PD-ABE-276
77613

Get Ahead Foundation Credit Programs in South Africa:

Final Evaluation

GEMINI Technical Report No. 45

GEMINI

GROWTH and EQUITY through MICROENTERPRISE INVESTMENTS and INSTITUTIONS
7250 Woodmont Avenue, Suite 200, Bethesda, Maryland 20814

DEVELOPMENT ALTERNATIVES, INC. • Michigan State University • ACCION International • Management Systems International, Inc. • Opportunity International • Technoserve • World Education

Get Ahead Foundation Credit Programs in South Africa: Final Evaluation

by

Robert Christen
Elisabeth Rhyne
Doug Salloum
Jennefer Sebstad

June 1992

This work was supported by the U. S. Agency for International Development Mission in South Africa through a buy-in to the Growth and Equity through Microenterprise Investments and Institutions (GEMINI) Project, contract number DHR-5448-Q-44-9081-00.

ACKNOWLEDGMENTS

This work represents the final evaluation of USAID Cooperative Agreement No. 674-0303-6-SS-7080-00 with the Get Ahead Foundation.

The authors wish to thank the staff of the Get Ahead Foundation for their assistance to the evaluation team. All the staff were willing to discuss issues in an open, forthcoming manner. Many staff members spent a great deal of their time and effort to assist the team in collecting information, particularly the field staff who assisted in the impact survey and the head office staff who helped prepare the financial and management information. We would like to thank Don MacRobert and Daphne Motsepe, in particular, for setting the tone of openness and cooperation and for taking their own time to work with us.

Thanks are also due to the USAID/South Africa mission, particularly David Himmilfarb and Paul Neifert, for their support during the course of this work.

TABLE OF CONTENTS

SECTION THREE

SECTION FOUR

SECTION FIVE

EXECUTIVE SUMMARY

During the five years since 1987, the Get Ahead Foundation (GAF) has built a large and pioneering microenterprise program centered on the Stokvel Loan Program. Get Ahead was the first nongovernmental organization (NGO) to introduce group lending for microenterprises into the black townships in South Africa, which it did with financial and technical support from the United States Agency for International Development. It was also the first NGO to carry out such a program on a significant scale anywhere in Sub-Saharan Africa.

For most of its history, GAF has operated in an environment hostile to its aims. When the Stokvel Loan Program began, many of its features, such as the interest rate, were illegal and brought regular harassment from government authorities. The black enterprises that GAF hoped to promote were also largely illegal and the target of official harassment. The townships in which GAF operates were highly politicized, often violent settings. GAF leadership and staff showed courage and ingenuity in persevering to carry out the terms agreed to with USAID.

Against this background, GAF has accomplished a great deal over the past five years. Under the Stokvel Loan Program, it has disbursed 12,658 loans in 22 areas throughout South Africa with a 90 percent recovery rate. This exceeds the performance targets established in the original grant agreement of 7,000 loans and an 85 percent recovery rate. The loans have contributed to improvements in the financial status of client enterprises and to increases in employment. Institutionally, GAF has strengthened its organizational structure by separating its social and commercial activities, trained staff in credit delivery and administration, and expanded its resource base.

As the first agreement between GAF and USAID draws to a close, the stance of government toward black enterprise and black-directed NGOs has become more positive. Moreover, there is a tremendous surge of interest by NGOs, development finance institutions, and banks in providing financial services to the majority population. New entrants into the microenterprise finance field are appearing, and many of them have learned from the example of Get Ahead that group lending can succeed in South Africa. Similarly, Get Ahead has influenced organizations elsewhere in Africa to consider group lending.

In the context of these changes, GAF can expect to achieve even more in the future. In doing so, however, it will face new organizational challenges. It will have to establish more ambitious goals and targets for portfolio quality, good management and, ultimately, financial independence. Now that the authorities are no longer working against it, GAF has more freedom to concentrate its energies on improving quality. It can shift into higher gear.

The evaluation team recommends that USAID continue to fund GAF to promote its future growth, stability, and financial independence. To this end, GAF will need to introduce new performance indicators and aim for higher standards in critical management areas and in the quality of its loan portfolio to reduce the portion of loans currently at risk. The first and most important step is for GAF to make some immediate changes to improve loan repayment rates. The next round of funding should be contingent on the initial demonstration of commitment during the next few months. The new agreement should support GAF through a consolidation phase before substantial growth funding is made available. Movement from the consolidation phase to the growth phase should be based on GAF achievement of performance targets in management systems, financial management, and portfolio quality.

GAF PERFORMANCE AND CURRENT STATUS OF PROGRAMS

The cooperative agreement between USAID and GAF was designed to support commercial services: the creation and implementation of the Stokvel Loan Program, the Business Loan Program, and training of entrepreneurs. In addition, the agreement outlined a plan for institutional development to help GAF develop the capacity to manage these programs.

The Stokvel Loan Program

The creation of the Stokvel Loan Program is GAF's most important accomplishment under the cooperative agreement with USAID. The program offers one-year loans of from R300 to R1,000 to borrowers who form into groups of five for mutual guarantee of loan repayment.[1] This program, which did not exist at grant inception, has evolved an effective methodology and achieved significant scale and effective outreach within the communities it serves. It is now well established and currently operates in 21 townships. Most of the clients are women (91 percent). Since inception, GAF has disbursed 12,658 loans totaling almost R6 million, exceeding significantly the 7,000 borrower target in the agreement. It has a portfolio of R3.6 million.

