

Poor People's Funds:

Learning and Sharing between Zimbabwean, Malawian, South African, Zambian and Namibian Federations and NGOs - processes for accountability for Poor People's Funds Windhoek - 7 – 11 June 2008

PRESENT

Zimbabwe - Farai Mataranyika, and Patience Matsangaise (NGO),
Sazini Ndlovu (Federation)

South Africa Fed- Alina Mofokeng, Nohlahla Mbatha (Federation), Nuraan Eckerode (Utshani fund)

Malawi fed –, Siku Nkhoma and Robertson Khataza (NGO) , Annacio Soko (Federation)

Zambia: Nelson Ncube, Lizzi Banda (NGO), Anton Mupesenji and Joyce Lungu (Federation)

Namibia: Anna Muller, Ingridt Kim and Vivian Kandundu (NGO)

1 bookkeeper and governing body representative from 13 regions, plus National Facilitators (Federation).

The approach: The 3 days training gave the participants the opportunity to interact with Namibian federation looking at the loan management systems of the saving groups in Windhoek (Goreangab and Otjomuise area) who received loans, their networks and the role of the national structure (Governing Body). These exchange visits were followed by a one day discussion reflecting on the different country's funds.

The way forward:

- Follow up learning on the different levels have to be facilitated. Neighbouring countries should assist each other across the border to strengthen systems within saving groups.
- Zambia spent time with NHAG the last day before departure on administration within NHAG's office and it was Nelson's opinion that his Board members do not understand their role and interfere in the people's process. The possibility of NHAG visiting Lusaka with a board member was discussed.
- Siku from Malawi requested to participate in the regional and national reporting events, since they do not have these network structures in place yet, after moving their focus back to the saving group activities last year.
- The NGOs should share their financial reports amongst each other.

Notes on the three days training are presented below.

Saturday: 7 June 2008

Introductions and Background took place at the Khomas Federation information center in Hakahana Windhoek.

Background information for the Namibians participating in the meetings. Namibia use the term Poor People Fund, since the urban and rural saving groups are part of the Federation and therefore share in the ownership of the Twahangana Fund, which is the poor peoples fund of Namibia.

The training is about how our funds work and how we can ensure that our poor people's funds are accountable and alive. How do we make sure it a real people's fund and how do we share information with the rest of the world. So what is the Namibian story on their People's Fund and how can it be told

1. How does the fund work for the people? How is it a poor people's Fund?
2. How can we make the fund accountable?

Alina. What is the role of the NGO in this fund? Can we come up with a system of protecting the fund from both sides, the fed and the NGO? Let us also share what is happening in our countries regarding the funds that are already existing. How are we operating those funds?

Farai – since it is an international fund for all countries how can we uniformise the systems to make it easier to report to all stakeholders?

During the Saturday morning the group split up with the Namibians to visit various saving groups in Windhoek with loans. In the afternoon the visitors met with the emerging network structures of these groups.

Barcelona Saving Group in Goreangab (Incremental Development):

As you know we grouped ourselves as saving group. We saved 500 to get the land. The federation helped us to get the land. We saved at the same time for the land and for building the houses. When we select people we not only look at our saving amount, but how regular and how active we are in our activities. We continue savings after the building of houses. There are different teams in our group - building, loan, savings. End of the month we do our payments. We have a meeting and we pay together. The bookkeeper will pay, then she will bring the receipt and we will check that this money has been deposited. If anyone miss his her payments, then the group goes back to the person why she is not paying and then make arrangements to pay back. There are a lot of people having problems with their payments. Sometimes they make it to pay and some they do not pay. 28 members have received loans at different times - The loan team looks after repayment. We also rent house out, while people live in their shacks for a time. We are still struggling with repayments and excuses. We feel we are managing our own fund. Although their own group has not made their contribution yet to the poor people's fund.

