



**ASSESSMENT OF SEVEN INCOME GENERATING
ACTIVITIES FUNDED BY THE SWAY PROJECT**

REPUBLIC OF YEMEN

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**SUPPORT FOR WOMEN'S ASSOCIATIONS OF YEMEN
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Thanks go to all staff members of the SWAY project in Ta'iz for their continuous support and cooperation. We especially appreciate the motivation and strength of those women in the field who demonstrated sincere commitment to the successful implementation of the income generating activities.

To all we wish a good health and continuous progress in community development.

GLOSSARY OF ACRONYMS

GAAP	General Accepted Accounting Principle
HoC	Head of Center
HoIB	Head of Ibb Branch
HoTB	Head of Ta'iz Branch
IGA	Income Generating Activity
MISA	Ministry of Insurance and Social Affairs
MOE	Ministry of Education
NGO	Non-governmental Organization
SoC	Supervisor of Center
SWAY	Support for Women's Associations in Yemen
TOT	Training of Trainers
WID	Women in Development
YWA	Yemeni Women's Association
YR	Yemeni Riyal

Official Bank Rate:
US\$ 1 = YR 12 (1991 - 1995)

Rate for Foreign Agencies:
US\$ 1 = YR 25 (1995)
US\$ 1 = YR 18 (1992)

Parallel Market Rate:
US\$ 1 = YR 110-120 (Febr 1995)
US\$ 1 = YR 105-110 (Jan 1995)
US\$ 1 = YR 85-95 (Dec 1994)
US\$ 1 = YR 65-75 (Oct 1994)
US\$ 1 = YR 50-60 (Jan-April 1994)
US\$ 1 = YR 50 (May 1993)
US\$ 1 = YR 30 (April 1993)

EXECUTIVE SUMMARY

This is the report of the analysis, assessment and trouble-shooting of the operation of seven income generating activities (IGAs) funded by the SWAY-project in Ta'iz and Ibb provinces.

The assessment was conducted from 19 January - 9 February 1995 and aimed at providing an evaluation of the managerial, technical and financial aspects of the IGAs and at taking necessary action to solve problem areas.

Although the consultants were not assigned to make an in-depth gender analysis, the methodology partly applied for the interviews with the beneficiaries was "genderized participatory rapid appraisal", conscious of male and female concerns in society. The tools used were focussed group discussions and semi-structured interviews. The consultants further carried out documentation research and had extensive meetings with the SWAY project-staff.

The SWAY project has made reasonable progress in enhancing the managerial, technical and financial skills of the women running the enterprises. For those who experienced project implementation as the first time to cooperate with a foreign development agency, they felt they became gradually, in particular by means of the training sessions and study tours outside the country, aware of business concepts and opportunities for generating income.

Yet, a majority of the women found difficulty in implementing their gained knowledge. The training sessions on business skills were provided before the women were practically operating their enterprises; the level of training was in many cases too high, and there was a lack of professional follow-up to the training sessions. In addition, SWAY project took a slow pace in providing commodities and was not equipped to technically assist the enterprises to become a profitable business. Some of the problems encountered were anticipated, as is the case with many small scale enterprises in the Middle East during the first three - five years of operation. Others could have been prevented if the program would have been less ambitious and more carefully designed.

None of the proposals made for the enterprises demonstrated that the operations could be financially sustainable. The project design did not take into consideration that the majority of the female members of the centers are governmental employees (either teachers or social affairs staff); others work as a volunteer and only a few receive personal financial incentives (bakery). In spite of their relative independence, the centers are all perceived as institutions to render services for the community. SWAY project stipulated that the profit of the enterprises should return to the

centers. Running a profitable business in such a services oriented frame work is not only difficult, but contradicting. Therefore a majority of the women perceived their business as owned by the center, or by SWAY project/USAID (Ta'iz computer workshop/al-Azaiz sewing workshop). None of the women felt the enterprise was their personal achievement, and some were even convinced that losses made would be covered by SWAY project. In addition, some centers were only recently set-up, at the time SWAY project identified the target group. Most of the women were not fully aware of the center's/branch/union's concept. In the given social and political context, businesses managed by individual women, could have more advantages than community oriented businesses.

Some women said they have become more mobile, have developed a certain level of self-confidence and esteem for their personal resources and those of their colleagues. Mobilizing the women for training sessions and tours is a constructive stimulus for gradual development of a group mechanism in the Yemeni society. However, an impact assessment is difficult to make without sufficient base line data and a proper gender analysis at the start of the project.

Only two of the seven businesses generate cash surplus. Because they are still heavily subsidized they are currently not profitable. The consultants assessed that four enterprises out of seven have good potential in terms of apparent demand, managerial set-up and financial skills (bakery/computer workshop/kindergarten-school/al-Azaiz sewing).

The course of action recommended for the remaining period (March - May 1995) should be seriously considered by the SWAY project. The project should concentrate on the four potential profitable enterprises only, provide all technical means possible, and, by means of additional financial on-the-job training strengthen the centers' management capability. A full time project manager should be assigned the responsibility of supervising the two program officers and closely monitoring the field work. The last training session TOT IV should include a general section on how to approach donors and possibly raise funding.

1. INTRODUCTION

In April 1991 USAID/Yemen contracted World Education, Boston, for the implementation of the Support to Women's Associations of Yemen (SWAY) project, exclusively aiming at Yemeni women and their needs. SWAY project selected to strengthen the Yemeni Women's Union Branch in Ibb plus 17 Women's Centers in Ta'iz and Ibb provinces. The project's second most important objective is:

"To develop the skills that enable YWA centers and their members to plan and run profitable income generating services".

Traditionally, the primary activities of the branch and centers have been providing classes in literacy, knitting, embroidery and handicrafts. After four training sessions involving key-elements of business operations, the members of the centers submitted proposals for funding IGAs for their centers. The SWAY project, together with Women's Union representatives, Advisory Group members and business people, approved of the following seven activities:

1. Ibb Kindergarten
2. Ta'iz Computer Workshop
3. al-Azaiz Sewing Workshop
4. al-Turba Buffet
5. al-Mokha Sewing Workshop
6. al-Mokha Typing Workshop
7. al-Qabaita Bakery

1.1. Assessment Purpose

The main purposes of the assessment, as outlined in the scope of work were:

- To research the women's perception of business, and business ownership;
- To determine whether the centers have the ability to successfully operate IGAs of the current size, type and level;
- To identify problems experienced by the IGAs, classified into managerial, technical, financial and external factors;
- To take necessary action to solve problem areas;
- To recommend whether it is feasible to design and implement necessary skills training during March - May 1995.

The field work was conducted from 19 - 31 January followed by a draft report with recommendations to be implemented during the period of March - May 1995. After having discussed the draft

report with SWAY Project Director and World Education Senior Program Officer, the team agreed on a problem-solving workplan for the remaining days of the assignment, from 4 - 8 February. It was agreed to concentrate on:

- reviewing draft report with SWAY program officers;
- on-the-job training on filing systems and financial registers for SWAY program and finance officers;
- on-the-job training on filing systems and financial registers for al-Azaiz center (together with SWAY program officer);
- break-even analysis for al-Qabaita bakery (together with bakery management and SWAY program officer);
- on-the-job training on filing systems and financial registers for al-Qabaita bakery (together with SWAY program officer);
- cost estimates repair al-Qabaita bakery;
- assessment financial records of Ibb kindergarten/school management;
- presentation findings to Ta'iz Branch Advisory Committee.

The draft report was presented to USAID in Sana'a on 8 February 1995.

The assessment was conducted by Samir Bseiso, a Jordanian Business consultant with extensive experience in banking, small scale enterprises and credit programs¹ and Angeline Eichhorst, a Dutch Human Resources Development consultant with comprehensive experience in WID, gender analysis and small scale enterprises².

1.2. Methodology

The consultants conducted extensive meetings with the SWAY project-staff and heads of the Ta'iz and Ibb branches. In addition, documentation research (progress and status reports, proposals submitted by the centers) was carried out.

The core of the consultancy however consisted of the field work. Although the consultants were not assigned to make an in-depth

¹ Since 1991 Independent Consultant with Save the Children/USA in Amman, Jordan.

² Since 1994 Managing Director of North South Consultants Exchange in Cairo, Egypt.

gender analysis, the methodology partly applied for the interviews with the beneficiaries was "genderized participatory rapid appraisal", conscious of male and female concerns in society. The tools used were focussed group discussions and semi-structured interviews whereby the objective, the main topics and sub-topics were agreed upon, yet there was no guided questionnaire and the interviews and discussions were open ended. The interviews were conducted with the heads, employees, volunteers, former heads and employees of the seven enterprises.

1.3. Report Organization

In consultation with the SWAY Project Director it was decided to structure the report according to each IGA, introducing the women's business concept and presenting the problems identified from a managerial/technical/financial/political/social perceptives. For each section separate courses of action are recommended. In the last section overall recommendations are made for the period of March - May 1995. Appendix (3) includes the material to be used for the financial records training as developed by the consultants.

2. FINDINGS

SWAY project's assistance to the seven IGAs consisted of 13 extensive training courses for members of the centers; provision of commodities for a total value of US\$ 64,871.40 (see Appendix 3 Inventory); provision of revolving funds or in-kind assistance for some centers; three study tours to Jordan, Egypt and Tunisia. Successful implementation has taken longer than planned partly due to the delay of commodities being available. Another important factor was the lack of continuous supervision and professional technical assistance by the SWAY project for the businesses.

The consultants have made the following major findings.

The businesses strengths are:

- All women interviewed perceived SWAY project's assistance as an opportunity to enhance their managerial, technical and financial skills;
- The training sessions had a certain, however difficult to measure impact on the women. Through the Faidika curriculum for the business training the participants were made aware of all key-elements involving business operations. The consultants assessed a clear lack of awareness among those who newly joined the centers and had not attended any training sessions;
- The study tours abroad were generally well received and

perceived as a valuable experience by the participants;

- The planned type, size and level of the seven IGAs matched the women's needs;
- A majority of the beneficiaries are motivated and determined to continue with their enterprise.

The businesses weaknesses are:

- Under the present circumstances none of the women interviewed have the ability to successfully operate the IGAs, yet the potential, willingness and needs are present. A minority of the women interviewed have the managerial, technical, financial and personal capability to successfully operate the enterprise;
- A majority of the women interviewed perceive SWAY project's assistance as an opportunity to provide welfare services or upgrade existing welfare services for the women's community. None of the women either fully understand or concentrate on the financial sustainability of the enterprise;
- None of the enterprises are implemented in a financially sustainable manner. In all businesses one or more of the following internal and external weaknesses were found:
 - lack of professional guidance and back-stopping
 - lack of institutional set-up within the center
 - lack of appropriate business skills
 - lack of comprehensive planning
 - inadequate equipment and furnishings
 - high turnover board members
 - ongoing need for financial support;
- Three IGAs were non-operational;
- All women interviewed perceive the enterprises as being owned by the centers, or by SWAY project/USAID;
- All proposals submitted to SWAY project for funding were incomplete in terms of comprehensive needs assessments, objectives, activities, target group background and total number beneficiaries, time frame, budget, staff allocations, internal and external factors, workplan;
- None of the proposals were translated into English, in spite of the importance of review and analysis by professionals outside SWAY project;

- There is a clear lack of proper documentation in the centers;
- The commodities provided were not always up to the required standards;
- The educational level of the training sessions was rather high and not always responding to the women's own surroundings; Key-elements involving business operations were not fully understood.

The businesses' opportunities are:

- Most of the weaknesses defined could be solved in the local context;
- In some cases the businesses managed to receive support other than SWAY project;
- The fact that the centers belong to one branch could give them a better opportunity to cooperate.

