



Investing in rural people

IFAD in Sudan

Linking rural women with finance,
technology and markets

IFAD in Sudan: Linking rural women with finance, technology and markets

Although rural people face some of the highest poverty rates in Sudan, they also contribute to much of the country's growth. Agriculture generates about one third of Sudan's GDP, employing about three quarters of the labour force in rural areas. Even so, harvests are often low and unreliable, as farmers often lack the knowledge and technology to respond to changing weather patterns and weakened soil.

Sudan's population will soon reach 40 million. Almost half of the population live below the national poverty line, a rate that reaches 58 per cent in rural areas. In addition to environmental risks, farmers are also constrained by poor access to markets and financial services.

Since 1979, IFAD has worked with the Government of Sudan to develop structural reforms that tackle the roots of poverty. IFAD has continued to support rural people in Sudan through investment projects focusing on sustainable resource management, value-chain development and support to farmer organizations. In addition, IFAD has facilitated smallholder farmer access to finance through rural development programmes such as the Seed Development Project (SDP) in Kordofan, the Supporting Small-scale Traditional Rainfed Producers in Sinnar State (SUSTAIN) and rural finance programmes such as the Agricultural Bank of Sudan Microfinance Initiative (ABSUMI).





The Agricultural Bank of Sudan Microfinance Initiative (ABSUMI)

Across Sudan, this IFAD-supported microfinance initiative has turned more than 30,000 rural women into entrepreneurs. By starting small businesses, women have been able to expand their farms, pay school fees for their children, and improve their living conditions at home.

ABSUMI is the result of fruitful collaboration with the Agricultural Bank of Sudan and the Central Bank of Sudan. It specifically targets women in rural areas who face challenges in accessing finance. Its model is based on a group lending mechanism (with joint group liability) to minimize the risk of default.

Access to finance is a challenge for smallholder farmers in Sudan, partly due to the low number of banks and other microfinance institutions in rural areas. As a result, most rural people have to borrow money from family members or local money brokers. Moreover, women have more difficulty than men in accessing financial services. For many rural women in Sudan, ABSUMI represents a rare opportunity for financial inclusion.

ABSUMI reaches rural women by sending credit officers to inform local leaders and village development committees about the programme. The officers then assist community members in forming village-based savings and credit groups, usually consisting of 10-20 neighbours, relatives and friends. Group members learn basic business skills and receive training on basic financial management. ABSUMI loans start small, but more money can be borrowed once the initial loan is repaid. The goal is for members – who do not need a formal bank account to join – to eventually be able to access traditional microfinance loans from banks.

To date, ABSUMI has provided 70,000 loans totalling nearly US\$7.4 million, with a repayment rate of almost 100 per cent.



ABSUMI: Addressing smallholders' financial needs

ABSUMI loans finance a variety of economic activities. Farmers can use them to buy materials like seeds and fertilizers, or to subsidize the feed and medication necessary for keeping livestock. Shorter-term loans help entrepreneurs set up small businesses, including food stands, repair shops and handicraft stalls. In addition, there are loans available to support climate-change adaptation activities, such as outfitting gas cylinders for cooking and making bricks to build houses.

To further meet smallholders' needs, ABSUMI loans allow all parties to share profits or losses according to a predetermined proportion. In addition, the loans are set up so that both sides work together – ABSUMI provides the financing, and farmers provide managerial expertise. In doing so, ABSUMI loans follow all the principles of Islamic finance.

ABSUMI's benefits for rural women have been substantial. Beyond the economic returns, some women have taken on public roles within village development committees, managed schools and water yards, or supervised saving groups. As a result, communities are increasingly recognizing women as hard-working, courageous and dedicated leaders.

The programme's benefits also extend beyond women. As part of women's households, men also benefit from increased incomes. In addition, the success of IFAD rural finance interventions in Sudan, such as village-based saving and credit groups and ABSUMI, has influenced government policies so that commercial banks now have to allocate 12 per cent of their portfolios to microfinance.







Buthaina Ahmed Ibrahim, a 28-year-old farmer, has taken out six ABSUMI loans in the past six years – each larger than the last. Thanks to the loans, Buthaina now farms on five times more land than she used to, and her production per acre has increased as well. The extra income has enabled her to build a new room for her house, buy new furniture and pay for her children’s schooling and medicines. An ABSUMI environmental loan also enabled Buthaina to buy a gas stove for cooking, so she no longer needs to use fuelwood and coal. The new stove reduces the family’s environmental footprint and frees up Buthaina’s time for other tasks.

As a result of her participation in ABSUMI, Buthaina plays a greater role in her family and community. “I now know how to save money and how to budget,” Buthaina says.

“I take part in decision-making at home,
and I now have confidence in myself.”

Buthaina Ahmed Ibrahim, farmer





Thirty-seven-year-old **Aisha Abdullah Ahmed** is a successful market trader who set up her business with capital from farming projects supported by ABSUMI loans. Her income from selling hibiscus and other crops wholesale to local merchants has enabled her to replace her straw house with one made of mud. Aisha is also now able to pay her children's school fees and buy them new clothes.

