

Paul Morris

PN-PEU-560

94010

Micro-Enterprise Market Survey

a joint
VITA/Peace Corps/CARE
study

by

Dina F. Haynes -- Peace Corps

with

Aziza Imrayel -- CARE
Katherine Stenberg -- Peace Corps

September 19, 1990
N'Djamena, Tchad

BEST AVAILABLE DOCUMENT

This segment of the joint CARE/VITA Tchad micro-enterprise study was conceived to provide VITA with further information on the micro business environment in N'Djamena. --Dina F. Haynes

Peace Corps Tchad

- with help from:

Aziza Ismayel (CARE) and
Katherine Stenberg (PC)

The purpose of this informal market survey, conducted over a period of five weeks in six of the twelve N'Djamena markets, was twofold: to discover what informal credit systems are currently used by women in micro-enterprise, and to determine what the women are doing with their profits. The following report will consist of general observations drawn from the sample survey, as well as from discussions with Tchadian women on the subjects of market and social customs.

I. Informal Systems Commonly Practiced in the Marketplace

A. Survey Population

The forty women from which the following information was gathered were chosen at random in each market. The only criteria was that the woman be involved in a micro-enterprise venture (ie. earnings of no more than about 3000 CFA per day), and that she be willing to discuss her business. The forty specifically interviewed does not include the number of women who joined in conversation to add information to that which was given by the initial woman being surveyed. Were they included, the number would near one hundred. This study, then, was compiled not only from information drawn from the women whose profits and products can be seen in the final tables, but from all of the bits of information offered by various women in five of the marketplaces of N'Djamena.

B. Tontines

Although relatively few of the women surveyed belonged to informal credit groups, one hundred percent of those who are engaged in any sort of credit system participate in a tontine. The number of members in each tontine ranges from three to twenty-six and the amount of money contributed is as varied. Some groups collect a set amount from each member on a daily basis, while others do so once or twice weekly. Each group has a leader or "Cheffaine" who is responsible for collecting the agreed upon sum; generally, she is a strong-willed woman and often the most educated

of the group. The amount of money collected from each member ranged from 500 CFA per week to 1000 CFA per day. The larger groups often allow two members to split the total weekly sum, as few women had need of more than 20,000 CFA at one time, and because of a common desire to complete the "expenditure/return" cycle in a 4-8 week period, rather than one of 10-20 weeks.

About twenty percent of the women approached are currently engaged in a tontine or had been in the past. The women who had decided to leave their tontines unilaterally claimed money difficulties as their reasons for opting out; either problems with the regular contributions of other women in the group or lack of ability to contribute themselves.

The presence of tontines was strongest in the older, more permanent markets. Farcha, for instance, is a market with a transient population consisting largely of people who had tried to move from native villages and towns to the capital city, only to find it too overcrowded and expensive. The merchants found available housing and cheaper fees for market space in Farcha and stayed. While a few women had lived in Farcha for years, several had just arrived and the market is continuing to attract those merchants who could find neither a place to live nor the means to survive in N'Djamena.

In Chagoua, on the other hand, sixty percent of the women surveyed were members of a tontine. The small size of the market, and the subsequent closer connections between the women, the minute profits, and the distance of Chagoua from the larger markets all seem to be contributing factors to the large percentage of tontines.

C. Pari-vente

The pari-vente venture, earning money by throwing a party at a local establishment and charging higher than normal prices for alcohol and soft drinks, was mentioned by only one woman but might be briefly discussed. The organizer of a pari-vente, usually a woman with a large amount of cash to invest, secures the use of a nightclub or bar for a given evening and buys drinks from the owner for slightly above cost. She then prints up invitations and buys envelopes (invitations MUST be presented in an envelope to be taken seriously), gives the invitations out to friends and acquaintances, who distribute to their acquaintances, and arranges for food (mechoui, peanuts, grilled meat). The organizer keeps the profits on the drinks. She purchases them for between 125 - 350 CFA and sells them at the pari-vente for 500 CFA. A successful pari-vente costs 80,000- 300,000 CFA to arrange, but the woman who organizes it can earn up to 300,000 CFA. (* Note: a Muslim version of this exists. The party consists of food and non-alcoholic drinks, and rather than charge for the drinks, each guest is expected to contribute what he or she can).