The businesses' threats are:

- There is clear lack of trust and understanding between SWAY project and the two branches; between the branches and the centers and among the two branches;
- The centers are in remote areas which makes frequent contact with and among the centers difficult;
- There is a relatively high turnover rate among the board members of the centers;
- None of the centers is independently able to approach foreign organizations in an effective manner for future funding and support;
- Some centers' business performances are influenced by involvement of the members in different governmental and political activities;
- The civil war from May to July 1994 negatively affected the business performance of the centers. All centers were closed, and SWAY project director was evacuated.
- The marketing aspects of the product have not been given enough attention. Although the markets are available, the sewing products are not competitive, quality and prices too low, and there are no permanent marketing

outlets;

- The present economical situation with increasing unemployment and poverty, high inflation rates and a rapid devaluation of the local currency, negatively affect all private businesses in Yemen.

2.1. Ibb Kindergarten

Date entered SWAY:	September 1991
Type of business:	Day-Care Center - Kindergarten, currently associated with primary school;
(Kindergarten):	178 children - preparatory 27 - kindergarten 10
(Primary school):	141
Staff-management (Kindergarten & primary school):	Director/Head Deputy Head Supervisor Finance Officer
Employees (Kindergarten & primary school):	Teachers (10) (Two for the kindergarten) Custodian Guard (2) Driver
Commodities:	Assets valued over three years US\$ 29,859

The kindergarten was established by the Head of the Women's Union Ibb Branch (HoIB) in 1991, following a survey conducted by four members of the branch. The initial operation of a separate kindergarten, funded by SWAY project and the Ibb branch, was, according to HoIB, not profitable. The branch planned for expansion through the set-up of an additional primary school. As the original location in the city center was not appropriate, the kindergarten plus school moved to a location outside the city. A two-floor building was rented for YR 18,000 per month. Five out of ten teachers were seconded from the Ministry of Education and additional staff assigned.

The consultants had two meetings with HoIB and interviews with several employees.

The majority of the equipment provided for the kindergarten/school is being used for the operation of the primary school.

Business concept

HoIB clearly states that the enterprise is in the first place a service for the community. At the time the kindergarten was facing

financial difficulties, she decided to expand, and seemed to have succeeded in covering the losses. She theoretically understands the cost structure for effectively running the kindergarten/school, however the consultants recommend she should pay more attention to accurate cash management. According to HoIB, the kindergarten/school, including all commodities, are owned by the Ibb branch.

Planning

The proposal submitted to SWAY project demonstrated the need for a kindergarten in the area, yet lacked proper financial analysis. The consultants interviewed two of the four women who designed the study and are no longer active in the kindergarten. They do not have sufficient understanding of what the contents of a proper proposal should be, and believe that any feasibility study can justify implementation. The planning phase seems to have ended at the start up of the project.

Management

The head of the center is as well the head of the Women's Union Ibb Branch, chairman of the Advisory Group and head of al-Usr al-Muntiga (a branch of MISA for the promotion of indigenous handicrafts). She is officially employed by MoE. Her involvement on different levels makes the managerial differentiation of the kindergarten/school as a separate center rather difficult. HoIB seems to spend most of her time at the school. The branch is reportedly managed by the branch's finance officer.

Given HoIB's background as a commerce and political science graduate, and her work-experience, she is aware of the concept of operating and managing an enterprise. However, her strong personal commitment seems to result in a less team-work or delegating approach. The consultant did not have the opportunity to interview the deputy head of the kindergarten/school. In fact, the second person in charge of the school seems to be the branch's finance officer, although she is not officially assigned to the management of the kindergarten/school.

Technical aspects

The site was deserted at the time of the consultants' visit, due to the children's exams. The playground equipment was broken. There was no electricity available except in HoIB's office. The kindergarten/school has water supply and a bathroom, however the rooms were dusty and waste was widely spread.

The chairs originally purchased for the kindergarten are being used for the primary school and therefore far too small. The larger chairs and desks which were designated for Jibla center were found on the second floor. The location is not easy accessible; neither does the building seem large enough to accommodate a total of 178 children.

There was no evidence of a curriculum for the kindergarten. The cupboard in the room for the pre-schools was filled with reading books for the fifth or sixth grade. The educational program consists, according to the teachers, of television and video performances for the youngest.

HoIB believes the school's services are relatively low compared to other primary schools in the area; she senses competition because the private schools in the area charge higher fees yet reportedly have an increasing number of students.

Finance

Financial transactions are recorded by HoIB, the finance officer of the Ibb branch and a teacher. All records are kept by HoIB. The financial sheets shared by HoIB are not kept according to general accepted accounting principles. The management was unable to locate the accounting spread sheets for 1992 and 1993. Available transactions were not segregated according to the type of expenses, i.e. transactions for different periods were found in one file. Also, since October 1994 no transactions have been recorded.

The kindergarten fees for each child are a maximum of YR 4,500 per year, against YR 5,000 p/y for primary school enrollment. 37 children are enrolled in the kindergarten, against 141 in the primary school. An annual rent of YR 18,000 is being paid for both kindergarten and school. In addition, eight staff-members are on the pay-roll.

Table 2.1.1. Income statement for Ibb kindergarten (in YR):

Months	Year	Cash Inflow	Cash Outflow	Surplus
Aug - Dec	1994	556,709	518,119	38,590

HoIB granted a total of YR 30,000 to the Jibla, Yareem, al-Qaida, Ba'adan and Najd al-Ahmar centers and reserved YR 6,000 for Dhu Sufal center.

However, an amount of YR 81,000 is still account payable and a total of YR 205,500 students fees (January 1995) has not been

received as yet.

Marketing

A television promotion campaign was conducted at the start of the project. Currently no direct marketing activities are being undertaken, however the project has a strong lobby through the active involvement of HoIB in different outside activities.

External factors

HoIB is an elected member of the branch board, and assigned herself to run the kindergarten/primary School. Being originally from Ba'adan (Ibb province) she mobilizes strong physical support during election campaigns. During the last elections for parliament, HoIB raised YR 50,000, most probably received from a candidate in return for HoIB's support. She reportedly used the amount as support for the kindergarten/school.

Neighboring schools are perceived as competitors. Although they allegedly charge higher fees, the quality of the services provided are probably of a higher standard.

Conversations with HoIB and other individuals familiar with SWAY project's objectives, showed that SWAY's activities conducted with the Ta'iz branch are perceived as competitive as well. Reportedly HoIB refused to attend training sessions conducted in Ta'iz.

During the war virtually no activities took place. The families took their children from school. HoIB says the teachers practiced refreshment of previous training sessions and skills enhancement.

Training

All technical skills applied by the staff are reportedly derived from their experience and training through MoE.

In spite of the numerous training sessions provided by the SWAY project, HoIB only attended a few, reportedly because she has no time. She nevertheless feels the need for additional sessions and encourages other women to attend. Her suggestions for training courses are: strategic planning, leadership skills, early childhood education, proposal writing, accountancy and legal affairs.

Recommended course of action:

Period March - May 1995:

- On-the-job training for financial analysis should be provided for HoIB and the finance officers. An initial

session using the records developed by the consultants (see appendix 4) and preferably conducted by a business consultant and SWAY program officer, should be followed by a weekly review during the first two months (by the program officer) and a two-weekly follow-up during the last three months of the project period;

- SWAY program officer should assess the current status of the Ibb branch and to what extent, if necessary, the branch can be assisted by means of the surplus from the kindergarten/school;
- SWAY program officer should assess the level of support from the kindergarten/school to other centers in the province, supported by SWAY project;
- Equipment designated for other centers should preferably not remain at the kindergarten.

Long term recommendation:

- The kindergarten/school management should assess the status of neighboring primary schools and seek advise on how to improve their own service, generate public interest and increase the profit of the enterprise.

2.2. Ta'iz Computer Workshop

Date entered SWAY:	July 1992
Type of business:	Computer training for members of the Women's Union Ta'iz Branch
Staff-management (Association and Workshop):	Head Supervisor (male)
Beneficiaries:	192 trainees (Jan 1995)
Commodities:	Assets valued as US\$ 10,000 (Six IBM computers plus two printers)

The computer workshop was established in 1992 in the existing building of the Women's Union Ta'iz branch. Other services available are a kindergarten and a sewing workshop. The consultants had one interview with the Head of the Ta'iz branch (HoTB) and the (male) supervisor of the workshop. The computer workshop initially started as a training activity only. At the time the consultants were present the workshop was virtually in-active, although the first three months of operation a cash surplus was reached. According to HoTB the computers do not meet the required standard to compete with existing commercial computer centers.

Business concept

The management of the computer workshop is sufficiently aware of the principles of business operation. Yet, the enterprise seems to be managed as a welfare service in the first place, and the workshop is heavily subsidized (low fees and sometimes free access for women to the courses), while a professional male supervisor is paid on a permanent basis not taking into account the number of participants. In Ta'iz several private business centers with computer courses, copying and printing facilities reportedly operate successfully. Access to those centers is expensive. The management of the Ta'iz branch feel the need to create job-opportunities for the less privileged, as currently administrative assignments in Ta'iz seem to require computer skills.

As far as ownership is concerned, the management stated that the computers and printers belong to USAID.

Planning

The pilot project proved to be a lesson for the need of proper planning and design. The management was not satisfied with the original design of the workshop, a training facility. Attempts were made to move toward operating a business center when a professional, and expensive, supervisor was assigned, not taking into account the capability of the assets, the risk of possible losses, the depreciation of assets-value etc. No needs assessment nor financial analysis were made.

The supervisor believes that through proper planning the business could succeed. His suggestions to lease the computers to individuals or companies, render desk-top publishing services and provide more sophisticated programs, plus the increase of courses-fees could, accompanied by a professional awareness-campaign, help to make the operation viable.

Management

The center is managed by two individuals only. HoIB seems to leave all responsibilities to the male supervisor who is assigned the operation, maintenance, training, financial and technical tasks. The supervisor is professional in his approach, graduated in Cairo and seems to enjoy the full respect and cooperation from the management and target group. However, no other women are involved in the project.

The consultants question the fact that former female trainees were not trained to eventually take over supervision from the male supervisor. SWAY project current secretary was the first workshop trainer, but took the assignment at SWAY project, reportedly because of a improved financial position.

Technical aspects

Six IBM computers, 1 MGB RAM, 286 K plus two printers were provided by SWAY office. The programs installed are DOS-system operating WP51, DBASE III, Lotus 1-2-3, Windows 3.1, and Nafitha (Arabic Word Processing). The computers' capacity is not sufficient for installation of sophisticated programs like Microsoft Word for Windows, Excell or QPRO. Even after upgrading the computers, the equipment would most probably operate too slow to satisfy the target-group. The management therefore requests six new 486 K computers with 4 MGB RAM.

The conviction of needing sophisticated programs is fed by the presence of private competitive computer centers. The current computer capabilities are not estimated in its proper frame work

and instead of utilizing the given programs to its utmost, the system is being classified as "outdated and not to our standard". On the other hand the supervisor's creative approach, experience and up-to-date knowledge of the market seems frustrated due to the limited capacities of the equipment.

The center is accessible, well equipped, clean and the entourage is bright and joyful. Necessary equipment for training was available: black-board, desks, chairs etc.

Finance

The supervisor keeps accurate revenues and expenditures records (no financial analysis) and agrees that in its current state the center is not financially sustainable.