In interviews with a sample of Stokvel Loan Program clients, the evaluation team found that a majority of loan funds have been invested directly in client businesses and have been used for working capital. These businesses have grown considerably during the loan period in sales, gross profits, and employment. There is less evidence that the businesses have used credit to transform themselves into more formal enterprises. The data suggest that the Stokvel Loan Program has effectively reached a market of clients who need the service it provides, and are willing to pay for it. Even if credit alone cannot dramatically transform the borrower enterprises, it is clearly a valuable financial service.

The basic program methodology appears to be sound, particularly given the familiarity of nearly all borrowers with informal, savings-oriented groups. However, whereas the program has met the targets of the original grant agreement with respect to loan recovery rates, approximately one-third of loans in the current portfolio are over 30 days delinquent. A substantial fraction of these loans are more than 90 days delinquent. For future growth, stability, and sustainability, it will be crucial for GAF to reduce the proportion of the portfolio at risk.

GAF can take some specific steps to reduce delinquency rates: more timely and accurate information would alert program managers to problems, and more immediate supervision by GAF of borrowers from the date payments are missed could improve repayment patterns. GAF also needs to pace its expansion rate more judiciously. In 1991, GAF tripled the size of its portfolio. This explosive growth had two consequences: field staff spent relatively more time on loan approval and disbursement and less on collection, and the flood of new loans still in their honeymoon stage in the portfolio obscured the worsening status of older loans. To improve the future performance of the Stokvel Loan Program, the evaluation team recommends that GAF institute an effective management information system (MIS), intensify its supervision of borrowers, and ensure that its future rate of growth does not outpace its capacity to manage the program.

---

[1] R2.75 = US$1.00 as of February 1992.

The Business Loan Program

The Business Loan Program was established with support from USAID to develop and test a methodology for lending to higher-level small enterprises considered to have greater potential for growth and employment generation. The program extends loans of R1,000 to R20,000 to individual borrowers for up to three years. Loans are approved on the basis of client references and simple project assessment. No collateral is taken. Loans are made by Standard Bank, based on documentation presented by GAF and backed by a R600,000 guarantee fund on deposit by GAF. GAF receives a fixed 10 percent fee for its services, while Standard Bank retains 22 percent in interest income.

Although there are now 276 loans outstanding totalling R834,643, the Business Loan Program has not demonstrated that it is a viable product. Sixty percent of the portfolio is at risk (defined as the outstanding balance of all loans with payments more than 30 days late as a percentage of principal outstanding). The program has been unable to leverage bank funds as planned in the agreement because Standard Bank has been unwilling to put its own funds into this portfolio. Many specific problems can be cited, such as the inability of Standard Bank to provide timely information on loan status, and the inappropriate distribution of credit risk (all GAF's) and income (mostly Standard's). However, the most fundamental difficulty is that the methodology has not proved successful in making individual loans to the small business sector.

The evaluation team recommends that GAF wind up the Business Loan Program. To accommodate a substantial fraction of the kind of clients now in the Business Loan Program, GAF could safely raise the limit of the Stokvel Loan Program to R5,000, though it should consider a special qualification process for the larger loans. This would accommodate most current Business Loan Program clients, as average loan size is now R4,100.

Closing the program means that the goal of leveraging bank funds and connecting clients to formal financial institutions will be deferred until GAF has the staff resources to devote to further experimentation in developing a viable lending methodology.

Training and Nonfinancial Assistance

GAF's client training funded in part under the USAID grant agreement focuses on strengthening basic business skills through courses on costing and pricing, business management, record keeping, marketing, time management, and the new value added tax. GAF has trained approximately one quarter of its loan clients and several hundred nonclients during the USAID grant period. Interviews with participants indicate that the training is well received and that it addresses basic business management problems experienced by most microentrepreneurs. There is less evidence that the training has contributed to changes in client management practices. This is probably related to the training's generalist orientation, the absence of specific selection criteria for screening participants, and limited follow-up by training staff. These issues will be addressed in a major review and evaluation of the business training program by another donor in March 1992, which is expected to result in a longer-term strategic plan for the department and the identification of staffing and funding needs.

Given the interest and direct involvement of several other donors in supporting the business training, major USAID support is not required in the future. However, depending on the outcome of the March planning exercise, USAID could consider support for some training department staff salaries. The primary rationale would be to ensure that the business training complements the Stokvel Loan Program and that the time and attention of loan program staff are not diverted to training functions.

The USAID grant agreement also provided partial support for GAF's marketing assistance program. The aim of this program is to promote general market entry by black businesses, identify and link clients to new market opportunities, and provide individual advice to clients. GAF has carried out a wide range of activities under this program, such as promoting subcontracting relationships through trade and matchmaker fairs, identifying franchising opportunities through study tours and seminars, producing a black business directory, and participating in trade fairs and other promotional efforts. GAF's social services department has complemented the marketing section by sponsoring research on new business and employment opportunities and sponsoring several community-level business promotion and employment generation projects.

The effect of these activities is uncertain. The program has suffered from lack of a strategic focus and staff turnover and has placed limited emphasis on monitoring the outcomes or cost effectiveness of its activities. To achieve greater impact in the future, the marketing program should develop a longer-term strategic plan. Future USAID support could be directed to technical assistance in this area.