The neighbouring groups joined the meeting and one of the network leaders explained:

The problem we have is reporting the house repayments, our recording system. We are not clear about how many pay how many are not paying – it is not easy to say. - we don't say it quickly - we need to look at the books with the bookkeeper. We need to have the systems of accountability - keeping of records and sharing with everyone. Our members should know for example out of 28 people - how many are paying and how many not. This is it is happening, it is usually within the books with the bookkeeper and we have to start searching - and when bookkeepers are not around you start looking for it.

(She showed the forms they have started using to record the group's and network's repayments)

Alina from South Africa: We had learn about the Urban poor peoples fund - what they say the power is at group level - they are the in and out going of the fund. The contribution they made - are N\$5 per month in South Africa. We need to add to cover bank costs. The relationship between NGO and membership - This is not NGO work - but member work. We do not only sit and expect. We have the funds so that we can have our own development

Saziza from Zimbabwe explained how the Guungano Urban poor people's fund is working similar.

The Guungnao poor people's fund have money from donors and the money we contribute. We use it for for income generation. We give contributions (loans?) of 10 million currently - the inflation currently which is equivalent to a coca cola drink

In South Africa we separate the Urban Poor Fund and Utshani Fund

Network meeting Saturday afternoon

Otjomuise:

The Otjomuise network exists out of four groups with 98 house loans, and one group that did not start yet, The meeting was slow to start, but more members joined and by sunset the discussions became very active.

A loan team member, Elizabeth Namakale from the network loan team explained how they discuss in the team how to get their books up to date. If we see some groups are not doing books, we do arrange an exchange and another member bring his/her book and we checked that no mistakes are made. There is land team meetings on Thursday - they discuss the land issue - Saving team they sit

on Monday and talking about saving and share issue on the saving. Each team sit on separate - We have network meetings once a week to give report to each other. Loan team is two from each group. The groups have not yet started paying back their service loans. The members explained how they started to fill in the form for tracing monthly payments by the members and the group payments for the network. It is clear from these forms who pay and who not.

We also have problem where we are coming from - we do not want to judge - maybe we can ask other countries - Alina want us to share now.

Elizabeth from Dantago mentioned that they do not have the network meetings with all the members to discuss the problems in the network.

One member wanted a small business loan - they were told that they are not qualifying. They are not sure why they did not qualify.

Patience- what was the reason the loan qualification was turned down - . Maybe they did not write propose business plan - Are there a connection between default rate and their application

The visitors encouraged other networks with solutions to come and share their experiences - maybe they have solutions for these problems. They seem to have some solutions during the morning meetings.. For those that wanted projects (for small business) can learn from those that have done. We are here for training and we are training each other. We have to consult each other - we can learn from each other.

Twahangana Fund Governing Body meeting on Sunday

Governing body members of SDFN explained their role.

We bring information together of our regions which include

- Amounts of money borrowed
- The payments – (totally paid and outstanding capital and interest)
- Future plans for loans and house construction

NHAG office bring information about how much money went out, how much return and the money available in the bank.

When there is a problem in a place - we call each other and decide how we can support each other to solve the problem.

Example of a Regional Report:

Meme Penny gave a report from 3 northern regions: Oshana/Ohangwena/Oshikoto

Small Business Report

Loan Balance 41,830 Paid 8038,05

Balance 34,987.40 Outstanding Balance

No specific number of members , have 15 groups with small business loans

Ohangwena - only 2 groups have loans -

Loan balance 167,140.84

Payments: N\$6,858.50 - 3month balances

Interest plus balance 162061.90

Service loan 1 group 2 members - did not pay for 3 months

1,600 balance. Interest 202 outstanding amount 1802

Oshana region

House loan: 5 groups with different phases

Loan balance is 579,633.30

Paid 24,733.90

Interest plus loan balance 630,774.46

Service loans 41,213.12

Payments 2134.72

Interest balance 41,319.23

Oshikoto

Service loans 8,829.45

Paid nothing

Ohangwena

Approved loans for 22 member - each 20,000 brick making start 21st - all invited to make bricks on 21st

15 members from Ondangwa want to approve the loans – they have land, and paid

NHAG expressed their concern that the figures does not help us to look at performance and cannot really explain to members how the fund is doing.