One woman in Cholera market who was running a successful business selling oil had organized a pari-vente. She had been a member of a tontine and stayed with the group long enough to amass

the capital required to throw a pari-vente. She then left the tontine, put on a successful pari-vente and earned enough in the one evening (albeit, several weeks worth of planning was also involved) to break out of the cycle of consignment by purchasing her own barrel of oil. Because of this direct purchase, she now earns 6,000 CFA more per barrel-- an increase in profit of about 30,000 per month.

D. Disinclination to participate in tontine

A majority of the women approached are not currently, nor were they formerly, members of a tontine. There were several reasons expressed for this disinterest, but the two most common were a belief that profits would never be high enough to contribute or that familial obligations would drain all profits in the event of an emergency. A third, and less often cited, reason revolved around religious objections to credit of any sort.

Virtually every woman interviewed claimed to be very poor. While the profits that even the larger entrepreneurs pull in each day may seem insufficient by First World standards, some minor calculating shows that many women earn far more than they claim to need in order to support their families; and yet there is a common belief that they are "too poor" to participate in tontine. Each tontine is tailored to its founding members' profits and needs, thus women can find a tontine that requires as little as a 250 CFA contribution per week. The fear is that after contributing for several weeks one will be unable to make payment, whereupon she will not have the right to collect when the cycle comes back around to her. She will have lost her investment. Some tontines, however, will return previous payments to women who suddenly find themselves unable to contribute and will even allow a member to collect before her designated week in the event of an emergency. There are many women who join tontines not with the idea of amassing a larger sum of money to reinvest, but merely to have a sizable amount of money saved for use in an emergency.

These family emergencies play a huge role in a woman's decision to join a tontine. While some women join in order to have an emergency fund, another worries that a family member will become ill and she will be unable to meet her weekly dues. Many women said they didn't belong to tontines, because their families were their tontine. In other words, all profits were spent buying food, medicine and clothing for family members as an "investment" in the family. Many women, too, get little or no help from their husbands, who expect them to earn enough money daily to feed and clothe the family. In these instances it is difficult to have enough profits remaining to be able to participate in a tontine. Other women are unmarried and are still supported by their parents or have husbands who will care for the family financially. Some women in this situation do not feel the need to join a tontine, as everything earned is a profit to be saved or spent at will on social obligations.

A small but significant portion of the women, Muslims in particular, expressed a distaste for tontines due to conflicts with religious beliefs. Two women spoke rather vehemently against tontines and any other formal or informal systems of credit. Their religion dictates that men and women must give freely to those in need, and the thought of interest or pressure for repayment is in opposition with Muslim principles. Even a tontine, because it is an organized system of allowing merchants to support themselves, is unacceptable it seems, because people with means should never hesitate to assist those in need.

II. What is Done With Profits?

A. Reinvestment in business

At the end of each day the profits are tallied, and among the few women who admitted to clearing profits above and beyond the immediate needs of their families, some claimed to set aside money to reinvest in their businesses. The number of women willing to save on a daily basis for the sole purpose of reinvesting was few. Several women acquire goods on consignment and set aside money to repay the supplier, but only one woman in fifty spoke of saving her profits in order to build a larger and better enterprise. Not surprisingly, this was a woman still living with her parents, with neither husband nor children to support.

B. Savings

Similarly, the only women who were saving profits, towards whatever financial need, were those belonging to a tontine. The women who were interested in saving in order to have access to a large sum for business improvements, social obligations or family needs did so by depositing small amounts each week into the tontine "account." Two of the Arab women selling milk said that all profits are given immediately to the husband who either saves or spends them at will.

Social and Familial Obligations

An interesting reason for saving profits, frequently expressed by the market women, was the necessity to fulfill social obligations. Marriages, baptisms, initiations and gift giving require large sums of cash for acceptable participation. It is common practice to give gifts of gold and jewelry to the full extent of one's means.

III. Goods on Consignment

A. Non-vertical system of acquisition

With the exception of the women selling milk, pasta and kissar, none of the women surveyed produced their own goods. Few of the women transported the purchases themselves, most paying for a push cart or taxi, and at least eighty percent bought the goods from a middleman, rather than the producer himself. The women selling sour milk use the cows belonging to their husbands and therefore have no need to make purchases from a supplier. The women selling kissar and pasta purchase flour and rice from suppliers, but make the products themselves, using each day's profits to purchase the flour and rice needed to make the next day's kissar and pasta.