INSTITUTIONAL DEVELOPMENT

Self-sufficiency

GAF leadership and the original language of the cooperative agreement express the intent that GAF's commercial programs (loans and training) should become financially self-sufficient or independent. Yet it is not yet clear that all parties have agreed upon either a definition of self-sufficiency or a path for GAF to attain it. Today, the Stokvel Loan Program covers approximately 33 percent of its costs. It will only reach self-sufficiency if the overhead costs are reduced and the income earned per field worker increases. It is incumbent upon USAID to design its future assistance to GAF in a way that supports the programs' move to self-sufficiency, such as by helping them to establish an equity base.

Commercial Principles in Management

GAF is among the first NGOs in South Africa to adopt a businesslike stance toward clients rather than dealing with them as beneficiaries. Its next challenge is to extend commercial principles more fully to its own operations. Areas in which GAF can improve its management include:

- Better communication and information flow between the field offices and head office;
- More regular supervision of field staff by head office;
- Generation of basic financial and general management information needed to inform decisions; and
- Institutionalization of internal controls over transaction flows.

Some of the problems GAF has experienced in developing sound management can be related to shortcomings in USAID's original grant agreement. The agreement required low standards in loan repayment (85 percent recovery rate), and did not establish performance indicators to monitor other important aspects of portfolio performance closely enough. The cooperative agreement directed GAF to produce large amounts of information for the benefit of USAID, most of which was not the kind of financial information GAF needed for managerial decisions. Technical assistance in developing and using critical operational systems was not provided or was inadequate (particularly in computer programming). Finally, USAID allowed GAF to be isolated from exposure to programs in other countries that had faced and solved many of the same operational challenges.

Solving the problems now facing GAF and moving toward self-sufficiency will require the full energies of GAF at all levels. Specific steps that need to be taken are described in the main text. Because of the effort required to consolidate its current program, it may be advantageous in the long run for GAF to consider postponing offers from donors that involve the start-up of new operations, especially if such operations might overextend the lending program or financial staff.

RECOMMENDATIONS FOR USAID

USAID should continue to be a partner to GAF as it seeks to attain higher professional standards and ultimately to grow and become financially independent. This process should begin now, even before the next cooperative agreement is negotiated, because the situation GAF faces with respect to delinquency is of some urgency. Therefore, during the process of planning for the next agreement and before the next agreement is signed, GAF should develop and implement a manual system to track delinquency and should mobilize staff to engage in rigorous collection efforts. GAF should also begin to develop its own strategic plan for the organization for the next 3 to 5 years of operation. Disbursement of funds under the next agreement should be conditioned upon evidence that the manual system is being used and is accurate, and evidence that the institutional posture toward collections is strong. The proposed strategic plan should form the basis of the design of the next cooperative agreement between GAF and USAID. In the meantime, GAF should continue to lend to microenterprises to maintain its image in the community as a reliable source of finance.

The next agreement should proceed in two or more phases. The first, the consolidation phase, should concentrate on collections, management systems, and financial management, while maintaining a stable portfolio size. USAID should support technical assistance for GAF during this time. The team recommends that USAID finance the services of an expert in microenterprise credit operations to advise GAF in financial management, credit and savings methodologies, management information systems, and evaluation. In addition, there will be a need for local technical assistance in areas such as computerization, internal financial controls, and marketing. The first phase of the agreement should also support significant and ongoing staff training. It is particularly important to develop internal training capacity for the staff itself, aimed at understanding and using GAF's own policies and procedures.

The end of the consolidation phase should be marked by GAF achievement of specific targets in financial management, management systems, and collections. Conditional on achievement of such targets, USAID should release additional funding for growth.

All of USAID's funding should be guided by the principle that USAID supports the transformation of GAF into a financially self-sufficient entity, and is not committed to indefinite operating support. This aim translates into support for loan capital, technical assistance, and staff training, but not support for operating costs, which should soon be covered by operating income.

The Get Ahead Foundation accomplished a great deal in difficult circumstances during its first agreement with USAID. The evaluation team wishes GAF success in meeting its next set of challenges with equal courage and determination and hopes that the program outlined here will help lay the groundwork for its success.

SECTION ONE

INTRODUCTION

This paper reports on the final evaluation of a Cooperative Agreement between the United States Agency for International Development and the Get Ahead Foundation (GAF). The Agreement (No. 674-0303-G-SS-7080-00) spans the five-year period between September 1987 and September 1992, and involves total funding from USAID of $3,301,345.

The evaluation is organized as follows:

- Section One summarizes the origins and objectives of the USAID grant to GAF;
- Section Two assesses the performance of GAF in each of the three major program areas: Stokvel Loans, Business Loans, and training;
- Section Three reports on a brief survey of the effect of loans on clients and their enterprises;
- Section Four discusses a range of institutional development issues; and
- Section Five makes recommendations regarding the future of GAF's commercial activities, and USAID's support for them.