It is not combined into a regional or national report (a summary table is required – and example of what might be more usefull is in Appendix)

It does not explain how many households are active and pay (even if small amounts) and how the payments compare with the amounts needed to pay back the loans in 11, 15 or 20 years.

SDFN is advised to nationalise the systems observed in Goreangab and Otjomuise the previous day.

The governing body gave the bookkeeping report as prepared by Vivian from NHAG's office.

**SHACK DWELLERS FEDERATION OF NAMIBIA
TWAHANGANA FUND JULY 07 - MARCH 08**

A. EXPENSES

**1. HOUSES AND SERVICE LOANS
(July 07 - Mar 08)**

	AMOUNT	BENEFICIARIES
TOTAL LOANS OUT	R 4,863,048.83	340
TWAHANGANA HOUSE LOANS AND PROJECTS	R 4,500,903.93	278
SOCIAL FUNDS	R 28,800.00	3
HOUSE LOANS OUT FROM HOLCIM DONATIONS	R 140,000.00	7
BUILD TOGETHER LOANS (THROUGH FUND)		
SERVICE LOANS	R 193,344.90	52

2. SMALL BUSINESS LOANS (July 07 – March 08)

R 173,427.80 **221**

3. DEVELOPMENTAL PROJECTS

N\$ 53,154.50

HOLCIM: KATIMA CENTRE
CLINIC FOR OUTAPI

N\$ 31,804.20
N\$ 21,350.30

TWAHANGANA
ACTIVITIES/FACILITATION

N\$ 200,000.00

TOTAL TWAHANGANA FUNDS

N\$ 5,289,631.13

B. INCOME

SOURCE OF FUNDING BY JULY 07

**FUNDS MANAGED (INCLUDE
ADVANCED FOR BT)**

N\$ 3,566,625.46

Small Business Repayments
Unknown Repayments
Service Loan Repayments
Bank Interest
Interest from 32 days
MRLGHRD donations
Holcim Donations
House Loans

N\$ 72,710.58
N\$ 4,016.04
N\$ 82,617.08
N\$ 60,144.00
N\$ 193,951.58
N\$ 1,000,000.00
N\$ 500,000.00
N\$ 1,653,186.18

**C. REVOLVING STATUS (July 07-
March 08)**

house loans

REPAYMENT CONTRIBUTIONS July 07 - March 08	N\$1,653,186.18
*REPAYMENTS EXPECTED IN PERIOD July '07 -Mar '08	N\$ 902,176.20

(*over 20 years on government BT terms therefore all advance payments not included as expected)

Money available in the bank: N\$1,892,641 million

Namibian loan approval system

- the group approve the members, because they know the members and how they perform - the regional loan team will check that the right procedures have been followed
- Regional team - each groups has a member of the region team - they will check if land is available, if savings are active, does the members understand the federation, your affordability -
- The application forms are forward to the office
- Governing body bring information to be included in the plan of action

Governing body channel for information not decision making position

Information Systems

Information systems are to start at group level

Payments are done in the group and treasurers and bookkeepers to give report to members – who paid and who not. Then the group members have to follow up - if problems , they call on regional team to support.

Regions are bringing reports together - look at repayments, are the books done correctly - then after correction forward to NHAG - to forward to the office. The governing body combine the report and then give the report to the SDFN National Meeting

Guidelines were generated at the start of the fund - based on what groups developed with the support of national and international exchanges.

What is the purpose of the Twahangana Fund as a Poor Peoples Fund -

What kind of information is required to see if it meets the fund

The aim of the fund to who live in towns in shacks to improve their houses, and those with low income to meet their needs, We also support the rural. The aim is support everyone - (Meme Sophia want separate forms for rural loans)

How we know our fund is working or not?

How we manage the fund - need to supervise

Bookkeeping show who is paying – so that money go in Repayments

Giving each other report - so that we can see we are now

We need to help the other person - contributions are to continue coming in

Bookkeeping it is very important to keep good records - help you to know who is not paying.