B. Relations with creditor

Roughly fifty percent of these women purchase merchandise on consignment. Several of the women in the more remote markets, Chagoua and Farcha for example, claimed to be unable to secure goods on consignment. The large distances between the big markets and their own, as well as the infrequency with which they needed to restock were both contributing factors. The women stated that good and solid relations with the supplier are necessary before one is able to take goods on consignment.

IV. Reaction to VITA Credit

A. Reasons for interest

When asked whether they had heard of VITA and its loan programs, few women responded affirmatively. Most women had never thought of ways to purchase goods other than on consignment, let alone utilizing formal loan. If a woman expressed interest, the potential micro-loan program was briefly explained and several women thought this would be a wonderful way to end their purchase of goods on consignment. Many women, however, were quick to point out that several people had come through the markets in the last few years claiming to be planning loan programs, but so far the women had only been asked several questions and had seen no money.

Interest was expressed both for the idea of micro-loans, if not personal interest, and the possibility of obtaining a loan in order to reinvest in the business. The latter was explained as a desire to purchase goods in larger quantities, i.e. an entire barrel of oil at a time, rather than purchasing 10 liters each day or to keep more goods in stock, which often means hiring night guards and renting storage space. The micro-loans themselves were largely thought to be a good idea, of future benefit to Tchad, and one whose time had come. However good, the foreignness of this concept

is threatening and perceived as too complicated; or even "good for another woman, but not for me."

B. Fears

Hesitation to embrace the idea of micro-loans can be attributed to the same reasons women were uneasy about joining tontines. Some of the stricter Muslim women explained that loans, which often require interest and always demand repayment, are against the Muslim principles of providing for those who are incapable of providing for themselves, a sort of Marxist "from each according to his means, to each according to his needs" approach to business.

Some women even expressed age as a reason for avoiding loan programs. A woman from the Farcha market said that VITA's offer sounded good and, but for her age, she would use the money to reinvest and build her business. The money, however, should be used for those younger than herself who are just starting out and have large families for which to provide. An older woman, she said, already knows how much she can earn and is used to the limits of her business. The older women should step aside to let the younger ones take advantage of micro-loans.

The final two reasons commonly cited by those women who declined interest in VITA were the same as those expressed by women afraid to participate in tontines. The first is the general fear of being able to repay the loan. The second is the Tchadian woman's daily worry that illness or trouble will afflict her family, and in such a case she will immediately use whatever means are available to rectify the trouble, even if that means using the money given by VITA for her business and using it to purchase medicine. The reasoning here is that if she doesn't take the money, she can't misuse it.

V. Observations

~~AMC~~ Common expenses

In addition to the expenditures on the initial purchase of goods, there were some daily or weekly expenses common to women merchants. Each market required payment for the "stall" (be it a wooden construction, old fabric and cardboard or merely a spot in the dirt) from which the women do business. These were paid daily, weekly, monthly or yearly, depending on the market and the quality of the stall. Women also paid for transportation of their goods from the supplier, usually based in a larger market or a factory, in the case of oil (CotonTchad), to their own market. Few women could carry the goods themselves and therefore paid for taxis or carts to transport goods. The women who were able to purchase large quantities at one time, sacks of grain or barrels of oil,

also paid either for storage of these goods in a locked stall each night, or for a night guard.

B. "Safety" merchandise

One interesting discovery made during this study concerned the combinations of goods sold by each woman. A woman will often sell a number of items from her stall. Onions are sold with garlic and spices, millet is sold with rice. Often, women who are selling more "risky" products, those which don't sell well (such as fabric and cosmetics), are seasonal or are costly items, will make certain that at least one item is certain to bring in a daily profit. In Farcha there are some women who illegally bring back cosmetics, jewelry and clothing from Cameroon. These women display their goods, but keep a pan of rice on hand at all times, so that when the customs officers come around to inspect goods, they can pack away the illegal ones and sell the rice for that day.

C. Aid from male family members

Few women received any kind of financial support for their businesses from male relations. Those who did, however, expressed pride that their husbands or brothers had given them the starter capital required to begin their businesses. One proud woman even said that everything she made was pure profit because her husband provided her with clothing, jewelry and household necessities. Her experience is not a common one. Most women, although married, were in the market daily trying to make enough to provide themselves, their children and various other dependents with the food, clothing, medicine and education needed to maintain life.