The number of students to reach the break-even point at current fee rate should be approximately 15 per month. In January 1995, 5 students attended class. All students pay a YR 500 fee per course, plus YR 300 for initial registration. The supervisor earns YR 6,000 per month (since 1994, initially 3,000). HoIB is seconded from MISA and paid as such.

Table 2.2.1. Actual cash-flow statement Computer Workshop (in YR)*

Months	Year	Cash Inflow (fees trainees)	Cash Outflow (salary supervisor and miscellaneous)	Surplus (Deficit)
Oct - Dec	1992	20,400.00	14,791.00	5,609.00
Jan - Dec	1993	58,200.00	64,170.00	(5,970.00)
Jan - Dec	1994	25,200.00	72,000.00**	(46,800.00)
Jan (estimate)	1995	2,500.00	6,000	(3,500.00)

* An average of YR 1,000 - 1,500 is covered on a monthly basis by the branch for electricity, maintenance, miscellaneous

** YR 54,000.00 was covered by the branch

Given the first three-months surplus the operation has certain elements for continuity. Self-sustainability is still far ahead, when depreciation of assets, salaries etc. are taken into account. Fees are comparatively low, given the alleged fees charged by private centers (approximately YR 2,500 per month).

Marketing

A politically high level opening of the workshop, by President Ali Abdallah Salih, contributed to the first, albeit small, success of the project. Radio-broadcasts were organized and a sign was placed outside the branch premises, with the services provided. Reportedly, there was a high response to the workshop's advertisement of future desk-publishing facilities in the local newspapers (at that time HoTB and the supervisor thought USAID would approve of their request). Currently no promotion campaigns are being undertaken. HoIB's broad network could still be used more extensively for promotion.

External factors

The ongoing activities in the Ta'iz branch (sewing and kindergarten) should facilitate generation of sufficient interest among the women from the area. Women have free access to the workshop even though men are present. Many widows attend classes and increasingly free services are rendered for the poorest women in Ta'iz city. During the civil war the workshop was closed.

Training

Because the center is operated by a male who did not attend any training sessions provided by the SWAY project, the consultants could not assess the impact of the training on women's capabilities to run a profitable business. SWAY project should have enhanced the opportunities for Ta'iz women to gain practical experience in the center.

Recommended course of action:

Period March - May 1995:

- SWAY project director should conduct a meeting with HoIB clearly stating USAID's decision that updated equipment will not be provided. Instead, SWAY project could offer to provide the following:
 - On-the-job training on financial analysis and projections to female workshop trainees; i.e. two interested trainees could be identified by SWAY program officer and HoIB, and involved in the financial management of the workshop. The training should preferably be conducted by a professional business consultant and would require a maximum of two days (in case the

participants never attended any training). SWAY program officer should follow-up to the training once every month. The salary of the supervisor should be directly linked to the profit;

- Further technical assistance by conducting a feasibility study for a future computer/business center as requested by the workshop management. The study should be conducted by a professional and would require a maximum of ten days. Special attention should be given to the "apparent demand" for sophisticated programs, desk-top publishing, leasing facilities and maintenance requirements.

Long term recommendations:

- If the desired enterprise is assessed to be feasible the management of the workshop would be well prepared to seek financial support from local or foreign organizations and banks;
- In case a high profile computer business is not feasible, the workshop should still be promoted by the Ta'iz branch as a training service for Yemeni women on the basic principles of computer use.

2.3. al-Azaiz Sewing Center

Date entered SWAY: September 1991

Type of business: Sewing training for members of the center

Staff-management: Board consisting of three members (seven at the start-up)

Volunteers: Three board members
Two trainers
One guard

Beneficiaries: Since August 1994, 24 women

Commodities: Assets valued over three years
US\$ 2,443.74
(Six sewing machines/furnishings)

The sewing workshop was established in 1991 in al-Azaiz Women's center. The center is headed by one women from a neighboring village (HoC). Two women from al-Azaiz supervise the daily operations.

The consultants interviewed the main supervisor (SoC) in the center and conducted, during a second visit, on-the-job financial records training for the two supervisors. A separate meeting was conducted with HoC at her home.

Business concept

SoC portrays her awareness of business operations based on the theory learned at SWAY project's training sessions, yet has difficulty in applying her knowledge. She still sees the project as a "service" for the women in the area, given her apparent lack of strategic, profit-minded and analytical thinking. Some women attend the sewing course for free; the machines are being used by female villagers without charges. As far as ownership is concerned SoC believes that the equipment belongs to the SWAY project and could be taken back if the center does not perform well.

HoC perceives the whole operation as a "khidma", a service, and a "tagruba" a trial, and is not convinced of the seriousness of running a business. She also says to be too involved in other activities, being the supervisor of all centers in the area.

Planning

The sewing workshop started as a pilot project following a proposal submitted by the center and reviewed by SWAY project. Although the proposal was not complete in terms of financial and marketing analysis SWAY project agreed to provide six sewing machines. The machines did not arrive before mid-1994. The training fees were calculated at random, taking into account the socio-economic setting in the area.

Important planning indicators are still being disregarded by the management; the need for control, the risk of possible losses, the depreciation of assets-value, external factors like market standards, quality control and pricing.

Management

The center is theoretically managed by three individuals, however SoC dedicates most of her time to the center. She is assigned the responsibility of operation, maintenance, training, financial and technical tasks.

At the age of only 21, completing her studies at the secondary level, the eldest of six children, working during harvest seasons in the field and preparing herself for marriage, she says she is not able to dedicate more time to the project. The fact that former board members left the board allegedly due to personal problems seems to have affected her negatively. Although SoC states she will continue to work after her marriage, it is more likely that she will stay at home or join her husband in Sana'a where he is working as an electrician.

There seems to be no continuity in the management set-up, no team spirit, neither an adequate control mechanism. The account of events given by both HoC and SoC are fully contradicting. HoC only visits the center once a month. The fact that former board members have not been replaced, and that the current women lost their enthusiasm or are about to, could soon have the project, from a managerial perspective, fall apart.

Technical aspects

Six sewing machines plus furniture (chairs and desks) were provided by the SWAY project. The machines are manually operated and seem to function well. There is no electricity in the center and water is being provided by the neighboring governmental water company, free of charge.

The center is accessible (although some women have to come from far) relatively well equipped, clean and the ambience is satisfying.

The two trainers available are from the neighborhood and developed their skills at their homes. The design for the children's clothes and embroidery work is made by SoC, as well as the decision on sizes, quantities and prices. Although the clothes may be up to village's standards, they are certainly not marketable in Ta'iz city, or maybe even other villages. The prices seem too low in comparison to the price of raw material. Some ideas have been adapted from the study tours abroad (even some of the non-Yemeni colors (pink and bright blue) became popular). The material is not economically used. Two dresses could be made out of one piece and expensive clothing is used for cheap items.

Finance

The number of trainees is, according to SoC, 24. HoC gave a figure of approximately 70 which is hard to believe. The women are all to pay YR 260 per 6 months training session, paid in stages up to YR 60 - 100 per month. Other income was derived from the sales during a one time fair at the center, for approximately YR 1500 (not officially registered as such and also contradicted by HoC). Twice, raw materials were purchased for a total amount of YR 6,225. Other expenses include transportation (approximately YR 80) and hosting services (approximately YR 500). No electricity or water costs are involved, nor premises rent or wages. Promotion is being conducted by word of mouth. Some seamstresses use the machines for their own purposes and free of charge.

Cash in- and outflow have not been registered, except for the trainees' fees. It seemed to the consultants that the records were completed in a rather hasty way just before the arrival of the team. All records are kept together in two registers only and there is a clear need for technical assistance, generating a sense of responsibility toward keeping the records on a daily basis.

Table 2.3.1. Approximate cash-flow statement al-Azaiz Sewing workshop (in YR)*

Months	Year	Cash Inflow training	Cash Inflow sales	Cash Outflow	Surplus
Aug - Jan	1994/95	5,980.00	1,500.00	6,805.00	675.00**

* These figures are based on SoC's records. HoC's account differs substantially

** Because all individuals are working as volunteers they say to sometimes divide the surplus.

A stock for a total value of approximately YR 3,000 is present in the center.

In spite of the surplus, the consultants assessed an actual loss in production, given the figures below:

Table 2.3.2. Income statement al-Azaiz Sewing workshop (in YR)

Months	Year	Sales	Cost of goods sold	Gross margin
Aug - Jan	1994/95	1,500	3,225	(1,725)

Taking into account the free access to a majority of the services, the cost - sales inequity and the depreciation of the assets, the project seems far from financially sustainable. SoC wants to be able to provide incentives to the trainers, expand the market and operate more machines. Current cash surplus, if any, is not sufficient for further investment.

Marketing

The sewing activities are being promoted by word of mouth by the women in the village. No official channels are being used, although the women feel they could use the school as a medium. Unlike in other Middle Eastern countries, the mosque is not perceived as an appropriate medium for promotion. Reportedly the demand by female villagers to join the center's activities is high, yet with the current set-up expansion is not feasible.

Although the opening hours of 1500 - 1700 hrs pm are most appropriate for the women, given their daily chores, the consultants feel that possibilities should be explored to extend the opening hours from 1400 - 1700 pm.

External factors

The center was established in 1990 and initially had seven board members. The board was never officially elected. At the time the SWAY project started to operate in Ta'iz province, potential members stepped forward, or were designated, by the head of the Ta'iz branch to run the center. The consultants feel that the management was too young and unexperienced, plus too many at once, in order to run the center effectively.

The center kept the sewing courses fees intentionally low, given the difficult social and economical circumstances surrounding the participants. The poverty aspects should have been accurately covered in the original proposal.

There are many sewing activities ongoing in the area. Neighboring al-Turba seems to be well-known for its products and regular markets. With its current production, al-Azaiz center does not seem able to compete with neighboring villages, let alone with Ta'iz city where the clothes sold on the market are better in terms of design, quality and price.

Training

Hoc and SoC attended all training sessions but have difficulty with the implementation process. SoC said she mainly benefitted from the study tours outside the country and is eager to continue with training courses.

Recommended course of action:

Period March - May 1995:

- The biggest threat to the center seems the possibility of the current SoC leaving the center after getting married, and the fact that HoC only attends once a month. SWAY project should assist al-Azaiz project in strengthening the current management. A meeting between SWAY project director, program officer, HoIB, HoC and the two SoCs could serve as a forum for raising the concern;
- The possibility of increasing the opening hours or opening on Thursday's should be explored by the same forum. No business can be made profitable if only two hours open per day;
- On-the-job training should be provided on financial analysis, quality control, pricing systems and sales. The consultants conducted an initial financial analysis training for the SoCs on 4 February. SWAY program officer should after that monitor the records on a weekly basis during the first two months and after that, twice a month. SWAY project should assign a local expert who could train the women of the center and the current trainers on quality control and pricing system. A two times five days consultancy would be sufficient, provided that the process will be closely monitored by SWAY program officer afterwards.

Long term recommendations:

- The center should with assistance of the Ta'iz branch concentrate on the establishment of a permanent market outlet. Possibilities of cooperation with local vendors should be explored;

- The center should with the assistance of the Ta'iz branch concentrate on the promotion of their activities;
- HoTB should assist in organizing regular exhibitions for all centers.

2.4. al-Turba Buffet

Al-Turba center is located in the premises of al-Turba public primary school. SWAY project provided two sewing machines and buffet-equipment to the center (total value of US\$ 2,611.74) together with the furnishings for literacy classes. At the time of the consultants' visit, the center was closed down. The buffet cabinet and gas-cylinder were found locked behind doors inside the school, together with the sewing equipment, chairs and desks. The consultants had one meeting with the Head of the Center (HoC), two group discussions with female members from the center, and two separate meetings with the Supervisor of the Ta'iz Centers and the Head of the School (HoS).