THE ORIGINS OF GET AHEAD FOUNDATION AND OBJECTIVES OF THE USAID GRANT

The Get Ahead Foundation was established as a black-directed, nonprofit company in 1985 "to promote the communal and business interests of Blacks"[1] in South Africa by addressing a range of obstacles that have hindered the free participation of black South Africans in their nation's economy. It was one of the first black economic development organizations (as opposed to political or social organizations). Its emphasis on black enterprise, including enterprises of the poor, was particularly innovative, at a time in which such enterprises were generally prohibited by authorities and disregarded by many reformers focused instead on formal employment.

Promotion of black enterprises at all levels, including the informal sector, was a top objective for USAID when it first began to work in South Africa. USAID selected GAF as a grantee under its Black Private Enterprise Development Project because of several of GAF's programmatic accomplishments, and because of its potential as an organization. These accomplishments, as described in the Cooperative Agreement, were as follows. GAF was (and is) led by a highly regarded Board of Directors, including Ntatho Motlana, its chairman, and Archbishop Desmond Tutu. The staff had demonstrated the ability to gain trust in black communities and to deliver services in townships across the country. GAF had a proven capacity to raise funds from diverse South African and foreign sources. Finally, it was one of the only organizations with a track record, though brief, in enterprise development.

---

[1] GAF *Annual Report*, 1990-91, facing p. 1, March 1991.

During its early years, GAF engaged in enterprise development activities (credit, training, and so on) and community development activities (running high school equivalency courses, building community facilities, and providing legal assistance). The USAID grant represented a major expansion of GAF's budget and activities. It also launched a shift in GAF's orientation, which henceforth would be directed mainly toward commercial activities.

Some important problems facing GAF at the beginning of the grant included underdeveloped organizational structure, insufficient delineation of GAF activities, lack of a stable resource base, and inadequate performance of lending programs.

In response to these problems, the Cooperative Agreement, which embodies the goals and targets of the grant, provided support to GAF in three related areas: (1) institutional strengthening, (2) expansion of lending and training services, and (3) leveraging of funds from commercial banks for lending to black enterprises (see Cooperative Agreement, Attachment 2, Sections IV and V).

Institutional Development

Organizational Restructuring

The Cooperative Agreement required GAF to transform its staff from a loose, informal organization, to a formal organization with clearly delineated responsibilities and procedures, in order to support a major expansion in its services. The first action was the separation of the staff of Get Ahead Limited, which promoted the purchase by blacks of stock in traded companies, from that of the Get Ahead Foundation. These two related organizations were sharing staff though their functions were quite different.

A more far-reaching change required was the separation of GAF's social or community development services from its commercial services. The Agreement expressed the hope that such a separation would be the first step toward bringing the commercial services toward self-sufficiency. Specific requirements were adopting a new organizational chart set out in the agreement, appointing a Deputy Managing Director to lead the commercial activities, and establishing direct reporting from the field workers and credit officers involved in the lending programs to loan program managers in the head office. Previously, field operations had been managed by regional managers responsible for the entire range of programs. The underlying purpose of the changes was to create an appropriate structure for management of the credit operations, including lines of authority between the headquarters and the field that would support the commercial orientation of the program.

Management Information

A management information system (MIS) was required that would track the finances and performance of the grant for reporting to USAID as well as become the operating management tool for internal GAF purposes. This system was to operate manually at first, and then to be computerized as the program volume increased. The system was intended to do the following:

- Budgeting. At the time of the grant, GAF had no formal budgeting process;

- Financial management. Development of income and expense statements, balance sheets, and cost center accounting;
- Quarterly reporting on items requested by USAID including loan volume, client information, and recovery rates; and
- Tracking staff performance for the purpose of implementing an incentive pay system.

Staff Training

USAID also required staff training, aimed primarily at increasing the ability of credit program staff to analyze and assist client enterprises. Much of the training, especially for senior staff, was to be overseas. At home, GAF was directed to develop in house training on GAF policies and procedures.

Credit and Training

Stokvel Loans

The agreement mandated the creation of what is now GAF's centerpiece activity, the Stokvel Loan Program (SLP). Prior to the USAID grant, GAF had made only 210 enterprise loans, and had experienced very low repayment. The grant agreement spelled out in detail a group-based credit methodology that was expected to reach at least 7,000 borrowers during the grant period, with a recovery rate of more than 85 percent. Interest rates were established above commercial lending rates at levels expected to yield eventual financial self-sufficiency for the program. The agreement called for loans in the range of R300 to R1,000 for one-year terms.[2] It also specified an incentive scheme for field workers based on loan volume and recovery rates.

Business Loans

The agreement spelled out the mechanics of an individual Business Loan Program (BLP) that would reach the tier of enterprises between the Stokvel Loan Program and formal finance. These loans would be based on loan appraisal rather than group guarantees. Loans would be from R1,000 to R20,000 for up to five years. This program was also expected to become self-sustaining, while disbursing a total of R2.5 million and maintaining a recovery level of more than 85 percent.

Training and Nonfinancial Assistance

The agreement provided funding for training and other nonfinancial services for entrepreneurs, though it set no specific targets in this area.

---

[2] R2.75 = US$1.00 as of February 1992.

Bank Leveraging

The bank leveraging component required GAF to use USAID loan capital as a guarantee fund for loans made by commercial banks to business loan clients. In fact, USAID and GAF planned to use this mechanism for the entire business loan program, but could not specify so in the cooperative agreement because GAF had not yet negotiated an agreement with a bank. The targeted leverage factor was two to one or more (in other words, a R1.5 million guarantee fund would lead to R3 million in loans outstanding). The agreement anticipated that the bank would extend loans to borrowers upon recommendation by GAF after a loan approval process. GAF would receive a fee for its services, while the bank would keep the interest income.