VI. Conclusion

A general message expressed by the women during the market survey was one of fear and skepticism. The women who were interested enough in VITA's project to learn what micro-loans consisted of, typically declined personal involvement. When asked what they would do with money, should they accept credit, most women planned to get themselves out of the circle of consignment by purchasing the product directly from the supplier. No one expressed interest in doing away with the middle man by producing or transporting her own goods. Some women admitted that if they were given money they would spend it on beautifying themselves for weddings, baptisms, initiations and community gatherings in order to improve their social status. Many others would use the funds to purchase things for their children, and said that they realized that this was not what the money was for, and therefore could not accept it.

There were a few women who were interested enough to claim need of a loan. These women accepted the fact that, hypothetically speaking, they would be responsible for repayment, and guaranteed

that the money would be reinvested in their businesses. These are the women, then, provided they meet other more specific financial requirements, whom VITA and CARE would wish to look at when considering issuing loans: women who have experience with informal credit systems, are interested in expanding their businesses and serious about the logistical requirements of a loan.

To successfully implement a micro-loan program in N'Djamena, an extensive educational program would have to be undertaken. The women must learn how to organize themselves, how to get free of consignment and they must clarify what they want from their businesses: money for immediate family needs, profit towards social obligations or funds to build their businesses. Only a woman who is very serious about her desire to improve her business will take the time and effort required to learn more about the VITA/CARE micro-loan project.

MARKET	ETHNICITY	PRODUCT(S)	EXPENSES			PROFITS APPRX.D	\$
			TRANS.	STOR.	OTHER		
1. Farcha	Arab	milk, spices	50f/w		30f/d	150-500	cr
2. Farcha	Kotoko	oil, okra			20f/d	250-500	cr
3. Farcha	N'Gumbai	fish, peanut b.	100/w		30f/d	1000	cr
4. Farcha	Arab	karkunji			30f/d		cr
5. Farcha	Arab	rice, millet	200/w		30f/d	750-1000	c
6. Farcha	Sara	clothing, rice		30/d	200f/d	250-500	c
7. Farcha	Arab	millet	750/w	30/d		500-750	c
8. Farcha	Kotoko	dried meat				500-1000	c
9. Farcha	Arab	spices, okra, oil			40/d	500-750	cr
10. Farcha	N'Gumbai	fabric, soap			200/w	500-6000	c
11. Cholera	Arab	okra, piment		25/d	6000/y	600-1000	
12. Cholera	Goran	dried meat	200/w		2000/m	1000-1500	c
13. Cholera	Arab	dried fish, garlic			1500/m	250-750	cr
14. Cholera	Ouddain	millet			1000/m	300-600	cr
15. Cholera	Arab	karkunji, pean. b.	200/d		1500/m	1000-1500	
16. Cholera	Ouddain	tomatoes, beans	400/m		750/m	250-500	
17. Cholera	Kanembou	oil (cotton, pean)	175/w	1500/m	2000/m	1000-2000	cr
18. Cholera	Ouddain	salt, tomatoes	100/w	2500/m		250-500	cr

KEY: "Product(s)" specifies the major goods sold at the merchant's stand

"Expenses" covers money paid regularly (d=daily, w=weekly, m=monthly, y=yearly) for transportation, storage fees (space and guarding of goods at night) and other (deposits, repairs, etc.).

"Profits" are approximate daily earnings after expenses are paid (not including payment to tontine).

" \$ " signifies whether the starter capital required to begin the business was credit ("cr" from a supplier) or cash ("c" from a former business or family member).

" T " signifies whether the woman belongs to a tontine (see accompanying footnotes).

¹ Tontine consists of three family members working together. Each contributes what she can, after buying food for family. With total collected sum, the women pay for marriages, initiations and other social/religious functions.

² Tontine consists of ten women, all from the N'Gumbai ethnic group in the South of Tchad. Each contributes 1000f CFA per day and is entitled to use one half of the total sum every five days. The money is used for purchasing fabric in Kousseri (Cameroun) and paying for the boats which ferry them across the river in order to avoid the customs officials at the border.

³ Was formerly a member of a tontine, but was discouraged and quit after too often being unable to contribute due to illnesses in the family.