Al-Turba women's center was established at the time SWAY project requested proposals for IGAs (in 1991). Two proposals were made by the center; one for sewing classes and one for a buffet. When the buffet-IGA was approved, the head of the school offered space for the buffet and sewing (plus literacy) classes inside the building of the primary school. All commodities were delivered at one time.

The head of the school was assigned the responsibility of the buffet by the Head of the Ta'iz Branch (HoTB), the supervisor of all Ta'iz centers and SWAY program officer. She has documents showing that she received and signed for the commodities. She reportedly had made an agreement with the head of the center that the latter would run the sewing and literacy classes (not the buffet) in the afternoons. The center utilized empty class rooms for its activities. The head of the school operated the buffet in the morning and used the literacy classes and sewing equipment (chairs, desks etc.) for the primary school (approximately 300 children).

A severe conflict arose between the two sisters in-law (HoC and HoS) and culminated in the closure of the center by the head of the school.

She alleged that the head of the center misused her services, because HoC never paid for the rent, the guard or any other facilities (total amount since October 1994: YR 15,000). At the time of the consultants' visit, the buffet was allegedly turned into a sweets-kiosk, operated in the morning by the head of the school. She said she assigned one of the thirteen school teachers as sales person and used the revenues for her own purposes. She also stated that she invested YR 5,000 in the buffet of her own savings and alleged that the YR 15,000 donated by SWAY project at the start of the project was taken by the Ta'iz centers supervisor, who was present at the time the commodities were delivered to the head of the school.

Meanwhile the SWAY project was not accurately informed by the SWAY program officer on the events. The consultants therefore were surprised to find the center closed and a group of women conducting

literacy classes under a tree in front of the school. The center was closed, because the school was locked and the key was with the head of the school. During the group discussions with eventually more than thirty women, it became clear that they were eager to use the sewing equipment, and attend literacy classes. The buffet did not seem to be their major concern.

The described situation demonstrates a clear need for decision-making and follow-up. The buffet can only operate if HoC and HoS come to an agreement and are willing to cooperate, which is unlikely under the given circumstances.

Recommended course of action:

Period March - May 1995:

- SWAY project should conduct a meeting with the head of the Ta'iz branch, HoC, director of MISA Ta'iz office, director of MoE Ta'iz, head of the school, SWAY project director and SWAY program officer to clarify roles and responsibilities, and affirm the position of HoC as rightful manager of the buffet and sewing classes;
- The Ta'iz branch and ministry officials should explore possibilities for an independent physical location for the center;
- If the center can not be relocated to other premises all equipment for the literacy and sewing classes should be put into place, and written agreements made concerning the use of the primary school facilities. Costs for a guard, if any, should be mutually shared and be negotiated with HoTB and MoE. Paying rent is disputable; reportedly the primary school does not pay for the rent;
- SWAY project should give an ultimatum to the head of the school for returning all buffet equipment to the center;
- The allocation of the initial cash grant (YR 15,000) should be identified;
- Given the limited opportunity for successful cooperation among the women, SWAY program officer should no longer continue to monitor the center's activities and rather, during the last four months of the project, concentrate on the performance of other centers supported by SWAY.

Long term recommendations:

- If the center should consider to re-open the buffet, they should seek assistance for conducting a feasibility study;
- The management of the center should be strengthened. It is recommended to have a minimum of three and a maximum of five members on the center's board, with every six or twelve months one member being the official head of the center with the decision making power.

2.5. al-Mokha Sewing Workshop
2.6. al-Mokha Typing Workshop

Date entered SWAY: September 1991

Type of business: Sewing training for members of the center;
Arabic typing courses;

Staff-management: Board consisting of four members, all working as a volunteer;

Commodities: Assets valued over three years US\$ 2,675
(One sewing machine, furniture, four Arabic plus two English typewriters).

The sewing/typing workshops and literacy classes have been supported by SWAY since September 1991. Activities were reportedly ongoing until June 1994, when the previous board dissolved. Since that time all typing and sewing activities have been put on hold. In October 1994 a new management team took on responsibilities, consisting of a head (HoC), one secretary, one financial officer and a fourth person without clear responsibilities.

The consultants conducted one meeting with HoC in her house and afterwards visited the center. The sewing machines and typewriters were stored in the room where the classes used to take place. The sewing machines (one from SWAY project and three from MISA) are reportedly broken. HoC said there was no teacher in al-Mokha who could organize typewriting courses.

Business concept

Since her assignment HoC has not been in the position to run the center effectively. Because she newly headed the activities, she did not attend any training sessions organized by SWAY project either. HoC perceives the workshops as a "service" or "training facility" for the women in the area. Key-elements involving business operations seem rather new to her. As far as ownership is concerned, HoC believes that the equipment belongs to al-Mokha center.

Planning

The sewing/typing workshop started as pilot projects following two proposals submitted by the center. SWAY project agreed to provide one sewing machine and six typewriters. Three sewing machines were granted by MISA.

The training fees were calculated by the center's management at approximately YR 50 per month, for both sewing and typing, taking into account the socio-economic setting in the area (high unemployment rate, severe poverty).

The current HoC said she was not aware of the planning stage, the contents of the proposals submitted and the initial objectives of the sewing/typing facilities. She does however feel she needs assistance in terms of planning for continuation of the activities.

Management

The center is theoretically managed by four individuals, however it is only HoC who spends most of the time at the center. At the age of only 20, being a primary school teacher, responsible for four younger brothers and sisters, she was asked by the SWAY program officer to take over the management of the center after the previous one got married and left. Although her brother opposed, she accepted the proposal, not knowing what the real problems were. She could not consult her predecessor and said she had no idea of the activities conducted in the past.

A seven months outstanding rent, broken machines, lack of space and raw materials, lack of financial support and a official status for HoC and the center, made HoC appeal several times to HoTB and SWAY program officer. Reportedly, MISA never supported the center financially, neither did MoE nor private individuals.

Recently the local police threatened HoC because she did not pay the center's monthly rent of YR 1,500 (approximately US\$ 15.00) for the past seven months. "I rather give up everything instead of being threatened by the police", she said. In spite of her strong personality, she is lacking the necessary management skills and experience. There is virtually no institutional structure in the center, neither an adequate control mechanism.

Given the present malfunctioning of the equipment, the continuous cash-deficit and problems with the local authorities, the project has, from a managerial and financial angle, fallen apart.

Technical aspects

Four manual sewing machines plus six typewriters and furniture (chairs and desks) are available at the center.

The typewriters are not being used due to the absence of a trainer and stationary. Initially one woman was trained by the SWAY project, however she did not continue her activities. The need for English typewriters is questionable.

Reportedly all sewing machines are broken. At the time of their visit, the consultants did not assess the type of mechanical problems.

Both type writing and sewing classes are supposed to be provided in one small, dark and dusty class-room. The other room in the center is used as the director's room and the literacy class. Given the opening hours of the center, from 1500 - 1700 hrs, both businesses can never be made fully operational at one time.

Finance

With the current set-up the center is not financially sustainable and with HoC's concept of profitability the center will never become a profitable business. The idea of charging YR 50 monthly fee per trainee is far from realistic, and proves HoC's "service" approach. The "If I have a surplus I will use it for the teachers" statement demonstrates a clear need for awareness building.

Cash in- and outflow have never been registered. Seven empty registers are available in the center.

Although the consultants sensed that the activities from a business standpoint could never become profitable, different cautious projections for the months March - April - May 1995 were first made before giving the final recommendations. The first financial projection (table 2.5.1.) is based on the following:

The center operates six days a week; only one room for both sewing and typing is available. Therefore the courses need to be divided in timely, every other day, sessions. The number of participants is kept relatively high on purpose, in order to cover the cash outflow. The two persons on payroll are the trainers for YR 500 each per month.

Table 2.5.1. Cash-flow projection al-Mokha Workshops (in YR)

Months	Year	Cash inflow training	Cash Inflow sales	Cash Outflow	Surplus
March - May	1995	3,600 * 4,500 **	5,000.00	3,000 (training - 2) 4,500 (rent) 500 (promotion) 500 (miscellaneous)	4,600

* 12 (2x6) typing trainees. Three months, three times p/week from 1700 - 1800 hrs for YR 300

** 18 (3x6) sewing trainees. Fee YR 250, three months, two times p/week from 1500 -1700 hrs.

Two other important stipulations for generating a cash surplus would be that:

1. SWAY project helps repairing the sewing machines, and has the center's management attend the last ToT session in April. However, given the fact that they did not attend any courses before they will most probably have difficulty in comprehending the substance.

2. The Ta'iz branch assists in:

- solving the problem of outstanding rent of YR 10,500
- providing YR 4,000 for purchasing raw materials (for both typing and sewing)
- having all MISA equipment repaired and in place (YR 500)
- providing two extra sewing machines
- providing legal status to the center and HoC.

Given all above shortcomings, which have to be in place first, the consultants thought a more feasible scenario would entail sewing classes only:

Table 2.5.2. Cash-flow projection al-Mokha Sewing Workshop (in YR)

Months	Year	Cash inflow training	Cash Inflow sales	Cash Outflow	Surplus
March - May	1995	5,400 *	3,000.00	1,500 (training) 4,500 (rent) 500 (promotion) 500 (miscellaneous)	1,400

* 36 trainees. Fee YR 150. Three months, once a week from 1500 - 1700 hrs.

This projection is still based on the fact that two extra machines will be provided and all other problems will be solved first.

External factors

Al-Mokha center reportedly receives no support from the Women Union's Ta'iz branch, although the centers are officially entitled to financial assistance. Due to its remote location and a less personal involvement with the Ta'iz branch the center operates in isolation. Compared to the social surroundings, infrastructure and services available in other centers, al-Mokha seems one of the most deprived centers.

Recommended course of action:

Period March - May 1995:

- SWAY project director should discuss the center's problems with HoTB and the members of the center. Given the limited time-frame, is it not recommended SWAY project starts reviving the activities. In fact most of the problems are beyond SWAY project's area of responsibilities;
- SWAY project assess the mechanical problems of the available sewing machines and, if necessary, repaired.
- SWAY program officer should no longer continue to monitor the center's activities and rather, during the last four months of the project, concentrate on the performance of other centers supported by SWAY.

Long term recommendations:

- During the consultants' visit, it was mentioned that the center would move to "al-Medina al-Sakaniyya" area near the current center. In that case, HoTB should concentrate on strengthening of the management, an assessment whether the typing activities are needed or not, allocating enough space for different classes, and identifying qualified trainers before starting the activities.

2.7. al-Qabaita Bakery

Date entered SWAY: September 1991
Date of operation: October 1994
Type of business: Bakery
Staff-management: Board consisting of:
Supervisor (1)
Secretary (1)
Sales (1)
Employees: Baker (1)
Assistant (1)
Commodities: Assets valued over three years US\$
10,595.92

The consultants paid two visits to the bakery, interviewing the members and the employees. During the second visit an in-depth break-even analysis was made. On-the-job training for financial records keeping was provided by the consultants in the SWAY project office.

Business concept

The three managers are aware of managerial, technical and marketing factors involving businesses. Yet, the financial analysis conducted by the consultants demonstrated that the bakery has a monthly deficit of YR 31,300. So far, the management has been able to receive funding from external sources. They agree the enterprise can not become profitable if variable and operating cost remain high. Because of the reportedly high demand for roti bread in the area, the competition from a neighboring bakery is seen as a challenge rather than a threat.