Additional Concerns

USAID required that GAF address several other issues, which were incorporated as covenants in the agreement:

- To fill staff positions at all levels with blacks wherever possible;
- To promote the participation of women in GAF activities;
- To continue to seek funding from a broad base of sources; and
- To move its commercial activities as close to financial self-sufficiency as possible.

Funding

To carry out these tasks, USAID granted GAF $1.8 million in loan capital; $1.4 million to cover staff salaries, training, and expenses; and $0.2 million in equipment.

SECTION TWO

ACHIEVEMENTS AND PERFORMANCE

STOKVEL LOAN PROGRAM

GAF has achieved its most important results through the Stokvel Loan Program and, in the future, this program should constitute GAF's primary activity in the commercial area. Black communities currently need this service and all indications are that the informal sector will continue to grow as black business are ownership is no longer officially discouraged. As blacks increase their participation in the economic life of South Africa, microentrepreneurs will be the first to jump in and provide many necessary services.

GAF has overcome many unusual hardships uncommon to microenterprise programs in other countries because of apartheid and its legacy. Blacks have been systematically barred from obtaining technical or management skills, owning property, participation in civic life, and even an adequate education. This discrimination has reduced the reserves of human capital and skills available to GAF and directly affected the potential of the program to perform. Under these conditions, it is clearly more difficult to achieve high performance levels.

Against this background, SLP has accomplished a great deal. Staff and management have responded to the directives received from USAID in the grant agreement and to recommendations of visiting international consultants. The program has far exceeded the targets established in the grant agreement. Nonetheless, GAF has remained isolated from world experience in microenterprise credit management, much of which has in the last few years established performance parameters and professional program management tools that improve on those laid out in the original USAID agreement. This isolation may be partly responsible for some of the weaknesses in the program discussed below. Greater exposure in the future to successful microenterprise programs in Latin America and Asia could help GAF address some of its current shortcomings, set more ambitious goals and targets, and establish more appropriate performance standards.

The evaluation team examined the Stokvel Loan Program's accomplishments and performance in several areas: loan activity, promotion, disbursements, follow through and collection procedures, loan administration and reporting, sustainability of the loan activity, technical assistance provided to GAF, and the strength of GAF's relationships with financial institutions. Finally, the evaluation team addressed the extent to which GAF has responded to the recommendations contained in the 1989 Intermediate Assessment.

Accomplishments to Date

GAF, through its Stokvel Loan Program, has provided over 10,000 black entrepreneurs with financial services and a sense of belonging to a support organization. These entrepreneurs, many of them with newly established businesses, represent a core of important private sector initiatives within the black community and will be key in the empowerment of blacks in the future. GAF has already made a substantial contribution to black South African economic development under very difficult circumstances and general conditions of isolation from the world experience in related matters. It has successfully built upon a pre-existing informal financial mechanism (*stokvel* savings schemes) to channel credit to microenterprises and has put together a dedicated black management staff to direct the program. It has laid the basis for a far larger program in the future.

SLP has far exceeded original expectations with respect to the number of businesses reached. It has advanced 12,658 loans totalling almost R6 million in four years, compared to the 7,000 loans projected in the original project agreement with USAID. It extended 727 loans in 1988, 1,909 in 1989, and 2,309 in 1990. It experienced dramatic growth in 1991 with 7,717 loans to borrowers. GAF has expanded its presence to 22 black townships located in and around most of the major urban centers of South Africa. All field offices report great unmet demand and have substantial numbers of loan applications pending (Table C1).[3]

Most of the loans have gone to retail activities. Hawkers make up 51 percent of the borrowers while other retailers make up another 20 percent. Tiny manufacturing firms received 21 percent of the loans and service providers received about 7 percent (Table C2). These percentages approximate the composition of the informal sector and do not reveal any strong bias of the program to assist one group over another. Over time, GAF should expect the service sector to grow relative to the commercial sector as more black businesses become established in the townships.

The field workers interviewed expressed a clear bias in favor of assisting women because they viewed them to be more responsible with their credit obligations. Ninety- four percent of the businesses financed by SLP existed prior to the loan while 6 percent were for business start-up. This again reflects GAF's credit policy. Borrowers generally fall into the 30-49 year age bracket (64 percent). They employ 8,733 full-time and 5,294 part-time workers (Table C3).

By December 1991, GAF had a current portfolio (loans outstanding) of R3,618,820, more than tripling its 1990 year-end balance of R1,060,609 (Table C4). During 1990, GAF doubled the size of its portfolio, growing from R554,000 in December of 1989 to R1,060,609 at the same point in 1990. This expansion, especially during 1991, was achieved by opening up new areas of operation. Sixty percent of GAF's current portfolio is located in new areas or in areas where the rate of portfolio growth in 1991 was explosive (ranging from 445 percent to 2,387 percent). Eighty-three percent is located in both the explosive and high-growth areas (72 percent to 115 percent), leaving only 17 percent in the slow growth areas (14 to 23 percent). In fact, a substantial portion of the current portfolio was generated in areas opened or expanded between March and September of 1991 (Table C4).