19. Cholera	Ouddain	dried meat, oil		1500/m	1000/m	550	cr	n ⁴
20. Cholera	Arab	onions, hibiscus	250/w	750/m	1500/m	350-500	cr	n
21. Cholera	Arab	vegetables	100/d	25/d	1500/m	150-450	c	y ³
22. Cholera	Arab	peanut b., meat			1000/m	125-350	b	n
23. Cholera	Arab	Kissar, pasta, pea.		1500/m		500	c	n
24. Cholera	Ouddain	oil (cotton,pean)	250/d	1500/m	2500/y	2000	b	n ⁶
25. Cholera	Kotoko	sour milk			20/d	250-750	--	n
26. Dembe	Sara	salt, flour		25/d	500/m		b	n
27. Dembe	Ouddain	spices, tomatoes	30/d				c	n
28. Dembe	Ati	mats	200/w	25/d		50-700	b	n
29. Dembe	Sara	peanut b., okra	600/m	75/d			n	
30. Dembe	Hausa	spinach, sugar	25/d			500	c	y ⁷
31. Dembe	N'Gumbai	dried fish	25/d			100-200	c	n
32. Dembe	N'Gumbai	seeds, tamarind	25/d			250-500	c	n
33. Dembe	Sara	osee, beignets		1000/m	50/d	400-500	c	n
34. Chagoua	N'Gumbai	seeds, beans				100-300	c	n
35. Chagoua	Arab	onions, garlic, salt		400/w		200-400	c	y ⁸
36. Chagoua	Arab	rice, flour				100-400	c	n
37. Chagoua	N'Gumbai	seeds				25-250	c	y ⁹
38. Chagoua	Sara	pate, tamarind	15/d			200-500	c	y ¹⁰

⁴ Former member of tontine; she quit after the problems with the group of seventeen women became a common occurrence.

⁵ Belongs to a tontine consisting of twenty-four women. Each woman contributes 250 CFA each day and collects the total of 6000 CFA every four days. The women claim to have no problems within a group of this size and each woman uses her share of the total for different purposes: some for family necessities, some reinvest in their businesses and others are saving for an emergency fund.

⁶ Formerly in a tontine, this woman quit when she had saved enough to purchase outright a barrel of oil from Coton'chad (76,000 CFA). Every bit of profit this woman makes she is saving, as her father provides housing and food and she is as yet unmarried. She claims she will start a larger business someday with her profits.

⁷ Formerly a member of a tontine consisting of five women. Each contributed 100 CFA daily.

⁸ This tontine consists of ten women, some from the same family, all working in the Chagoua market. Each woman contributes 1000 CFA per week. The former head of the group recently gave up her position to her daughter, a strong, outspoken woman.

⁹ This woman works with her two daughters and one sister. They belong to the same tontine as described in footnote # 7.

¹⁰ This tontine has six members and each woman contributes 500 CFA per week. The tontine was established because these women in Chagoua market, due to its distance from the larger markets, had difficulty establishing credit with suppliers. In addition, the women mentioned that they often buy large quantities of goods

brought up from the south (most of the merchants in Chagoun are Southern, as well) and can use their pooled money to purchase these goods.

BEST AVAILABLE DOCUMENT

11

PRODUCT	PURCHASE PRICE	UNIT	MARKET	OTHER
cotton oil	400 F	liter	Central	
" "	76,000 F	barrel	CotonTchad	2001./bar
flour	225 F	koro		
peanuts	15,000 C	sack		
white millet	6,000 F	sack		
" "	150 F	koro		40 koro/sac
red millet	5,100 F	sack		
dried meat	3,500 F	sack	Mil	1000 f/kor
piment	1,500 F	koro		850/k-Choler
tomatoes (dried,red)	4,500 C	sack		
"	325 F	koro		13.5 k/sac
" (black)	2,500 F	sack	Mil	26 k/sack
garlic	600 F	koro		
fabric	3,150 F	6 yds.	Cameroun	
salt	7,500 F	sack		*2,300-Choler
"	500 F	koro		
okra	800 F	koro		
capitaine	2,500 C	large fish		
hibiscus (leaves)	1,500 F	sack		
meat (fresh)	3,250 F	sack		
onions.	6,000 F	sack	Central	
garlic	16,500 F	sack	Central	

BEST AVAILABLE DOCUMENT