The bakery is considered as being owned by the women's center, where the traditional literacy and sewing classes take place. According to the management, the bakery is not only a service for the community, but should become a profitable enterprise for the set-up and development of other enterprises, such as a buffet.

Planning

At the time of submitting the proposal (1991), the board members studied three different activities: sewing, buffet and bakery. Assisted by a male official from the village, the women presented a far better proposal than any other center. Yet, a detailed workplan and correct cash flow statement were lacking and external factors not considered carefully enough, neither by SWAY project. Planning is an ongoing process for the women, who creatively try to present solutions to the current problems and think ahead of whether to expand or not.

Management

The women all dedicate equal time, effort, labor and kind to the operation. They say they "married" the bakery, and successfully combined their activities with the daily household chores. The sales person is a widow, living with her only son, daughter-in-law and grand-daughter. She used to sell clothes when she worked as a seamstress. She also has a cow and sells cheese and butter. The secretary (SoC) has five children; the eldest, fourteen years old daughter cares for the rest of the children while SoC works almost day and night in the bakery.

The 22 year old supervisor (HoC) is not married as yet and says she does not intend to either. Due to her personal efforts, the literacy, sewing and embroidery classes in the center operate well compared to other centers. In the morning she goes, after checking out the bakery, to school to teach. In the afternoon she works at the bakery and meanwhile runs the women's center.

The roles and responsibilities of the team are well structured and divided. The consultants assessed a group and control mechanism (the women work as a team, delegate responsibilities, channel information through and double-check each others activities) which was not evident in the other centers.

Technical aspects

In 1993, the SWAY project provided an oven, chimney, kneading machine, baking pans, water tank, generator and other supplies. There is no electricity in the center and a connection has been made to the local power station. Water is sometimes hauled from the village well but mainly purchased from al-Rahida.

The outside building for the bakery was built by the center and completed one year ago. The equipment was installed by a contractor but never seemed to operate satisfyingly afterwards. The bakery is accessible, near the center and the primary school,

and has enough room for operation. Yet, the current design constitutes a severe health hazard, as assessed by a local engineer.

The oven needs to be rebuilt and the chimney extended (the preparation room's ceiling is covered with carbon-sulphate). SWAY project failed to follow up with the contractor, possibly due to the lack of proper documentation and legal tools to solve the issue. The SWAY project did however, in addition to the purchased commodities, spend more than US\$ 6,600 on floor repair, oven installation and initial baking. Further assisted by the Ta'iz branch and with additional local support, the bakery started operating in October 1994.

The three women were trained by the SWAY Project. The sales person only attended the latest TOT III because "the project decides who will attend and who not". The women are eager to continue the learning process.

The employed baker is originally from Ta'iz where he used to work in a bakery. The assistant is a photographer by profession but helps his wife (the secretary) on a temporary basis.

The necessary technical skills are available amongst the management. If the technical problems as described above could be solved, and the size of the roti adjusted (currently 90 gram pieces are sold, while other bakers sell 55 gram pieces for the same price) the bakery could produce triple the amount of rotis (from 1,500 to 4,500) and the total production cost for one roti would be YR 0.9.

Finance

Financial records are being kept by the staff on a regular basis. The records demonstrate an inverse, based on common sense, approach in defining sales income. The daily gross production value (bread and sweets) is reduced with the daily payment for the baker (YR 300) and "miscellaneous", as demonstrated below.

Table 2.7.1. Example of actual daily sales income statement used by al-Qabaita Bakery in YR

Production Roti Bread	2,220
Production Sweets	752
Sub-total	2,972
less	
Local consumption	36
Sales on account-basis	227
Waste	126
Stock	171
Daily payment baker	300
Sub-total	860
plus Settlement of account receivable	10
Net production sales	2,122

For a justifiable sales income statement, the actual sales need to be calculated on a daily basis, taking into account the daily expenditures. The above account entails a double check, because the production is given a value. It demonstrates the daily net cash income. Yet, it is not accurate for calculating the real sales income.

The bakery heavily depends on external sources. The consultants were informed about Ta'iz branch loans of YR 20,000 and YR 30,000, another loan in-kind (purchases on account) provided by a local trader (estimated value of YR 75,000), plus a grant of YR 26,164 from -another- local trader, which, including the SWAY US\$ 6686 grant, would add up to a total subsidy of YR 318,314 for a period of four months.

The baker receives a fixed salary of YR 9,000, the assistant YR 6,000. During the last three months the women used to add a YR 3,000 per person for their own compensation. Following is the actual cash flow statement for the period Oct - Dec 1994.

Table 2.7.2. Actual Cash flow statement for Oct - Dec 1994 al-Qabaita bakery in YR

Period / Item	Cash Inflow	Cash Outflow	Surplus (Deficit)
Oct 1994			
Sales	48,633	71,180	(22,547)
Subsidies	11,241		
Advance Branch	20,000		
Sub-total	79,874	71,180	8,694
Nov 1994			
Sales	54,764	83,025	(28,261)
Advance Branch	30,000		
Sub-total	84,764	83,025	1,739
Dec 1994			
Sales	57,951	94,548	(36,597)
Sub-total	57,951	94,548	(36,597)
Grand total	222,589	248,753	(26,164)

The above is based on the current records. Given the purchases on account from a local trader for an estimated value of YR 75,000, the total cash deficit till the end of December 1994 was YR 101,164.

Table 2.7.3. Income statement al-Qabaita bakery Oct - Dec 1994 in YR.

Sales	161,348	100.00 %
Total variable costs	223,210	138.34 %
Contribution margin	(61,862)	(38.34 %)
Other operating support costs	68,928	42.72 %
Net profit (loss)	(130,790)	(81.06 %)

The negative contribution margin (38%) can be explained by the high cost of production (materials and wages) and meanwhile low selling prices. One roti bread is sold for YR 1, a price fixed by the Ministry of Supplies, while the actual production cost are YR 1,56 per roti. Taking into consideration the increasing inflation rate, which made the center increase the baker's salary from YR 3,000 to YR 9,000 per month, and the fixed prices system, the project will need long term subsidies, if the current cost can not be reduced.

The 43% operating support cost are too high compared to the level of sales.

During the break-even analysis, the consultants found that the total production cost for one roti are YR 1.5, while the pieces are being sold for YR 1.0.

In case the oven would be repaired and would operate for 12 hours a day, the total production cost could be reduced to YR 0.9 per roti. Therefore, from a business stand point the bakery could become, on the long run, profitable. Together with SWAY project director, it was decided that Samir Bseiso would conduct an extra four days study on the total cost involved for repairing the oven and the generator. A detailed report was submitted on 13 February 1995.

External factors

Reportedly, the bakery management receives substantial support from the Ta'iz branch. Since there has been a new bakery in the village, the women are even more committed to make the enterprise profitable and "show men what women can achieve". In general, the area seems less conservative than other centers and more encouraging to the enhancement of women's skills.

Training

The women are eager to attend additional training courses for financial/technical/ managerial skills enhancement. During the first interview with the consultants they specifically requested financial management training. The on-the-job training was provided by the consultants and was felt as extremely important for the women. Although they had kept good records from the start, they had never been able to analyze the figures. For instance, they never linked the expenses account to the revenues account, and therefore did not know at hand whether they had a cash surplus or deficit.

Recommended course of action:

- SWAY project should provide financial and technical support for the repair of the oven and the generator. (A full cost estimate will be submitted by Samir Bseiso on 13 February 1995). Assistance can only be successful by means of professional guidance by SWAY project staff and one locally hired expert supervising construction.

- SWAY program officer should continue to monitor the bakery's accounting system; during the first two months twice a week, after that every three weeks. (Following the recommendations of the detailed bakery report, specific recommendations should be made for re-adjustment payroll; pricing systems; product variety).

3. OVERALL RECOMMENDATIONS

- Given the limited time frame, SWAY project should concentrate on those IGAs which are still operational and do have, from a business stand-point, a potential for profitability;
- SWAY project should assign for the remaining project period a Program Manager:
 - Supervision SWAY program officers
 - Monitoring field activities
 - Assisting TOT 4
 - Supervision local and expatriate consultants
 - Replacing Project Director during her absence
- SWAY project should contract a business consultant providing on-the-job training on financial records for Ta'iz Computer Workshop and Ibb Kindergarten/School (al-Azaiz and al-Qabaita have been trained during the assessment period); two-three working days;
- Given the difficulty all centers seem to face in terms of filing systems, record keeping and financial analysis, the business consultant should train the 10 remaining centers on above issues; 10 working days;
- The activities should be more concentrated within the frame work of participation and mobilization. "Lessons learned" workshop, exhibition for the sewing products etc., could serve for networking purposes and create a longer lasting dialogue among the women;
- All centers should be provided with copies of monthly reports, correspondences, agreements, training sessions etc. before SWAY project comes to an end;
- TOT 4 should include a section on how to approach donors and raise funding (i.e. no proposal writing, mainly awareness building).

4. LESSONS LEARNED

Neither the SWAY project was carefully designed, nor were the businesses. The project was too ambitious for the limited time-frame and too centralized, with limited direct access to the centers.

The SWAY project should have carried out a detailed baseline survey at the start of the project, with data on a regional level (different political/social and economical settings in the two provinces), a local level (villages background, services available etc.) and a complete gender analysis.

In the given context, working with individual women could have far more impact than trying to strengthen existing women's groups. The women need to be fully aware of their personal surroundings first, before working in a group. A solid individual loan program could have had more economic impact on the women, but would have required more adequate planning and proper follow-up.

A project manager was needed from the start to supervise the local program officers and the field-work.

The project raised to high expectations for the beneficiaries. In many cases material assests are more appreciated by the centers than training activities. Because less commodities were provided than reportedly planned for the beneficiaries, the latter appreciate the training courses less than they would have otherwise.

The importance of a continuous dialogue, open communication, trust building and understanding between the project, counterparts and beneficiaries can not be stressed enough. They are the key-elements for a possible change of human behavior.

