

Economic Participation of Businesswomen in Sudan: Progress, Problems and Prospects

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EXECUTIVE SUMMARY

This policy brief outlines the actions that the Government of Sudan can take to promote women's entrepreneurship and participation in economic development, job creation and poverty reduction. It concludes that the Government should introduce policies that:

- Ease women entrepreneur's access to finance from government funding programs and microfinance initiatives,
- Improve infrastructure facilities, especially water supply and drainage, electricity, and customs services,
- Streamline government bureaucracy and reduce fees on business establishments,
- Reduce multiple taxes and charges that businesses have to pay to federal and local government authorities.

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INTRODUCTION

Much of the interest in women's entrepreneurship worldwide has been fuelled by the potential role they can play in economic development (Chamlou and Yared, 2005, Fielden and Davidson 2005). This research investigates the possible problems businesswomen still face in Sudan, notwithstanding the government's policies to promote businesswomen. These problems include the business environment and infrastructure, access to finance, notorious government bureaucracy on business entry, and high and multiple taxes and charges. The study also looks into the education and experience background of participating businesswomen, their personal characteristics and motivations, and society's attitudes to women going into business. This study is mainly policy oriented, but also aims at narrowing the literature gap that exists on the subject in Sudan.

METHODOLOGY

To achieve its objectives, this research has used a host of research methods designed to improve the validity of the research findings and provide credible evidence to policy makers and other stakeholders. This consists of sample survey that involved 142 businesswomen running companies located in different parts of Sudan except the Southern and Darfur Regions. These businesses were in different industries, and of varying sizes. Interviews were also conducted on a limited scale and the researcher has collected important and relevant documents from government authorities and civil society organizations.

RESULTS AND CONCLUSIONS

The study has concluded that women have made significant progress in economic participation due to:

- Increased access to higher education following the proliferation of higher education institutions in the early 1990s onwards,
- The government's promotion and liberalization policies, which were designed to enhance private initiative to lead economic development in general and to enhance the role of women in the economy in general,
- The emergence of women entrepreneurs in large numbers, who depicted typical entrepreneurial characteristics and personal motivations that helped them to go into business,
- Relative improvement in some aspects of business climate, such as improvement in telecommunications, roads and public transport, access to Internet, postal services and electricity supply.

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However, the study has revealed a number of obstacles that still impede greater involvement of women in business, notwithstanding the government's efforts. This includes the following:

- Difficult access to finance from traditional banking and microfinance facilities due to the collateral requirements, excess paperwork, high cost of loans and the short repayment period,
- Inadequate, expensive and poor water supplies and drainage systems, especially during summer and in rural areas,
- Expensive and time-consuming custom services, especially for businesswomen who import production inputs,
- Excess government bureaucracy and charges on setting-up businesses (there are many government bodies involved in licensing new business and these are scattered in different parts of capital cities of regions),

- High and multiple government taxes (businesses have to pay high business profit taxes to government federal authorities, which can take a long time to estimate the taxable net income base. Some medium-sized and large businesses also pay Zakat — the Islamic version of taxation — which some businesswomen see as double taxation).
- Payment of local charges for municipalities, such as fees for garbage collection, the estimation

of which depends on personal judgment of municipality employees.

Overall, these conclusions are aligned with the World Bank's *Statistics on Doing Business in Sudan*, which reflects further deterioration of the business climate in Sudan in 2011.

POLICY RECOMMENDATIONS

In order to realize the full potential of businesswomen of Sudan, in terms of economic development, creation of jobs and reducing the level of poverty along the Millennium Development Goals (MDGs), the Government has to introduce a number of new policies designed to:

- Improve access to finance through the microfinance initiative and make it more easily accessible to businesswomen by removing the traditional collateral requirements and improving efficiency of the microfinance institutions (MFIs), and
- Improve infrastructural services, such as public customs, electricity, water supply and waste drainage systems. Building on its experience in the telecommunication sector, the government may privatize these services to improve their efficiency,
- Streamline and reduce government bureaucracy to speed up business startup. Procedures of licensing new business should

be simplified and made affordable to new entrepreneurs. Government formalities in the licensing process could also be centralized in one government body, such as the Investment Encouragement Authority, in each state.

- Empower (engage) businesswomen in the informal sector, as the vast majority of businesswomen are pushed into the informal sector as a result of government licensing requirements and high taxes and charges. It is essential that these businesswomen be represented one way or another in the women's organizations that strive to secure financing, provide training and other concessions for businesswomen.

The Government should also introduce tax reforms and incentives, such as reducing the tax rates for small and medium-sized enterprises (SMEs), and increase the tax holidays for new entrepreneurs. Local charges by municipalities, which are not supported by legislation, should be abolished.

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