1,019</td>
<td>13</td>
</tr>
<tr>
<td>4</td>
<td>Saving bank</td>
<td>2,618</td>
<td>5,426</td>
<td>24</td>
</tr>
<tr>
<td>5</td>
<td>Cooperative</td>
<td>32</td>
<td>51</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>development bank</td>
<td></td>
<td></td>
<td></td>
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<td>---</td>
<td>----------------------------------------</td>
<td>---</td>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>6</td>
<td>Sudanese French bank</td>
<td>36</td>
<td>9</td>
<td>0,08</td>
</tr>
<tr>
<td>7</td>
<td>Central bank of Sudan</td>
<td>37</td>
<td>46</td>
<td>2</td>
</tr>
<tr>
<td>8</td>
<td>Islamic Tudamon bank</td>
<td>23</td>
<td>14</td>
<td>1</td>
</tr>
<tr>
<td>9</td>
<td>Islamic Sudanese bank</td>
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<td>5</td>
</tr>
<tr>
<td>10</td>
<td>Elbaraka Islamic bank</td>
<td>55</td>
<td>60</td>
<td>-</td>
</tr>
<tr>
<td>11</td>
<td>Export development bank</td>
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<td>125</td>
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<tr>
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<td>Sudie Sudanese bank</td>
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<td>13</td>
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<td>33</td>
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<td>14</td>
<td>Alshamal Islamic bank</td>
<td>56</td>
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<td>-</td>
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<tr>
<td>15</td>
<td>Real Estate bank</td>
<td>-</td>
<td>1</td>
<td>-</td>
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<tr>
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<td>Farmer commercial</td>
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<td>3</td>
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<td>17</td>
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<td>54</td>
<td>1</td>
</tr>
<tr>
<td>19</td>
<td>Ivori bank</td>
<td>-</td>
<td>4</td>
<td>-</td>
</tr>
<tr>
<td>20</td>
<td>Gadarif for investment</td>
<td>2</td>
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</table>

The central bank of Sudan statistics refers to the increasing in the total of micro-finance service in the Sudanese banks from 3 milliard in 2003 to more than 4 milliard in the year 2004. Despite this increase micro-finance percent still not more than 1% in most banks, with the exception of the Saving and Social Development bank, Export Development bank, Elnelleen and Sudanese Agriculture Bank. The number of the financed projects increased by more than 7 thousand projects to 9 thousand projects for the same period.

The 1990s witnessed the emergency of the micro-finance industry in most of the Sudanese commercial and specialized banks. It is worth mentioning that more than 75% of the finance these banks confined to the individual and group projects, where as 26% of them finance individual projects only despite the fact that group finance proved world wide to be
more secure in repayment and in profit as it consider group collateral. According to the interview conducted for the purpose of this study the ceiling of finance for individuals found to be ranged between 500,000 dinar to more than 80% of the banks branches; in most of the Sudanese banks it is evident that there is no interest in saving neither from the banks nor from the side of the clients, although saving is consider the essence of micro-finance.

The majority of the banks managers who were interviewed the interview revealed that clients money is used as main source of lending this why they usually reluctant in financing the poor to avoid the risk of failure in repayment.

About 100% of the banks require check as a collateral or, house the thing which reflect the reasons of the lack of bank access for the poor. In addition most of the commercial banks required a bank account, and visibility study plus guarantee, collateral for its financial lending, the things which is beyond the capability of the poor especially poor women.

As far as commercial banks is concern on profit they concern very much in time consumed in their financial operation.

Commercial banks concerned very much in the repayment of the capital. Banks did not concern with rescheduling. Once the clients fail to repay the loan, then they will send them to the court.

All the banks managers interviewed with the exception of Elzahra and Elbraka bank, there is no specified target groups.

Some banks and credits unions can and do provide financial services to the poor. Banks participation in microfinance is significant, certain banks do indeed contribute to the supply of micro enterprises credit. Although loans to micro entrepreneurs as a percentage of the total portfolio is quite low for most of banks, the value of social investment is large. So the current provision of credit by banks and nonbanks institutions is essential to the development of this sector.
The data presented in Table 1 helps to identify the depth of coverage and relative size of loans. The loans of non-banks institutions were studied revealed better profile of the financial services for the micro enterprise sector.

All banks studied charged high interest rate which we consider beyond the poor capabilities, this rate is high, although charging higher rates might have allowed them to increase their services and increase their revenues, banks managers generally fear the negative effects that could result from charging the most disadvantaged entrepreneurs.

As far as guarantees are concern all banks required a asset or cheque guarantee. No bank had flexible collateral. Some of the banks recognized that certain segments of the population are excluded from the financial services mainstream.