APPENDIX 1
INTERVIEWS

21 January

SWAY Office Ta'iz

Ms. Sandra Loli
SWAY Project Director

Ms. Ilham A. Wali
Ta'iz Program officer

Ms. Suaad al-Qadassi
Ibb Program officer

present consultants:

Ms. Aisha Jumaan
Institutional Development Consultant

Ms. Beth Gragg
Senior Program Officer World Education
TOT Trainer

22 January

Ibb Kindergarten

Ms. Samira al-Bahily
Head Kindergarten
Head Ibb branch

Ms. Khairia al-Attab
Financial Officer Ibb branch

Ms. Suaad al-Qadassi
Ibb Program officer

Mr. Mohamed al-Bahilwan
Expeditor SWAY Project

23 January

SWAY Office Ta'iz

Ms. Arafa Sahil Amil
Financial Officer SWAY Project

Ms. Su'ada Mohamed Ghalib Abdu
SWAY Office Secretary

Ms. Ilham A. Wali
Ta'iz Program officer

Ta'iz Computer Workshop

Ms. Suaad al-Abssy
President of the Ta'iz Women's Association

Mr. Khaled Abdallah al-Sayyari
Workshop Supervisor

24 January Ms. Mona Mohamed Mahmoud
Supervisor al-Azaiz center

Ms. Za'faraan
Literacy Teacher al-Azaiz center

25 January Ms. Intisar al-Ghashm
Head al-Turba Center

Ms. Ekbal al-Azazy
Head al-Azaiz Center
Supervisor Ta'iz region Centers

26 January Ms. Bushra Hussein
Head al-Mokha Center

28 January Ms. Fayza Algham Saeed
Head of al-Qabaita Center

Ms. Sefia Ahmed Saeed
Secretary al-Qabaita Center

Ms. Sherood al-Hajj
Sales Person al-Qabaita Center

Mr. Farouk Abdel Taher
Assistant al-Qabaita Center

Mr. Mukhtar Qaradi
Baker al-Qabaita Bakery

Mr. Sayyid Gamaal
GTZ Project Director

29 January Ms. Khairia al-Attab
Financial Officer Ibb Branch

Ms. Wahbia Sherif
Kindergarten Teacher

Ms. Wafa'
Deputy Head Kindergarten

Ms. Lina Amiga
Proposal writer Ibb Kindergarten

Ms. Nawal Amiga
Proposal writer Ibb Kindergarten

30 January Ms. Safa' al-Midany
Head of al-Turba Primary School

3 February Mr. Joe Moyer
World Education Senior Program Officer

4 February SWAY project office Ta'iz

Ms. Sandra Loli
SWAY Project Director

Ms. Ilham A. Wali
Ta'iz Program officer

Ms. Su'aad al-Qadassi
Ta'iz Program officer

al-Azaiz sewing center

Ms. Mona Mohamed Mahmoud
Supervisor al-Azaiz center

Ms. Mona Saeed
Supervisor al-Azaiz center

Ms. Ilham A. Wali
Ta'iz Program officer

SWAY project office Ta'iz

Mr. Abdel Qadir al-Kahtani
SWAY project consultant (bakery)

5 February SWAY project office Ta'iz

Ms. Fayza Algham Saeed
Head of al-Qabaita Center

Ms. Sefia Ahmed Saeed
Secretary al-Qabaita Center

Ms. Sherood al-Hajj
Sales Person al-Qabaita Center

Mr. Farouk Abdel Taher
Assistant al-Qabaita Center

Mr. Mukhtar Qaradi
Baker al-Qabaita Bakery

Mr. Abdel Qadir al-Kahtani
SWAY project consultant (bakery)

6 February

Mr. Shawqi. Ahmed Hayil
Business man

Mr. Abdel Mohamed al-Hakimi
Head Social Affairs Department, Ta'iz

Ms. Su'aad al-Abssy
Head of Ta'iz Branch

Ms. Rahma Salih
Teacher National Institution

Ms. Fayza Algham Saeed
Head of al-Qabaita Center

Ms. Sefia Ahmed Saeed
Secretary al-Qabaita Center

Ms. Sherood al-Hajj
Sales Person al-Qabaita Center

8 February

USAID/Presentation in Sana'a

**APPENDIX 2
ITINERARY**

19 January, Thursday

0430 Arrival Samir Bseiso to Sana'a
1900 Arrival Angeline Eichhorst to Sana'a

20 January, Friday

1000 - 1500 Travel to Ta'iz
1900 - 2200 Preparation assessment

21 January, Saturday

0900 - 1000 Meeting with SWAY Director
1000 - 1700 Meetings with SWAY Office Staff
2000 - 2200 Dinner with SWAY Project Director and TOT Trainer

22 January, Sunday

1000 - 1700 Visit to Ibb Kindergarten
 Meeting with Head of the Center
1900 - 2000 Meeting with SWAY Expeditor
2100 - 2400 Review meetings, exchange notes

23 January, Monday

0900 - 1000 Meetings SWAY Office Staff
1000 - 1400 Visit to Ta'iz Computer Workshop
1500 - 1600 Meeting with SWAY Secretary, previous Computer
 Workshop Supervisor
2000 - 2300 Updating notes

24 January, Tuesday

0830 - 1300 Documentation SWAY Office
1300 - 2000 Visit to Al-Azaiz

2100 - 2230 Dinner with SWAY Project Institutional Development Consultant

25 January, Wednesday

0830 - 1300 Documentation SWAY Office

1300 - 2030 Visit to al-Turba

2100 - 2230 Dinner with SWAY Project Director and Institutional Development Consultant

2230 - 2400 Updating notes

26 January, Thursday

0830 - 1200 Documentation SWAY Office

1200 - 1800 Visit to al-Mokha

2100 - 2400 Updating notes

27 January, Friday

Drafting report

28 January, Saturday

0830 - 1200 Documentation SWAY Office
Meeting with SWAY Project Director

1200 - 1800 Visit to al-Qabaita

2000 - 2300 Dinner with GTZ Field Director

29 January, Sunday

1000 - 2100 Visit with SWAY Project Director to Ibb Kindergarten
Meeting with branch financial officer
Kindergarten financial officer
Kindergarten teacher
Other teachers
Meeting with proposal writers kindergarten

30 January, Monday

0800 - 1300 Updating notes
1300 - 1800 Visit to al-Turba

1900 - 2000 Dinner with GTZ Field Director

31 January, Tuesday, RAMADAN

Preparing draft report

1 February, Wednesday

Final draft report

2 February, Thursday

Discussing draft report with SWAY Project Director

3 February, Friday

Discussing draft report with World Education Senior Program Officer

4 February, Saturday

0900 - 1200 Review draft report with SWAY Program Officers
Pre-test financial sheets Program Officers

1600 - 2000 Pre-test financial sheets al-Azaiz Sewing Workshop
2100 Meeting engineer, SWAY consultant

5 February, Sunday

1000 - 1900 Visit to al-Qabaita bakery
2000 Meeting with engineer, SWAY consultant

6 February, Monday

1200 - 1500 Meeting Head of Ibb Kindergarten
1900 - 2100 On-the-job training al-Qabaita staff
2100 Meeting Advisory Committee

8 February, Wednesday

1100 Presentation draft report to USAID/Sana'a

**APPENDIX 3:
FINANCIAL RECORDS**

Developed by Business Operations Consultants

Pre-tested in:

- SWAY project office with Program Officers
- al-Azaiz Sewing Workshop
- al-Qabaita Bakery

To be used for training for Ibb Kindergarten and Ta'iz Computer Workshop

Whole package with copies for 1995 to be distributed to above centers.

Implementation to be monitored on an initial weekly or two-weekly basis by SWAY officers.

مشروع دعم جمعيات المرأة اليمنية

تعز و اب

Daily cash -flow

سجل الحركة اليومية للصندوق

اسم المركز: _____

اليوم : _____ : التاريخ / / Date _____ Day

رقم المستد Voucher #	المصروفات (المدفوعات) بالريال Payments in Y.R.	الدخل (المقبوضات) بالريال Receipts in Y.R.	اليوم : _____
			رصيد الصندوق الابتدائي The Opening balance
			رصيد الصندوق الختامي (الاقبال) The Closing balance
			المجموع الكلي The total
			اجمال المبيعات النقدية The total cash sales

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APPENDIX 4: INVENTORY

Compiled by SWAY office

**WORLD EDUCATION - SWAY
INVENTORY OF IB6 BRANCH**

Dates of inventory: 28 November 1994
20 December 1994

No	Item Description/Make/Serial No	Qty	Date of purchase Total price of purchase * Denotes estimate only			Current Location	Current Condition	Remarks
1	Office Chair	4	1992	YR 6900	\$ 383	Ibb	Good	
2	Office Chair	3	1992	YR 4500	\$ 250*		" "	
3	Office Deck	2	1992	YR 6000	\$ 333*		" "	
4	Filing cabinet drawer	1	5/1/94		\$ 144.73		" "	
5	Wooden desk sets	17	1992		\$ 680*		" "	
6	Blackboard	3	1992		\$ 45*		" "	
7	Steel storage cabinet	1	4/2/94		\$ 72		" "	
8	20" T.V. Panasonic SN 2361095	1	3/22/94		\$ 281.25		" "	
9	14" T.V Panasonic SN ma 3141100	1	4/6/94		\$ 277		" "	
10	21" T.V. Sony SN 1133256	1	8/25/92		\$ 800		" "	
11	Video Sony Multisystem SN 0031072	1	8/25/92		\$ 720		" "	
12	Sony Tape recorder model no sfs 2 -los	3	8/25/92		\$ 100		" "	
13	Camera	1	8/25/92	YR 1000	\$ 55		" "	
14	School desk	3	1992	YR 4500	\$ 250		" "	

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No	Item description/make/serial number	Qty	Date of purchase Total price of purchase * Denotes estimate only			Current location	Current condition	Remarks
15	Chair for children	68	10/4/92		\$ 262		" "	
16	Chair for children	71	1992	YR 37500	\$ 2083		" "	4 missing
17	Book shelves	2	1992	YR 10000	\$ 555		" "	
18	Office desk	1	1992	YR 3000	\$ 166		" "	
19	Atari for children computer	3	3/22/94		\$ 182.82		" "	
20	Atari for children computer	2	3/22/94		\$ 156.25		" "	1 broken
21	Kitchen cupboard	1	1992	YR 3800	\$ 211		" "	
22	Small table for children	17	10/11/94		\$ 595		" "	
23	Kalvinator refrigerator	1	8/28/92	YR 19700	\$ 1094		" "	
24	Hot plate	1	8/28/92	YR 3500	\$ 194		" "	
25	Gas bottle	1	9/4/92	YR 1500	\$ 83		" "	
26	Pressure cooker	1	5/3/94		\$ 76.66		" "	
27	Juicer	1	1992	YR 2500	\$ 138		" "	
28	Rectangular wooden table	10	1992	YR 38000	\$ 2111		" "	
29	Rectangular wooden table for children	13	1992	YR 45500	\$ 2527*		" "	
30	Plastic chair for children	34	1992	YR 8500	\$ 473*		" "	
31	Wall cabinet	1	1992	YR 7000	\$ 389*		" "	
32	Wall cabinet	1	1992	YR 7000	\$ 389*		" "	

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No	Item description/make/serial number	Qty	Date of purchase Total price of purchase * Denotes estimate only	Current location	Current condition	Remarks
33	Uacuum cleaner Toshiba	1	8/28/92 YR 3800 \$ 211		" "	
34	Slide	2	8/28/92 YR 3300 \$ 183		" "	
35	Swings	1	8/28/92 YR 4500 \$ 250		" "	
36	Swings small	3	4/9/94 \$ 258		" "	
37	Round table chair for children	1	1993 YR 3000 \$ 120		" "	
38	Carpet		9/9/92 YR 21010 \$ 1167		" "	
39	Office desk	1	1992 YR 3000 \$ 166*		" "	
40	Xerox copy machine	1	1994 \$ 5000		" "	
41	Filing shelves	1	1992 YR 2500 \$ 138*		" "	
42	Organ	1	8/25/92 \$ 285		" "	
43	Stabilizer for organ	1	8/25/92 \$ 5		" "	
	TOTAL		\$ 23,859		" "	

Note: The SWAY Team Leader visited the Ibb Kindergarten on 29 January 1995 and found the desk and chairs delivered to the Jibla Center were now located in the primary school which is housed in the same location as the kindergarten (see Jibla spreadsheet). The staff stated that the Jibla Center moved to a smaller building which did not have sufficient space for the furniture.

A Toyota Hylux was given to the Ibb Branch by USAID but is not included in the inventory as it did not come out of the SWAY budget.