Most borrowers in GAF are in their first loans. GAF has made only 1,834 repeat loans for a total of R1,273,700 since the program's inception in 1988 out of a total of 12,658 loans for R6,000,000 (Table C5). We could not separate the amount represented by repeat loans in the current portfolio, but it is probably not more than R800,000, extrapolating from the quarterly disbursement tables provided by GAF.

---

[3] Tables are found in the annexes; the letter prefixed to the number of the table indicates which annex the table is in. In this case, this Table 1 is in Annex C.

Current status of the Stokvel Loan Portfolio

Recovery Rates

GAF has performed within the recovery rate parameters indicated in the Project Agreement with USAID. The agreement set as a goal an 85 percent recovery rate for the SLP. Through December GAF reports a recovery rate of 90 percent (Table C6). Closer scrutiny reveals that the recovery gap between amounts due for recovery on a quarterly basis was greater than that reported on the "since inception" portion of the report. Adding up all of the quarterly differences produces an additional "loss" of R155,000, which if included in the recovery rate would decrease it to 86 percent. However, this is still above the target rate established in the initial agreement.

Future Challenges

Given the improved environment for black enterprise development, GAF can now set higher standards for its future program. It can establish more ambitious goals and targets to ensure that it achieves the all-important goal of sustainability. The very best programs in Asia and Latin America have recovery rates approaching 100 percent and most good programs exceed the 95 percent level. These levels are essential for programs to attain financial self-sufficiency in their credit operations.

Recovery rates are only one measure of the quality of the lending activity. Over- reliance on this measure, in the absence of other loan portfolio quality indicators, can mask the actual position of a loan portfolio. As GAF works toward the goal of sustainability, it will be important to introduce new, sharper measures of performance.

To demonstrate the importance of such performance measures in understanding the true situation of the SLP at any one point in time, the evaluation team carried out a standard analysis of portfolio quality. Analysis of delinquency rates suggests that rapid growth has disguised a substantial deterioration in the quality of the loan portfolio. Delinquent payments now represent almost 20 percent of the current balance outstanding (current portfolio) (Table C7). Seventy percent of the borrowers are late with their payments and the outstanding balance of their loans makes up 60 percent of the total loan portfolio. Even if we adjust for payments deposited in the bank but not posted to individual accounts, and for theft of loan payments that were not able to be credited to clients accounts, more than half of the SLP loans have some repayment problems. Around one-third are already two payments behind (loans over 30 days late) (Table C7). This is particularly worrisome in a program depending on a group methodology and not on real collateral guarantees, because once the group mechanism fails, chances for loan recovery fall off dramatically.

Stokvel Loan Program Summary
(GAF data as per December 1991)

Total loans made	12,658
Total amount disbursed	R6,000,000
Current value of loans outstanding	R3,618,820
Payments 30+ days late	R 481,238 (13 percent of total payments due)
Balance of loans with payments 30+ days late	R1,288,904 (36 percent of total outstanding loans)

The data on SLP show considerable variability among townships in performance, especially in relation to delinquency (Table C7). Analyzing the proportion of the portfolio at risk across townships shows:

- The total at risk portfolio (over one day) ranges from 7 to 95 percent;
- The over-30-day at risk portfolio ranges from 0 to 77 percent; and
- The over-90-day at risk portfolio ranges from 0 to more than 50 percent.

Some townships have a relatively recent problem, with high total at risk portfolios but very little over 90 days: Bushbuckridge, Umlazi, Mambisa, Walmer, Soweto, Zwide, and Motherwell. Others appear to have developed problems early on and are in jeopardy: Tembisa, Mamelodi, Acornhoek, Thulamahashe, Mdantsane, and Kwamashu. Only Katlehong, Sebokeng, and Monti are performing at a high standard of loan quality. Kwazakhele, Atteridgeville, Uitenhage, Evaton, and Garankuwa could be brought quickly to this standard. This means that only R1,064,561 of the current portfolio of R3.6 million is (or could be) performing up to high quality international standards. The remaining portion is performing poorly, with at risk amounts for over 30 days exceeding 30 percent (Table C9).

To attempt to understand the differences among townships the evaluation team grouped them by different variables. First, we tried to see if the first townships to participate in the program performed better or worse than the later entries (Table C8). We found that the oldest branches performed slightly worse than average (39 percent at risk over 30 days) and the newest performed better than average (20 percent). The worst performers were those formed in the third year (49 percent).

Townships were also ranked by region. Since each region is generally supervised by a midlevel manager of some sort, this is a proxy for measuring management effectiveness. The only two regions where performance varied substantially were Port Elizabeth, which had an at risk portfolio over 30 days of about 22 percent (average is 36 percent), and the East London/Natal regions, which had 47 and 44 percent respectively.

No matter how the townships were grouped, they showed performance variability within each group. The conclusion is that the performance in each township depends almost exclusively on the field worker assigned to that township, especially when we observe that field workers are assigned one township each. Only Port Elizabeth showed better than average performance and smaller variability among townships in the region. This suggests that Port Elizabeth is better managed as a unit and that in the other regions field worker supervisors do not impose sufficient quality control on field worker performance. This will be discussed in a later section on credit administration.