One of the bottlenecks in broadening the coverage of microfinance sector is the relative absence of trust between banks and private or governmental institutions involved in micro enterprise development. Only in a few case have banks accepted NGOs as clients.

Commercial banks have expressed limited interest in governmental credit programmes because of high costs in terms of time, logistics and risks resulting from delays in repayment negotiations. For them this is not a lack of interest in the micro enterprises sector but in the financing schemes proposed.

In summary, the experience of banks in the Sudan in microfinance indicates that banks wishing to improve the poor people’s access to their services but they are hindered by the central bank policies.

The opportunities for microfinance in the Sudan is very large due to the potential demand, both in Northern and Southern part of the country. The banks services covered only approximately 5% of the needs required.
- Commercial banks are interested and competent, as it appeared from the results of the questionnaire conducted for the purpose of this study.
- The Central Bank of Sudan ready to exercise leadership, as it appeared from its initiative in a workshop conducted in (28 February 2006) to come out of a new vision for the development the microfinance industry in the Sudan. The initiatives are there it needs to be connected under one body to supervise and direct them.

CHAPTER SIX

Summary, Results and Recommendations

6.1. Summary

More than one billion people in the world live on less than one dollar a day. In total, 2.7 billion struggle to survive on less than two dollars per day. Poverty in the developing world, however, goes far beyond income poverty. It means having to walk more than one mile everyday simply to collect water and firewood; it means suffering diseases that were eradicated from rich countries decades ago. Every year eleven million children die-most under the age of five and more than six million from completely preventable causes like malaria, diarrhea and pneumonia.
In some deeply impoverished nations less than half of the children are in primary school and under 20 percent go to secondary school. Around the world, a total of 114 million children do not get even a basic education and 584 million women are illiterate.

Following are basic facts outlining the roots and manifestations of the poverty affecting more than one third of our world, which are: health, hunger and agriculture.

Similar to the developing countries, increasing attention is being accorded in the Sudan to poverty and the crucial need for its alleviation through effective policy, strategies and pertinent programs. There is no clear consensus regarding the definition of the poverty line, or what exactly constitutes relative or absolute poverty. There is no effective methodology to carry out poverty mapping, or how to cost-effectively target poor population while taking into consideration their heterogeneity. So it is not surprising that in Sudan data about poverty is based on estimates, providing a relative realistic account of its levels and intensity, it remains as a problematic and complex issue.

The Study pertained to the following conclusion as key socio-economic and forces that explain low income and high levels of poverty in the country:

- Level of development and essential features of the macro-economy.
- Educational attainment, Employment, unemployment, earning, international migration and poverty measures.
- Regional dimension of poverty.
- The gender dimension of poverty.
- The Burdens of man-made and natural disasters.
- Issues covered were significant as they correlated to the macro and micro framework. Also investigated the extent and trends of poverty, processes of poverty generation, effects of other
dimensions of poverty, consequences of poverty for sustainable human development, mechanisms of poverty alleviation and assessed their effectiveness.

Against this background one could summarized the following findings as social dimensions in the area of poverty in the Sudan:

a) High fertility levels with high dependency rate among poor families.
b) Large size of the households and the level of poverty and impoverishment.
c) The shrinking economic base in the rural sector encouraging rural to urban migration, leading to increasing pressures on urban centers, reflected in limited social services.
d) Child labor as a particular manifestation of poverty.
e) Some evidence of feminization of poverty, in terms of vulnerability of female headed households to poverty more likely than male headed household.
f) The increasing unemployment rate among young graduates which threaten the social fabrics and its security.
g) The impact of tribal conflict, civil wars, in terms of exacerbating existing poverty phenomenon.

The points raised in the preceding sections addressing poverty, pactics aspects of income poverty substantiate the link between the latter and the previously mentioned crucial factors pertaining to entitlement and structurally reproduced distributional inequities, and the way the poverty variable affects/ is affected by these factors.

In this respect, the capability poverty to income poverty tend to further exacerbate the discussed manifestations of poverty. It can be more or less assumed that capability poverty will almost invariably exacerbate manifestations of income poverty.
However, Sudan has witnessed development crises, internal conflicts, ethnic strife, and socio-political and economic disasters that collaboratively impede transparency and equity in the allocation of national resources. As regards human resources development, it is worth mentioning that the impact of macro-economic policies in human development has both negative and positive bearings on human resources development agenda and infrastructure.

In terms of the determinants of poverty in Sudan, there is increasing recognition that these include social, cultural, and political variables, and the fact that these are inter-linked in complex ways.