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**WORLD EDUCATION - SWAY
INVENTORY OF TAIZ BRANCH**

Date of inventory: 31 January 1995

No	Item Description/Make/Serial No	Qty	Date of purchase Total price of purchase * Denotes estimate	Current Location	Condition	Remarks
1	IBM Computer (hard disk) 55NYD46	1		Taiz	Good	
2	Computer monitor 55_KM585	1		"	"	
3	Keyboard 55_0080839L	1		"	"	
4	IBM Computer (hard disk) 55NYD30	1		"	"	
5	Computer monitor 55EW671	1		"	"	
6	Keyboard 55_9509031	1		"	"	
7	IBM Computer (hard disk) 55_NYD75	1		"	"	
8	Computer monitor 55_KV829	1		"	"	
9	Keyboard 55_4609621	1		"	"	
10	IBM Computer (hard disk) 55NYF42	1		"	"	
11	Computer monitor 55EW666	1		"	"	
12	Keyboard 55_080827L	1		"	"	

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No	Item description/make/serial no	Qty	Date of purchase Total purchase price * Denotes estimate	Current location	Current condition	Remarks
13	IBM Computer (hard disk) 55_NPE10	1		Taiz	Good	
14	Computer monitor 55_LR125	1		"	"	
15	Keyboard 55_0080840L	1		"	"	
16	IBM Computer (hard disk) 55_NYF07	1		"	"	
17	Computer monitor 55_DW668	1		"	"	
18	Keyboard 55_0080824L	1		"	"	
19	IBM Printer 11_87284	1		"	"	
20	IBM Printer 11_87652	1		"	"	
	TOTAL		7/1992 \$ 10,000*			

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**WORLD EDUCATION - SWAY
INVENTORY OF AL AZAEZ CENTER**

Date of inventory: 18 December 1994

No	Item Description/Make/Serial No	Qty	Date of purchase Total price of purchase * Denotes estimate only	Current Location	Current Condition	Remarks
1	Wooden office chair	3	1992 YR 4500 \$ 250*	Al Azaez	Good	
2	Office desk	1	1992 YR 3000 \$ 166*	" "	Good	
3	Desk sets	15	1992 \$ 600*	" "	Good	
4	Table for dress cutting	1	1992 \$ 50*	" "	Good	
5	Lion brand sewing machine	1	1992 YR 3300 \$ 183*	" "	Good	
6	Zig zag sewing machine	1	1992 YR 9500 \$ 527*	" "	Good	
7	Lion brand sewing machine	4	4/3/1994 \$ 296	" "	Good	
8	Clothes closet	1	10/1/1994 \$ 129	" "	Good	
9	4 Drawer filing cabinet	1	5/2/1994 \$ 144.74	" "	Good	
10	Office chair with two arms	7	4/2/1994 \$ 98	" "	Good	
	TOTAL		\$ 2443.74			

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**WORLD EDUCATION - SWAY
INVENTORY OF AL TURBA CENTER**

Date of inventory: 5 January 1995

No	Item Description/Make/Serial No	Qty	Date of purchase Total price of purchase * Denotes estimate only	Current Location	Current Condition	Remarks
1	Gas stove	1	1992 YR 10,500 \$ 583	Al Turba	Good	
2	Kitchen cabinet	1	1992 YR 6000 \$ 333*	" "	Good	
3	Pressure cooker	1	1992 \$ 76	" "	Good	
4	Plastic table	4	1992 YR 2380 \$ 132	" "	Good	1 broken
5	Sewing machine	2	1992 YR 6600 \$ 366	" "	Broken	
6	Gas bottle	1	1992 YR 1500 \$ 83	" "	Good	
7	Plastic chair	8	1992 \$ 88	" "	Good	4 missing
8	Wooden benches	25	9/7/1994 \$ 750	" "	Good	
9	Office chair with two arms	4	4/12/1994 \$ 56	" "	Good	
10	4 Drawer filing cabinet	1	5/2/1994 \$ 144.74	" "	Good	
11	Refrigerator	1	8/19/1992 33,000 YR \$1320.00*	Unknown		Missing
12	Thermos	2	8/19/1992 1,000 YR \$ 40.00*	Unknown		Missing
13	Kettle	1	8/19/1992 350 YR \$ 12.80*	Unknown		Missing
14	Glasses		1992 800 YR \$ 32.00*	Unknown		Missing

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No	Item Description/Make/ Serial No	Qty	Date of purchase Total price of purchase	Current location	Current condition	Remarks
15	Sewing machine	4	4/30/94 \$ 296*	Al Turba	Good	
16	Dishes		1992 1000 YR \$ 40*	Unknown		Missing
17	Spoons		1992 500 YR \$ 20*	Unknown		Missing
18	Scissors	1	1992 500 YR \$ 20*	Unknown		Missing
19	Gas Bottle	1	1992 1500 YR \$ 60*	Unknown		Missing
20	Juicer	1	8/19/92 8500 YR \$ 340	Unknown		Missing
	TOTAL		\$ 4792.54 **			

** Total purchase prices for missing items - \$ 1928.28
Turba Center was also given 15,000 YR for start up expenses.

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**WORLD EDUCATION - S'WAY
INVENTORY OF AL MOKHA CENTER**

Date of inventory: 25 January 1995

No	Item Description/Make/Serial No	Qty	Date of purchase Total purchase price	Current location	Current condition	Remarks
1	Table for typewriter	6	10/3/1994 \$ 87	Mokha	Good	
2	Chairs for typing	14	4/12/1994 \$ 84	"	"	
3	Sewing machine	1	1992 YR 3300 \$ 183	"	"	
4	Typewriter (Arabic)	1	2/2/1994 \$ 400	"	"	
5	Typewriter (English)	2	2/2/1994 \$1000	"	"	
6	Typewriter (Arabic)	3	8/25/1992 \$ 814	"	"	
7	Pair of scissors	1	1992 YR 500 \$ 27	"	"	
	TOTAL		\$ 2675	"	"	

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**World Education - SWAY
Inventory of Al- Qabaita Center**

Date of inventory: 12 October 1994

No.	Items Description/Make/Serial No.	Qty	Date of purchase Total price of purchase	Current Location	Current Condition	Remarks
1	Electric bread kneading machine	1	1992 \$ 2968	Qabaita	Good	
2	Generator	1	1992 \$ 3906.25	"	"	
3	Baking pans for bread	10	1992 \$ 126.98	"	"	
4	Stick for pulling pans out of oven	2	1992 \$ 25.93	"	"	
5	Large kneading dish	1	1992 \$ 104.76	"	"	
6	Small baking pans for bread	480	1992 \$ 432	"	"	
7	Water and diesel tanks	4	1992 \$ 624	"	"	
8	Diesel pump	2	1992 \$ 40	"	"	
9	Scale	1	1992 \$ 36	"	"	
10	Large stove lighter	2	1992 \$ 32	"	"	
11	Alternator	1	1992 \$ 76	"	"	
12	Kneading table	1	1992 \$ 320	"	"	
13	Wooden stick for pulling bread out of oven	2	1992 \$ 32	"	"	

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No	Item description/Make serial no	Qty	Date of purchase Total price of purchase	Current location	Current condition	Remarks
14	Bread box	1	1992 \$ 72	"	"	
15	Table for displaying bread	1	1992 \$ 72	"	"	
16	Electrical materials		1992 \$ 1468	"	"	
17	Fuses		1993 \$ 260	"	"	
	TOTAL		\$ 10,595.92			

Other costs for oven project:

Cost of subcontractor to build oven	\$5400
Fixing the floor	\$ 400
First practice of bread making	\$ 98
Second practice of bread making	\$ 388
Cost of changing dynamo from 2 Amp. to 3 Amp.	\$ 400
TOTAL	\$6686

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World Education

**QABAITA BAKERY
(Operations, Budget, & Cost Analysis)**

**SUPPLEMENTAL REPORT
TO ASSESSMENT OF SEVEN INCOME
GENERATING ACTIVITIES**

**Support for the Women's Associations of Yemen
SWAY**

**Funded by the United States Agency for International Development
Contract No. 279-0080-C-00-0003-00**

February 9 - 12, 1995

Samir Bseiso
Business Consultant
MBA/Finance
Amman, Jordan
P.O. Box 960823
Tel: 962-6-84969
12 February 1995

CONTENTS

- A. Introduction
- B. Other Bakery Operations
- C. Costs associated with repairing Qabaita bakery
- D. Manual versus Automatic Bakeries
- E. Budget for correcting existing problems
- F. Breakeven/cost analysis
- G. Recommendations
- H. Appendices
 - 1. Interviews
 - 2. Itinerary
 - 3. Technical reports on Qabaita oven construction

A. Introduction

The purpose of this paper is to complete the remaining business tasks concerning the Qabaita Bakery. An assessment of seven income generating activities (which includes the Qabaita bakery) funded by SWAY Project was submitted to SWAY/USAID earlier in February 1995.

The purpose of this assignment is to complete the following tasks:

1. Gather data on operations, costs, hours, procedures, bakery needs, different types of bread, other bakery items.
2. Continue discussions with the two local consultants who assessed the technical aspects of the construction and operations of the bakery.
3. Visit their operations.
4. Identify the actual difference in meaning between "manual" and "automatic".
5. Gather data on costs associated with repairing the generator. Gather or document the size of generator needed to operate the mixer. Determine if the mixture is the appropriate size.
6. Prepare budgets for correcting problems of the bakery including oven, generator, and exhaust, chimney, a proofing room or box.
7. Compare how the repairs to the bakery positively and negatively effect the financial operation of the bakery before and after repair. Prepare a cost analysis on taking the corrective action on the bakery.

In order to achieve the above mentioned tasks, I visited three bakeries in Sana'a, four bakeries in Taiz (which includes the bakeries of those who provided technical reports on the construction of the Qabaita bakery). I also visited 3 generator exhibitions and met with the following people:

1. Mr. Ahmed Hayel, owner of automated bakeries. He and Mr. Abdul Qader Abdul Khaliq provided a technical assessment on the construction and operations of the bakery in Qabaita in January 1995.
2. Mr. Abdullah Saeed, the owner of Al Yafie Workshop for repairing electrical generators.
3. Mr. Hashem Mohammed Ismeel, the owner of a bakery. He provided technical report on the construction of the bakery on July, 7 1993.
4. Mr. Abdullah Salah Al Damari, a contractor specializing in oven construction. He also participated in the technical assessment of the Qabaita bakery in 1993.

B. Other Bakery Operations

The consultant visited seven manual bakeries, one semi-automated bakery, and one fully automated, in both Sana'a and Taiz. All of the manually operated bakeries have many similarities to the Qabaita bakery in terms of space, production, manpower and the type of production. All visited bakeries are running profitable businesses. Some of them have been in business for seventeen years. They still consider their business good and profitable despite the continuous high inflation rate in the country, which caused a sharp increase in the cost of flour from YR 164 per sack before the gulf war to YR 270 per sack. They have adjusted their production accordingly. For instance they were producing 400 pieces of bread per sack before the Gulf war; now they are producing over 800 pieces per sack.

Those bakeries are almost all specialized in the production of bread and "Roti". Only two of the seven bakeries operating manually produce other bakery items such as sweets. The reasons for their focus on bread production is mainly because it gives them higher profit since the market demand for bread is much higher than the demand for sweets, although the sweets give a higher contribution margin in comparison to the contribution margin of the bread. Each bakery produces between 800 to 1000 pieces of bread (Roti) per sack. They purchase the sacks of flours from the Governmental Economic Consumption Establishment. A sack costs them YR 270, whereas it costs Qabaita bakery YR 431. Qabaita pays an extra YR 161 per sack for transportation, loading and unloading twice before it reaches their remote village. The maximum production capacity per shift (12 working hours) for each bakery is between 5,000 and 6,500 pieces. Their average net profit per sack ranges between YR 150 to YR 200.

Ahmed Hayel who owns an automated bakery said that the bakeries have reached an agreement with the government recently to produce up to a maximum of 880 pieces of bread (Roti) per flour sack in order to compensate for the increase in their operating costs.

All bakeries agree that their business would not be profitable if they have to buy the flour sacks at the market price of YR 550 per sack, unless they increase their selling prices accordingly.