Is bookkeeping enough to measure that you have improved the lives of the poor people

What more information you need

How do the poor people's fund improve poor peoples

Patience from Zimbabwe explain: The federation process is a process of word of mouth we are talking to each other. We should use the same system. We need that story about my life was like this and after I was assisted by the fund my life is now this. We need to use testimonies. Stories about how the fund is helping us and how it is not helping us. “A picture” of before the fund of this how we live - now it is like this. “the new picture” - The before and after pictures/stories To captures people's lives - is not easy - to capture the figures are much easier.

We need to have indicators that we can say if the fund has an impact on the poor people.

We need systems to measure small businesses - are you still going on with the businesses.

Surveys before and after, sharing non payment stories with people facing difficulties. People facing crises might have problems with are short term. Their lives improve and they pay back again (vs those that can pay, but refuse)

Rundu people who participated in the international exchange in their town are requested to give a report on the outcome of their learning. Katrina explained that the exchange was how we are going to look our small business. From there we learned ourselves how we improve loans. 224 people received small loans, 188 businesses are going well and the rest not. Their lives have been changed. Some are using income to buy food and school fees and are saving - Also where getting money to repay money. Only 36 have business going down

Summary of Possible checklist for what information is to be shared:

- Amounts borrowed
- No of people/groups
- Payments made
- Balance and interest
- Should have paid
- NO of people paying/not paying (maybe within a period)
- How much contributed by members to the fund
- Information should not only be recorded - it should be shared - and the report should include what saving groups/networks have been doing with the results of the recorded information
- Small business loans shall include information on progress with small business

Information to be available, shared and discussed

- In groups on a monthly basis
- In the area network on a monthly basis
- In the region and national 3 months., 6 months, 9 months, Annual reports
- Bring to national governance structure (Namibia National Meeting and NHAG Trust) every 6 months

How to measuring of improvements/ impact of the fund

QUALITATIVELY Before and After Stories (testimonies from the groups) NGO involvement in documenting/ videos

Analysing repayments (not only how much – but how many members participate even if full amounts are not returned

MONDAY (9 June 2008) MORNING: THE POOR PEOPLES FUNDS OF SOUTH AFRICA, ZAMBIA ZIMBABWE AND MALAWI

Explanation of the urban poor funds of the different countries:

South Africa

- Has an rural and Urban poor fund
- Each member contributes 750 rand
- The 750 is done incrementally but it is a once off payment
- How and when it is Paid is by families affordable
- Each member contributes 5 rand per month for bank charges
- Total savings R577,741.25
- We use the month to built houses – so far 7 houses have been build
- Utshani fund we use them to pre -finance subsidy funds
- Urban poor Funds are people fund the Ngo signatory as an extra measure of accountability.
- For every rand raised by the upf then utshani has to raise a dollar.
- We have one account with NGO signatory and 2 from the fed for accountability

Structure of the fund

- Local
- Regional
- We will have a national team once we finish working on thr regional structure

Alina – how is the IUPF work

Malawi

- Every member contributes 1 rand per member month
- We have different types of loans such as housing, business and farm inputs

Process

- Every member deposit 10 % to get a loan
- Loans are given to groups not individuals

Structure

- Loan teams are made up of members from the groups

We have other components in the federation besides the fund such as health, landlords

The federation use the poor fund to build houses in three regions 267 plus 85 plus 465

Challenges

- Problem with defaulters
- not all members can afford to repay every month because some are unemployed
- Incentives for repayment include lucky draws

The borrowers from the rural areas have a good repayment record.

We intend to build more houses using the fund in all the 3 regions.

The fund support solar power projects in rural areas.

Questions

Did the 20 kwachas build all those houses?

