

# Small Successes Yield Big Returns

This is not the picture that usually appears over the word *entrepreneur*: a stick-and-mud hut in rural Honduras with no running water, no toilet, three hours of electricity each night, and Rosa Amelia Bueso, lines etched deeply in her bronzed face, grinding pork for sausage by the light of a window that never had glass.

She has long been the sausage lady of El Negrito, a dusty village 45 minutes and two flat tires due east of San Pedro Sula, the industrial center of northern Honduras, a town of cement and stucco structures. Now, at 55, still unable to read or write, Rosa Amelia Bueso is the sausage maker with business training, the meat grinder who can turn a profit, who can keep books with the help of a literate son-in-law, who is keenly aware of what inflation does to her costs, who has received and repaid two business loans, and who has plans for more borrowing and further growth.

It probably would never occur to her or to any of the other 537 women in 29 Honduran communities who have been trained by ODEF, the Spanish acronym for Organization for Women's Business Development, that their microsuccesses, and their failures, have global significance. Or that they raise their pigs or grow their peppers or make their sausage or cheese or hammocks on the edge of a development philosophy that sees economic advancement for women as the key to improving the conditions of impoverished people everywhere.

The theory, propounded these days even at the World Bank, goes like this: If you put economic resources and know-how in the hands of women, the money will benefit the family. It will attack poverty because of the growing number of households headed by women, and it will help encourage the more efficient use of natural resources since women in the developing world secure water and wood, and often farm the land. The overspill benefits the whole society.

Providing training and loans for poor women is the mission of only a few development groups worldwide. Commercial banks have no interest in low-in-



**With business training and loans, women in Honduras are transforming their microenterprises into profitable businesses.**

**Who benefits most? Their families**

**by Brooke Kroeger**



**Rosa Amelia Bueso grinds pork for sausage and turns a profit. She keeps her own books and has learned to value her own time.**

come borrowers with no collateral. And local moneylenders, who might be interested in helping them, charge prohibitive interest rates—up to 20 percent a month in Honduras.

So it took little to convince Rosa Amelia Bueso, who needed a better work space, to enroll in the training when the young professionals from ODEF returned to El Negrito in the fall of 1988. She and 12 other women showed up religiously for six weeks of workshops and role-playing designed to teach basic business skills: how to obtain and manage credit, how to enlist technical assistance and how to make use of follow-up services. They used workbooks and manuals designed for microenterprise programs. As yet, the method has not been applied to programs in the United States.

Rosa Amelia and most of the other women who signed up for that session had seen the catapult in living standards a few streets away at the home of Antonia Ayala, 37, a mother of four children ages five to 13. Antonia completed her training in 1986 and took loans to buy more sophisticated equipment for the making of butter and cheese (see box). In four years Antonia's business has become so profitable that her husband gave up the field he had been renting for growing crops to support the family, the traditional male occupation in the village. Now he works with—or some might say for—his wife.

Rosa Amelia's successes have been less impressive, but in the year-plus since she finished the six-week course, her life, she says, has definitely improved. "Before the training, I did a lot of work and I had nothing to show for it," she says. "Now, for the same amount of work, I make much more."

The state of her kitchen has not inhibited her prowess. "When I'm making sausage, everyone comes," she proudly tells her American visitors. They are a delegation from OEF International, the Washington-based organization that spawned ODEF, trained its staff, which is Honduran, and still helps to secure funding for both the ODEF training programs and the \$500,000 revolving loan fund, from which Rosa Amelia got her



two loans—one of 300 lempiras (about \$150) to buy bigger quantities of meat, and the second for 750 lempiras (\$375) for shiny blue pots and pans as well as for more working capital. OEF itself runs similar programs in Africa and throughout Central America.

Rosa Amelia pushes the wisps of gray-white hair from her face and poses for a photograph like a general in full battle regalia, turning the handle of her sausage grinder, faded sleeveless blouse pulled open at the chest button. Proudly, she takes out her "book," a child's school notebook, neatly penciled in day-by-day with every purchase of ingredients, every sale and her hours of daily labor. One of the major lessons of the training course is to value one's own time and count it as part of the basic cost of production. All the women graduates of El Negrito cite this as the major revelation of the course. Learning to

keep detailed records came a close second. Rosa Amelia dictates each day's entries to her son-in-law, husband of one of her three daughters, now grown and living on their own. The fourth is an unwed mother, 15 years old and mute. Rosa Amelia takes care of both her and the baby.