The experience of microenterprise programs in other regions suggests future performance parameters for GAF with respect to delinquency rates. High-quality microenterprise credit programs using the solidarity group methodology elsewhere run delinquency rates (1 day or more) of less than 5 percent. At risk portfolio (1 day or more) does not normally exceed 10 to 15 percent, even in the difficult month of December. At risk portfolio of 30 days or over would not normally exceed 5 to 7 percent. The best programs perform even better.

Currently, GAF has suspended all new loans until they improve their recovery rates. Although GAF should be commended for recognizing its problem and taking some action to bring it under control, this particular response could be counterproductive and actually worsen the situation if continued. For example, when clients with a good repayment record do not receive a renewed and larger loan as promised when they entered the program, the program runs the risk of discrediting itself and revealing that it is in trouble. Word gets out, and other borrowers may decide not to repay since they believe the program will not keep its promise of another loan. Delays in disbursements to clients whose applications have been approved can also lead to perceptions and circumstances that lead to eventual repayment problems. Either way, suspending disbursements wholesale as a response to delinquency should only be an unannounced and temporary policy accompanied by an aggressive campaign by the organization to correct defects quickly. GAF should pursue this strategy.

Outreach Systems, Promotion, Appraisal, Selection, Disbursement, and Collection

Outreach and Promotion

GAF manages its group lending methodology well. It has good relations at the community level, although earlier problems that arose with the dismissal of the regional managers could indicate an overdependence on key field workers for these relationships. GAF has more demand for its services than it can effectively handle, evidenced by the piles of pending applications in the field offices.

Appraisal and Selection

It was not possible to determine whether field workers actually visit potential clients to verify pertinent data on their businesses since GAF has temporarily suspended disbursements. All field workers interviewed said that they visit clients in this verification process, but it appears that little data collection or analysis occurs in these visits.

To enhance the impact of its Stokvel loans in the future, GAF might consider introducing some business analysis in the SLP and tying loan amounts more directly to a perceived capacity to repay. At the moment, most Stokvel loans are very small and increases for repeat borrowers are based on semiautomatic criteria. We observed cases where businesses could have absorbed considerably larger loans from the beginning without significant risk. The problem for GAF is that it should not raise initial loan amounts until its staff is better trained in basic loan analysis. Many successful microenterprise programs do minimal loan analysis with each operation. In Section Two on the Business Loan Program, we discuss the possibility of raising the Stokvel Loan Program ceiling.

Another future alternative would be to have the Stokvel Loan Program groups save during a period of three to six months prior to receipt of the credit both to establish a savings fund to cover emergencies during the loan to maintain a perfect repayment history, and as a demonstration of the payment level they can safely afford. The loan payments could be based on the savings rate. This would also have the effect of delaying entry into the program and testing the groups before they actually receive credit. Given the history of *stokvels* in South Africa, this suggestion might provide an important alternative strategy to increased field worker credit analysis training.

Disbursement

The disbursement method currently used by GAF's Stokvel Loan Program is adequate. One suggestion would be for the program to bring groups of groups together in activities such as loan disbursements to create more of a sense of belonging on the part of the borrowers. Ultimately, this could improve repayment performance.

Collection

The recent decision to ask borrowers to repay through the bank branch offices will take payment receipts out of the hands of individual field workers and reduce the possibility of mismanagement. Up to this point, GAF has paid a high price for directly handling payments. Although this decision has clearly been taken by the head office, not all field offices have implemented this change. The evaluation team observed considerable payment activity in many branches. The head office should insist on implementing of this policy.

One difficulty is that in some cases the branch office of the bank is not located near a GAF office. Given the importance of transaction costs, GAF should make a concerted attempt either to locate its branch offices closer to the cooperating bank's branch offices, or to change to a bank whose branch office is closer to GAF's branch office. For example, the GAF branch office in Port Elizabeth is 17 kilometers from the bank branch where they would have borrowers repay. That will potentially harm payment performance because borrowers will not wish to go to both the bank and to GAF with the receipt. Similar, though less difficult situations were found in other branches. Ideally, the bank branch should be located near the GAF branch.

Credit Administration

The evaluation team found shortcomings in GAF's credit administration both in the field and at the home office. As discussed above, portfolio performance varies greatly by area, basically as a function of the field worker in charge of that area. The team's visits to field offices revealed an inadequate credit administration system accompanied by a passive attitude about loan collections. Significant exceptions were found in field offices with far better than average performance (Port Elizabeth, Garankuwa), reconfirming the basic conclusion. Better systems and attitudes were found in offices that had higher than average performance.

Garankuwa, for example, has an-up -to-date register that tracks precisely the amounts due on a daily basis, records the payments actually received, and could serve as the basis for calculating recovery rates instantaneously. Only one other branch office visited by the evaluation team had such a system. In Port Elizabeth and Garankuwa, the evaluation team found an aggressive posture on loan collections by some field staff, which was absent in other field offices. Some field workers suggested that they did not worry about collections until they were told to do so by the head office or until the loan was 120 days overdue.

The evaluation team did not find consistent credit administration procedures, actively enforced and accurately reported. Such procedures did exist earlier, but they appear to have been abandoned during the recent rapid expansion. Interviews with field workers revealed that some are not fully aware of their role and responsibility with respect to credit administration. Similarly, some supervisory staff are not aware of the overall quality of their portfolio or their responsibility in obtaining those results.