- Its from local contributions plus external

Explain the loan process again

The district should be happy with the performance of the group applying for the loan

Zimbabwe

- We contribute different figures because of inflation
- The contribution per month should be equivalent of the price 300ml of coke
- However we are contributing now \$10 000 000.00 per member per month
- Contributions are at group level

Structure

- Starts at group level to area to regional then national level
- We have a national account for all local contributions from the regions

Uses of Fund (both local and external contributions)

- We invest the contributions in hardware stores, pay toilet etc
- Hardware collapsed because of economic challenges
- Toilet is still viable
- For infrastructure servicing, houses

Repayments

The fund loans in material form and repayments are also in material form.

We also keep our records in material form.

Challenges

Repayments are low because of economic hardships

Materials are in short supply and it affects repayment

Materials are expensive – sold at black market prices

We prioritise use of the Fund, we put water and sewer first so people move on site

The second priority is income generation

House construction is the last on priority list

Procedure of loaning

Loans are given to groups

People are vetted and approved by the savings scheme

We have forms that assist people in applying for the loans

From scheme the application goes to the area, the region then national level

For income generation, we still the monetary form of accounting

Different types of income generating loans - short term and medium term

Short term has dep of 25% and interest is 25% per month

Medium term you deposit of 35% and 35% per month interest

Challenges

Good repayment record does not mean the businesses are viable

Loan committee therefore visit projects to assist members

We use exchanges between similar projects to assist struggling business

Failure does not mean you will not get another loan.

We assess the impact of projects on people's lives - even buying shoes for a family is regarded as success.

For this reason we prioritized small businesses before housing.

In order to survive you need some income as you continue to live in your shack

We give reports on statistics as well as issues relating to the fund

We have completed 760 houses others are under construction

We were impressed with the Namibian record keeping we want to learn more

? why do you give loans to groups

So that the groups monitors it own members

? Why are you not recording using money if you are still buying using money

Because inflation makes money lose value faster than the rate of replacing

the materials used

? How often does the National committee meet

Small businesses are approved every money but national approves after 2 months

Zambia

- We have an urban poor fund – swalisano
- Members contribute to the Fund
- The contributions started in Aug 2004 – 2000 kwacha per member per month
- In Aug 2006 we increased contributions to 8 000 kwacha per month
- Uses of fund
- Small business loans plus house construction
- 3 regions benefited from the business loans
- Repayment is around 90%
- To qualify for a loan you are vetted as scheme level
- We train you in business skills before we give you a loan
- Housing loans are recent. Land difficult to acquire
- We have 50 plots in Livingstone and we are building houses 15 complete
- Brick moulding is also taking place
- In Kalulushi we are working on 148 plots and 15 are complete
- We use hydraform bricks in Kalulushi
- We have 100 plots in Choma- servicing and brickmaking is in progress
- We repay immediately once loan is disbursed, before the house is completed

?how big are Zambia houses

- We start with 2 rooms which can be extended to 4 rooms
- The structure of the fund starts at group level

Hydraform bricks use compaction and little cement

? house loans are for 8 years and for business 6 months

?do you charge interest. Yes we charge interest at 10% for 6 months business loans

For the house loans interest is 0.03% on the balance per month for 8 years

?why is your interest rate so low. We had a national meeting where we set the interest rates

We argued for a long time on the interest rate to charge. People argued that they cannot afford 20% interest

Some felt 0.03% was too little to maintain the value of the fund

We voted and the majority for 0.03% won. Our fund is losing value

After 20 years at this rate the fund will collapse. Please come and help us.

?what is rate of inflation. Kwacha is gaining but costs of materials is increasing

?give absolutes for 0.03%. ? How can our fund revolve at such an interest rate.

?what was the basis of such a decision. In Namibia we are forced to be in line with the government rate

In Namibia we have to cross – subsidise this low rate of 0.5% per month

? do you have defaulters - how to handle such issues. – so far its not a problem people are paying well

MONDAY AFTERNOON CONCLUDING SESSION:

The NGO and federation group's split up and discussed What is Poor People's fund and how do we account for it

1 COMBINED REPORT FROM THE FEDERATION GROUPS ABOUT THE POOR PEOPLE'S FUND (PPF)

What is Poor People's Fund (PPF)?