Rosa Amelia's "husband"—most conjugal unions among the Honduran poor are consensual—has gotten too old to do much work, so Rosa Amelia, like a growing number of the world's poor women, is the primary breadwinner. Innumerate though she is, she has no problem with the key figures: "My business is up from 30 pounds of sausage to 50 pounds every time I make it, but my profits are down from the 3,000 lempiras [about \$750; now the official rate is 4 lempiras to a dollar] I made last year." The price of meat, she explains, is up from 2 lempiras per pound to 2.6 lem-

piras. That's a 30 percent increase in costs, but the market won't bear a 30 percent increase in the price of sausage.

Concepción de Marina Concha, 39, is one of the few businesswomen in town not complaining about the galloping inflation rate, now at 100 percent. She is a broker. Say someone in town wants to buy a pig but doesn't know where to get one. Concepción has her sources up in the surrounding areas, and she walks the 90 minutes up a hill and buys the pig, puts a rope around its neck and guides it down the hill and back to the village. No matter what the price of pigs, Concepción clears 30 lempiras on each transaction and makes three trips up the hill each week. Her first loan of 830 lempiras enabled her to buy bigger pigs (wrestling them down the hill requires her husband's help). The second loan, at the

## How Antonia Ayala Made It Work

Antonia Ayala is El Negrito's star entrepreneur. Before her 1986 training course she raised chickens, fattened pigs and sold snack foods for profits of about 5 lempiras a day, or about \$2.50. She decided she could do better by making the soft white Honduran cheese that looks like ricotta, made from milk curd. She bought a blue plastic dishpan and went to work.

Her profits jumped to 9 lempiras a day, or about \$4.50. She took the course, and with her first loan of about \$100, she bought a "canoe," the traditional device used in Honduran cheese-making, which enabled her to add butter to her production. That brought her profits to 15 lempiras a day—three times what she originally earned.

She paid that loan back and took a second one, this time for nearly \$750, with which she bought a *descremadora*, a shiny red creaming device. In the ten months since, she has been earning about 40 lempiras a day—eight times her original earnings. With a third loan of \$450 she bought display cases and cheese molds to improve her operation.

Since the training Antonia has paid off all three loans and what she still owed on her house. She bought a motorcycle to increase her delivery area to the nearby hillsides, and a coveted battery-operated television set. Now she has plans to improve her kitchen and to move the business into a space outside the house.

"It changed my life," she says. "I never thought I could be so successful. I didn't ever think it was possible. I just worked."

—B.K.



For her cheese-making business, Antonia Ayala borrowed money to buy display cases, cheese molds and a motorcycle for delivery. She also plans to improve her kitchen. "I never thought I could be so successful," she says.



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maximum allowed by the fund of 3,000 lempiras, enabled her to move into cattle. She discovered what others have learned as they become savvier with commerce: the larger the product, the greater the profit.

She has never missed a loan payment, not even when she lost her 450-lempira investment on three pigs that turned out to be diseased. How did she manage? "Oh, I have savings," she says.

ODEF staff members say the loan-default rate for course graduates is significantly lower than the average for commercial loans in Honduras. ODEF is also more flexible on repayment schedules than a commercial lender can be, though it charges commercial interest rates so the women can operate their businesses as if they had borrowed from a regular bank. The motivation to repay is high: It protects the program and it replenishes the fund so that women can go back for future loans.

Who does default? Sadly, it is likely to be those in the highest risk element of what a lender would already consider a very high-risk group. It is often the single mothers who have no stable male support—no husband to wrestle the pigs down the hill, or give up his plot of

land and help deliver the milk and cheese.

Teresa Rivero, a Peace Corps volunteer working with ODEF this year, did her own informal survey of the last group of graduates in the town of Morazan, not far from El Negrito. Of 45 trainees, five have had major success and up to 20 have improved their situations significantly. Only two are actually worse off—their businesses have failed and now they also have debts to repay. Both are single women with children.

"It's hardest when there is no man around," Rivero says. "And sickness often seems to cause problems. They have much more difficulty succeeding."

So it falls to groups like ODEF and OEF International, with their own meager resources, to put global theory to the local test. And why shouldn't it get good marks, asks Barbara Herz, head of the World Bank's women-in-development division. "It can't be smart to deny half your labor force meaningful access to information and productive resources," she says of women in the developing world. And despite all their burdens—the multiple childbirths, the necessity of gathering water and fuel, the long hours of food preparation, the care of children—"women will respond to economic opportunities."

She's right. They will. ■

## WHAT'S ON YOUR MIND?

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