Each bakery has an average of four workers per shift. In general, they pay them as follows:

Baker	350 YR per Working Day
Kneading Worker	300 YR per Working Day
Display Worker	270 YR per Working Day
Sales Person	200 YR per Working Day

Bakeries normally work two shifts one in the morning from 6 a.m to 5 p.m and the other from 6 p.m to 5 a.m.

They need the following equipment:

- 10 baking pans
- 3 sticks for pulling oven pans

- Large kneading dish
- 480 small baking pans for bread
- Kneading Table
- Proofing Box or proofing room (some bakeries don't use them).
- Scale
- 2 wooden sticks for pulling bread out of oven
- Electric bread kneading/mixing machine. (Some bakeries don't have one)
- Water and diesel tanks
- Glass bread display cabinet
- Metal table for displaying bread

C. Costs associated with repairing the following items in Qabaita

1. Repairing the Generator 4,000 YR

Mr Abdullah Saeed said that the present available generator at Qabaita is sufficient to operate the mixer. Since he is the one who changed the dynamo, he thinks that the dynamo should be in good condition. It might require some work to have it fixed. He said that he will be sending someone from his workshop to Qabaita in order to have look at the present condition of the generator. If the generator does not need repair, he will charge YR 1,500. But if the generator requires some additional work then he would charge between YR 3,000 and 4,000 .

A new KVA electrical generator compatible with the kneading machine costs about YR 320,000 (\$ 2,667 at 120 YR/USD).

2. Proofing Box 15,000 YR

Providing the bakery with a proofing box or room could help in reducing the time needed for the dough to rise. But it is not necessary to have a separate proofing room, especially when the weather is hot in the area.

D. Manual versus automatic ovens

1. Manual. The overall process of bread production is handled manually, the oven is constructed manually by using stone, glass, salt and clay.

2. Semi-automatic. The baking part of bread or sweets production is done by using a big oven with many sections and racks. A used semi-automatic oven costs about YR 875,000 (\$ 7,300.00). It has double the capacity of the traditional oven.

3. Fully automatic. The largest portion of bread production i.e., kneading, dough cutting, rising, heating etc. is done by electrical machines. A new one costs about 7,000,000.00 YR (\$58,333).

E. Budget for correcting existing problems in Qabaita

	YR	\$ Market Rate \$ 1 = 120 YR	\$ Official Rate \$ 1 = 25
1. Oven reconstruction (including chimney repairs)			
a) Contract value Labor and Materials	350,000	2,917	14,000
b) Supervision	10,000	84	400
c) Design	60,000	500	2,400
2. Repairing the Generator	15,000	125	600
3. Proofing Box	15,000	125	600
4. Small baking pans for bread	38,400	320	1,536
TOTAL	<u>488,400</u> YR	<u>\$4,071</u>	<u>\$19,536</u>

If a new generator is purchased, the budget will be as follows:

	YR	\$ Market Rate \$1=120YR	\$ Official Rate \$1=25YR
1. Oven reconstruction (including chimney repairs)			
a) Contract value Labor and Materials	350,000	2,917	14,000
b) Supervision	10,000	84	400
c) Design	60,000	500	2,400
2. New Generator	320,000	2,667	12,800
3. Proofing Box	15,000	125	600
4. Small baking pans for bread	38,400	320	1,536
TOTAL	<u>793,400</u> YR	<u>\$6,613</u>	<u>\$31,736</u>

F. Breakeven/cost analysis

1. First Scenario: Qabaita Bakery without corrective work.

Present situation (selling price YR 1.00/piece: production of roti 700/Sack)

Number of working days = 28 Per month
Selling price per roti piece = YR 1
Average number of roti produced per flour sack = 700 (+/-75)
Maximum Production Capacity (due to the oven construction) = 2000 pieces/day

Variable costs for one sack of flour:

Flour	431.4 YR		
Yeast	112.5		
Sugar	31.5		
Salt	5.0		
Water	28.0		
Diesel	63.5		
Wood	46.0		
Oil	26.0		
Electricity	2.8		
Gas	2.2		

Total	748.9 YR	<u>748.9</u>	
Variable cost for roti		700	= 1.07 YR

Other monthly operating costs:

Salaries	
Baker	9000 YR
Assistant baker	6000
Accountant	3000
Finance Manager	3000
Sales person	3000
Miscellaneous	1350
Maintenance	2000

Total	27,350 YR

Other operating costs per piece $\frac{27,350 \text{ YR}}{28 \text{ days} \times 2000} = 0.488 \text{ YR}$

Total operating cost per piece = 1.558 YR

Selling price 1.000 YR

Loss per piece (0.558)YR

Monthly loss at the maximum capacity level :

2000 Pieces x 28 days x 0.558 (31,248)YR

Based on this scenario the bakery will not reach the break even point because they sell at a price lower than the operating cost.

2. Second Scenario - After the oven reconstruction; wages adjusted based upon performance
 Number of working days = 28 Per month
 Selling price per roti = 1 YR
 Average number of roti produced per flour sack = 900 (+/-55 grams)
 Maximum production capacity = 4500 pieces/day

Variable costs for one sack of flour:

Flour	431.4 YR
Yeast	56.25
Sugar	0.0
Salt	5.0
Water	28.0
Diesel	31.5
Wood	00.0
Vegetable Oil	26.0
Electricity	2.8
Gas	2.2

Total	583.15 YR	<u>583.15 YR</u>
Variable costs for producing one roti		900 = 0.648

Other monthly operating costs:

Salaries:

Baker	10,500 YR
Assistant Baker	9,000
Accountant	3,000
Finance Manager	3,000
Sales person	3,000
Misc.	1,500
Maintenance	2,000

Total	32,000 YR
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	<u>32,000 YR</u>	
Other operating costs per piece =	28 days x 4,500	= 0.254 YR

Total operating cost per piece	0.902 YR
Selling price	1.000 YR
Profit Per piece	.098 YR
Monthly Profit at the maximum capacity level:	
4,500 Pieces x 28 days x 0.098	12,348 YR

3. Third Scenario - Increasing selling price from 1 YR to 1.25 YR; wages adjusted based upon performance

Number of working days = 28 Per month
 Selling price per roti = 1.25 YR
 Average number of roti produced per flour sack = 900 (=/-55 grams)
 Maximum production capacity = 4500 pieces/day

Variable Costs for one flour sack:

Flour	431.4 YR
Yeast	56.25
Sugar	0.0
Salt	5.0
Water	28.0
Diesel	31.5
Wood	00.0
Vegetable Oil	26.0
Electricity	2.8
Gas	2.2

Total	583.15 YR

Variable costs for producing one roti $\frac{583.15 \text{ YR}}{900} = 0.648 \text{ YR}$

Other monthly operating costs:

Salaries:

Baker	10,500 YR
Assistant Baker	9,000
Accountant	3,000
Finance Manager	3,000
Sales person	3,000
Miscellaneous	1,500
Maintenance	2,000

Total	32,000 YR

Other operating costs/ per piece $\frac{32,000 \text{ YR}}{28 \text{ days} \times 4,400} = 0.254 \text{ YR}$

Total operating cost per piece = 0.902 YR
 Selling price = 1.250 YR
 Profit Per piece = .348 YR

Monthly Profit at the maximum capacity level:
4,500 Pieces x 28 days x 0.348

43,848 YR

Break even point calculation = $\frac{\text{Total Monthly Operating Costs}}{\text{Selling Price}}$

$$\text{Break even point} = \frac{(4,500 \times 0.648) \times 28 + 32,000}{1.25 \text{ YR}} \frac{113,648}{1.25 \text{ YR}}$$

$$= 90,918 \text{ Pieces/month}$$

$$= 3,247 \text{ Pieces/day}$$

4. Break even analysis for similar bakeries in the market

Number of working days	= 28 Per month
Selling price of roti/per piece	= 1 YR
Average number of bread produced per flour sack	= 950 (+/-53 grams)
Maximum Production Capacity	= 6000 pieces

Variable Costs for one sack of flour:

Flour	270.0 YR	
Yeast	53.0	
Sugar	00.0	
Salt	5.5	
Water	2.0	
Diesel	28.5	
Wood	00.0	
Vegetable Oil	16.0	
Electricity	2.8	
Gas	0.0	

Total	377.8 YR	<u>377.8 YR</u>
Variable Costs for one roti		950 = 0.398 YR

Other monthly operating costs :

Salaries		
Baker	10,500 YR	
Assistant Baker	9,000	
Employee	8,100	
Sales person	6,000	
Miscellaneous	2,500	
Maintenance	3,000	

Total	39,100 YR	<u>39,100 YR</u>
Other operating costs per piece		28 days x 6000 = 0.233 YR

Total operating cost per piece	.631
Selling price	1.000
Profit Per piece	0.369

Monthly Profit at the maximum capacity level :
6000 Pieces x 28 days x 0.369 62,036 YR

$$\text{Break-even Point} = \frac{(6,000 \times 0.398) \times 28 + 39,100}{1.00 \text{ YR}} \frac{105,964}{1.00 \text{ YR}}$$

= 105,964 Pieces/month
= 3,785 Pieces/day

G. Overall Recommendations:

- Reconstruct the oven since it is feasible to operate the bakery at a lower cost. The bakery would reduce diesel consumption by 50% and eliminate the cost for wood.
- The number of pieces produced per sack should be increased from 700 per sack to at least 850 pieces per sack.
- Increase the selling price from 1 YR per piece to 1.25 YR per piece. They should sell 8 pieces of bread for YR 10.
- Do not increase the present salaries of the workers until the bakery starts realizing profits.
- Relate the salaries of the baker and his assistant to an incentive commission. The incentive would begin after reaching the break even point.
- Follow-up on the training with women who run the bakery in calculating the monthly sales, cost of goods sold, expenses and the net profit on a monthly basis. On the job follow-up in the first few months is necessary. This should be done by a person with a good business background. The training should also concentrate on upgrading the level of management, planning and financial analysis skills of the women involved in the bakery's business.
- Don't delay the construction, otherwise the management team of the bakery may lose their enthusiasm.
- Consider the experience and reputation of the contractor when making comparisons between different bids.
- Have a signed contract with a guarantee period of not less than 10 years.

APPENDIX 1

INTERVIEWS

9 February Sana'a

Mr. Yassin Abdullah Saif
The owner of a bakery

Mr. Fawzi Hassen
Baker at the Ahmed Abdul Ali Bakery

Mr. Mahdi Yussef
Assistant baker, at the Ahmed Abdul Ali Bakery(1)

Mr. Sa'd Hassen
Baker at the Ahmed Abdul Ali Bakery (2)

10 February Taiz

Mr. Ahmed Hayel
Owner of an automated bakery

11 February Mr. Joe Moyer
World Education Senior Program Officer

Ms. Sandra Loli
SWAY Project Director

Mr. Hashim Mohammed Saeed
Owner of a bakery

Mr. Abdullah Salah Al-Damari
Contractor

APPENDIX 2

ITINERARY

9 February	1230-1430	Visits to three bakeries in Sana'a
	1830	Arrival to Taiz from Sana'a
10 February	1530-1800	Visits to four bakeries in Taiz Meeting with the owner of an automated bakery
	1800-2400	Updating notes on the computer
11 February	0900-1300	Preparation of the initial report
	1300-1500	Meeting with the contractor to receive his bid in writing
	1830-1930	Dinner with the World Education Senior Program Officer and with the SWAY Director
	2000-2500	Updating notes on computer
12 February	0900-1500	Finalizing draft report
	1500-1600	Discuss draft report with the World Education Senior Program Officer and the SWAY Director