But the changes ABSUMI has brought are more than just financial: they are encouraging men and women to work together. "In the past, women didn't take part in things like we do today," Aisha observes. "Previously, even if we went to a village meeting, we sat separately and didn't understand what was going on. Now we've become very aware of what's happening and we all sit together – women and men – to sort out our problems."

"In the past, women didn't take part in things like we do today."

Aisha Abdullah Ahmed, market trader





SUSTAIN: Developing new ways to grow and process food

Thanks to an IFAD-funded project, tens of thousands of rural people in southeast Sudan have increased their incomes and food security through new farming and food-processing techniques. Combining these techniques with finance and greater access to markets, the Supporting Small-scale Traditional Rainfed Producers in Sinnar State (SUSTAIN) project has helped rural people increase their production and achieve greater financial security.

SUSTAIN's support starts on the farm, where farmers are encouraged to adopt techniques for conserving water and preserving soil quality. SUSTAIN also supports livestock health and nutrition, which helps protect some of smallholders' most valuable assets. After a harvest, smallholders are trained in solar-drying techniques so they can better preserve their produce. SUSTAIN also finances the improvement of grain-storage facilities, links farmers to local agricultural service providers, and helps maintain roads that link smallholders to markets.

Smallholders reached by SUSTAIN have also been able to access microfinance loans through ABSUMI, giving them greater opportunities to grow their businesses. From 2010 to 2017, SUSTAIN reached over 110,000 rural people.

SUSTAIN success stories

Since joining the SUSTAIN project in 2014, **Hanan Al bahit Mubarak** has transformed herself from a widowed subsistence farmer into a successful businesswoman, increasing her household income by more than 100 per cent. By using new techniques she learned through SUSTAIN – land preparation, crop rotation, water harvesting and improved seeds – Hanan reports her sorghum production can be up to 12 times greater.

Hanan has also joined a village finance group and taken out numerous microfinance loans through ABSUMI. She used her first loan to buy sheep, which received high-quality feed and health services from a veterinary assistant trained and supported by SUSTAIN. After the sheep reproduced, she was able to use another loan to buy more animals. Her herd now includes nearly 50 sheep and goats, which serve as financial security – if unforeseen expenditures arise, she can immediately sell an animal or two.

ABSUMI loans have also enabled Hanan to buy a second-hand tractor, a plough and a gas oven. She rents these to other villagers, helping them to increase their production and saving them from travelling to a neighbouring village to use an oven. She also makes bread and seasonal biscuits, which she sells at market prices to save her neighbours money as well as time.

With the increased income, Hanan helped her son marry and bought furniture for her home. The nutritional level of the household has also improved significantly. In the future, Hanan plans to expand her business by taking out another loan to buy more tractors and farming implements.

Hanan is now the head of a women-led village group. She attributes her newfound self-confidence to her involvement in ABSUMI and subsequent business success.





“I am a strong woman who believes in my business ideas. If I have any doubts, I discuss my business ideas with my two sons.”

Hanan Al bahit Mubarak,
businesswoman

In the village of Al Akshan, **Samia Abdel Kafi**, 40, works at her sewing machine. In 2014, she was trained and financed by ABSUMI to buy the sewing machine. She works as a tailor, and sells handicraft objects to supplement the income of her family from farming activities.





Suad Adam Mohammed, 38, at her shop in the village of Lachan. She cultivates 2.5 hectares with sesame and sorghum using techniques learned under SUSTAIN. “The first year when I harvested, with the increased income I bought a small shop, and dishes and glasses for the house.” She took out an ABSUMI loan for two sheep and underwent training in animal-fattening techniques. She now owns nine sheep, and wants to expand her shop, buy a refrigerator, have more animals and send her five children to school.

Scaling-up beyond IFAD-supported projects

Although **Hager Mohamed El Hassan** did not belong to a household targeted by SUSTAIN, she decided to adopt some of its technologies after seeing the experiences of her neighbours.

When Hager joined an ABSUMI village savings and credit group in 2014, she used her first loan to buy four sheep. Since then, by selling male offspring and taking out additional loans, her herd has grown to more than 70 animals.

Her life has improved significantly with the increased income – she has bought additional furniture for her house, and she can pay for school fees for her children. With the extra money, she has bought household items such as plates and glasses, which she lends to neighbours during festivities, thereby strengthening her role in the community. The quality of her household's food has also improved. In the future, Hager plans to take out an additional loan from ABSUMI to invest in poultry production.

“Milk is always available, there is enough food for everybody, and the family eats meat more often.”






Hager Mohamed El Hassan, farmer







International Fund for Agricultural Development
Via Paolo di Dono, 44 - 00142 Rome, Italy
Tel: +39 06 54591 - Fax: +39 06 5043463
Email: ifad@ifad.org
www.ifad.org

 facebook.com/ifad
 instagram.com/ifadnews
 linkedin.com/company/ifad
 twitter.com/ifad
 youtube.com/user/ifadTV

Contact

Tarek Ahmed
Country Director, Sudan
Tel: +249 156556323
Email: t.ahmed@ifad.org