- It's a fund that belongs to the poor people.
- We get these fund from donors, Government and our own contributions.

Why do we have one?

- To improve the poor people's living conditions, to sustain our lives.

How do we look after it?

- To prove to ourselves that we are the owners of these funds, we also have to keep records of incomes and expenses.
- We should have signatories from the Federation and support from the professionals e.g. NGO's.
- We must participate in contribution to the fund, as it belongs to us.
- We must teach each other about the loans (process, procedures, rules, benefits etc) before applying for the actual loan. This will most probably help us to do proper record keeping.
- There should be guidelines, clear and simple for the poor people to understand, to actively participate.
- **Roles**
 - Fund must be controlled by the federation.
 - Give regular feedback on the funds through meetings.
 - Meeting must be attend once in 3 months for the purpose of reporting on the funds.

DIFFERENT LEVELS ON MANAGING THE FUNDS

Group Level

- It is the duty of every group member, to assist another in educating each other what the ppf is and how it help you benefit in improving your living conditions.
- Educate each other about how to fill in the application form (how to apply) what is required inorder for you to apply.
- DO REGULAR SAVINGS, as this is your key the Poor People's Fund.
- Keep records of your progress, repayments, loans etc.

Network Level

- To assist the weaker groups within the network either with record keeping, or reporting, information exchange, loan repayments.
- Give inspiration, motivation, and encouragement to groups, not to give up on their dream.

Regional Level

- They exchange information such as; success, failure, problem solving, report giving, future plans.
- They act as supporters, to assist the networks and groups by encouraging them.

National and International Level

- Bring their Regional reports and compile them and send the information to the NGO's office.
- NGO's use these information that come from the national meeting, they then compile a report that will be send or represented on the international level. This information will be about the country's projects, it should be transparent to all members of the S.D.I countries.
- Accountability is necessary.

2 NGO discussion:

What is a poor people's Fund

- A development fund for people who cannot access formal sources of finance like from banks and micro finance institutions. It belongs to the saving communities that are working together to improve their lives.
- The fund is managed on a community level feeding into the structure of the poor people's movement to facilitate accountability.

Poor people's Fund Process

Organised saving communities

Do regular savings, contributing to the poor people's fund and participating in exchanges, with intention to engage in a development programme. The group members identify and prepare their development project including the participants through support from the network. The groups sets the criteria which includes the following: The level of need of that particular household members participation at group level and members contributions (financial and non-financial) and members previous loan records if available. The group presents the application to the network. Once the project is approved the community is responsible for implementation and repayments monitoring, improvement of lives .

The documents involved are the: Application forms, saving record books, loan repayment records, deposit slips.

Network Level (Local to national level)

Federation process is about networking. The poor people's fund process is reflected by the network process, starting from woman to woman (local level), saving group to saving group (city or regional level). For institutional/structural purposes the networks are often organized according to geographical and national regions. Poor People's Fund structures are formed on the network level to support and encourage accountability to the loan and repayment process in the saving communities, and to enable the learning and information systems

Saving group in the network have representatives in network levels loan teams and responsible for confirming that principle would followed in loan application. Ensuring that records are kept, report shares and compiling of different reports, facilitate to solve problems/issues arising from loans.

Network documentation and reporting: Combined the no of loans, members/participants amount of money, record of balances and repayment performances, improvement of lives.

this information is compiled to produce the national report and can be shared on the international level.

The Role of the NGO

- Mobilize resources to capitalize the fund so as to augment people's contributions and enable funding for networking and learning and the loan process.
- Assist in inclusive practices and fair distribution (one group not dominating – poorest included)

- Assisting and mentoring community leaders
- Provide and administration and accounting services include income and expenses records, balance sheet, measuring loan repayment performances. Flexibility how to manage your fund to work for the poor people. We should have monthly reports, 3 months, 6 months, 9 mnths and annually and audited reports. Our role is to reduce the discrepancy between expectation and requirements of external partners/legal requirements and the poor people's fund.
- The management information system of the poor people's fund should be generated from bottom up.