The existence of poverty pockets differs from one State to the other, and directly affecting both rural communities and urban centers.

1) there is important need to define both poverty and those suffering from it.

2) Facilitating access to microfinance as a poverty alleviation intervention.

### 6.2. Results

The study reveals the following results:

1) In the Sudan, access to credit allows poor people to take advantage of economic opportunities. While increased earnings are by no means automatic, clients have overwhelmingly demonstrated that reliable sources of credit provide a fundamental basis for planning and expanding business activities. It is evident that clients who join and obtain microcredits have better economic conditions and have also shown that over a long period of time many clients do actually come out of poverty.

2) By reducing vulnerability and increasing earnings and savings, financial services allow poor households to make the
transformation from "every-day survival" to "planning for the future." Households are able to send more children to school for longer periods and to make greater investments in their children’s education. This fact is ascertain by the result of the questionnaire conducted for the purpose of this study and 84% of the families interviewed has children in school, 13% their children not admitted to school and 3% of them left school.

3) Increased earnings from financial services lead to better nutrition and better living conditions, which translates into a lower incidence of illness. Increased earnings also mean that clients may seek out and pay for health care services when needed, rather than go without or wait until their health seriously deteriorates. This point is ascertain by the fact that poor people are vulnerable and uncovered by health insurance schemes. It is worth mentioning here that universal coverage is crucial for the poor. So the extension of micro health insurance facilitate the sustainability of their work.

6.3. Recommendations

Relying on the above the following recommendations could be suggested:

6.3.1. In the area of poverty reduction

11) An urgent need to conduct the poverty map for the Sudan.

12) Recognizing the importance of labor as an asset of the poor, a labor intensive development intervention should be adopted.

13) Promoting self-employment as a poverty alleviation intervention.
14) At the macro-level the identification of the socio-economic policies and pro-poor strategies is essential as an anti-poverty strategy. A national poverty alleviation strategy is a must.

15) At the micro-level a poverty alleviation plan of action is a must.

16) Drawing attention to the importance of education and equity of opportunities and choice.

17) Combating unemployment in its different types and among different segments in the society.

18) Identification of the term poverty there is no concrete definition of poverty in Sudan yet. The Ministry of Welfare adopted the definition of had al kifaya and had al kafaf as the poverty definition.

19) The necessity of the identification of the poverty line in Sudan as the Academician adopted the global definition (less than one dollar a day) poverty line, so there is important need to define both poverty and those suffering from it.

20) Facilitating access to microfinance as a poverty alleviation intervention

6.3.2. Recommendations in The Area of Gender

The central recommendations in the area of gender are as follows:

10) Ensure women and men equal access to resources, education, labor, land, capital and technology.

11) Ensure women access to microfinance, credit and enterprise development.
Avoiding the stereotypic views which perpetuating gender-based sectoral and occupational segregation.

Regulating women work in the informal sector where women represents the bulk of the disadvantaged labor force.

Promote women ability in decision making and their organization in women unions, and community based organizations.

Removing legislation barriers which perpetuate women subordination and gender gaps in income/capability poverty.

Enhancing gender capabilities literacy, formal education, market-relevant skill training particularly vocational training.

Advocating at the micro level for a conducive environment and to a better understanding of poverty gender specific aspects.

Advocating for the design of programs addressing socio-economic equity in the community, translated into development intervention at the community in a sustainable micro projects.

6.3.3. Recommendations in the Area of Micro-finance

Against this background the following recommendations could be considered:

6. Government efforts in the Sudan should focus to increase the provision of formal financial services to poor people with special concentration on the rural areas.

7. Make available effective access of the poor and make the financial system respond to the demand for microfinance.
8. At the micro level the development of an effective competent financial institutions is essential.

9. At the macro level the development of policies and creation of enabling environment that protects and supports the development of the financial sector for the poor are essential.

10. At the local level the development of the required institutional capacity building in terms of human capital and financial infrastructure.

According to my experience the microfinance industry in the Sudan lacks:

a) Clear industry standards based on “best practices” of microfinance.

b) Availability of data base and market information.

c) Coordination among donors and government.

d) An enabling environment and regulations.

e) Strong intermediaries institutions and support programs.

The opportunities for microfinance in the Sudan is very large due to the potential demand, both in North and Southern parts of the country. Commercial banks are interested and competent, as it appeared from the results of the questionnaire conducted for the purpose of this study. Bank of Sudan is ready to exercise leadership, as it appeared from its initiative in a workshop conducted in (28 February 2006) to come out of a new vision for the development of the microfinance industry in the Sudan.
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