The key to good performance in effective credit programs is a highly motivated staff, with an aggressive collections posture and immediate access to loan performance information. These ingredients are obtained primarily through effective and intense training processes, creation of internal competitive spirit among productive units, effective support and supervision of field staff and a strong institutional commitment to information systems (not necessarily computerized). GAF must seek to develop and maintain these systems and to keep staff with these attributes.

Currently, GAF lacks adequate internal controls to detect theft and fraud. Considerable amounts have already been lost because of this shortcoming. Effective credit administration would reduce these opportunities. GAF seems understaffed in the administrative area in tasks related to portfolio management. A misunderstanding about where to cut costs may have led to this situation. At the end of the day, too little administrative control leads to other types of losses that may be greater than the cost of the controls.

GAF has moved to correct these deficiencies by asking borrowers to pay in the bank, reorganizing the filing systems, adding one more position in the accounting department for SLP, and closing down areas that perform badly. The evaluation process itself spurred GAF to review its performance in administration and undertake immediate steps to remedy its deficiencies. The program manager, who has formal accounting training, understands and shares the evaluation team concerns and had already undertaken to improve performance in this area. The evaluation team can only commend GAF for its openness to these important issues and its aggressive posture towards improving its systems. This bodes well.

At the same time, current program management will need considerable support from the Board, international microenterprise credit management experience, and local consultants to turn the present situation around. With its current staff, GAF can start reinstating many of the procedures with which it started three years ago. It should go back to the basics.

Personnel and Staffing Structure

The staff structure of SLP is in transition. GAF is experimenting with a structure that more closely resembles a traditional branch office in Port Elizabeth. The team hopes that the approach of creating productive units whose results can be objectively measured and compared to other units will proceed with maximum speed and serve as the basis for reorganizing GAF's field staff. Currently, there is disarray due to the firing of corrupt field workers, promotions of credit officers, and other administrative changes and four or five supervisory arrangements for field workers. GAF realizes the need for one system and is in the process of making this important change.

The evaluation team found staff appropriate for the task assigned. They seemed to have the basic human relations skills necessary to the SLP. There appears to be an adequate number of field workers for the current number of active groups. The average number of groups per field worker (71) falls comfortably within the range observed internationally (50 to 120).

The weaknesses in credit administration are related to inadequate training of field workers, supervisors, and managers in portfolio management. Better staff training in credit analysis, loan performance and tracking, collections, and basic administrative procedures could help to improve performance considerably.

Relationships with Financial Institutions

Unlike the Business Loan Program, the Stokvel Loan Program does not depend on sophisticated relations with financial institutions. It disburses funds through banks and has begun requiring payments to be made through banks. Neither of these operations require more than an administrative relationship between the local GAF branch and the local bank branch. No funds are leveraged in SLP.

Through SLP, GAF may be missing an opportunity to take full advantage of the savings base of the traditional *stokvel* concept. Although the program requires (with varying degrees) Stokvel members to save regularly, there has been limited effort to enforce the requirement that these funds be saved in the bank. Borrowers seemed quite willing to voluntarily save, even beyond the program's requirements. In the future, GAF could develop a considerable savings program that would provide GAF greater security for its own loan portfolio and ensure better borrower selection. It could provide borrowers with an emergency fund and leverage with banks.

GAF should define more clearly the role of savings in SLP and maximize the impact of this component given the active involvement of its clients in informal savings systems. Many borrowers interviewed currently participate in other *stokvels* or burial clubs.

Technical Assistance Provided to Program

International consultants have been active in advising GAF on program design, implementation, and management issues. GAF has responded to their advice, which has contributed to the development of an effective methodology for delivering group credit. Written consultant reports pointed to many of GAF's strengths and weaknesses. However, they did not place GAF in the context of performance standards for these types of programs worldwide. Recommendations, while appropriate in most cases, did not address key needs such as manual information systems, accountability of field staff, and analysis of and attitudes about loan recovery. Most importantly, the international consultants did not successfully break GAF's isolation from the international experience in microenterprise credit management.

Local consultants have worked primarily in the management and information systems areas and have undoubtedly contributed to an improvement in GAF's administration. Nonetheless, basic systems remain weak, both conceptually and practically. A review of documentation on the consultancy process indicates initial success at the design stage but less success with implementation. This is particularly true for the loan tracking computer program that seems to have failed in the programming phase.

Input by someone who could recommend systems design based on the international microcredit management experience could have saved a reinvention of the wheel. In any case, based on the limited documentation available, it is particularly difficult two or three years after the fact to determine the exact causes of shortcomings in the management and information systems area and to what extent the local consultants were part of the solution or part of the problem (see Section Four).

GAF's Response to the Midterm Evaluation

The recommendations of the midterm evaluation had three major thrusts. The first was that GAF needed to strengthen and clarify the organizational structure implementing the SLP. Although GAF has taken several steps to respond to this recommendation, the program continues to suffer from supervision problems and lack of clarity of supervisory staff about their roles. The evaluation team found a wide variety of supervisory arrangements in operation, but only one of them was particularly effective.

A second thrust was the need for SLP to grow to reach financial self-sufficiency. The program grew and exceeded the necessary break-even levels. However, partly because of loan delinquencies, the program has not achieved self-sufficiency.

The third thrust related to strengthening the natural complementarity of the Stokvel and Business Loan Programs by promoting the graduation of SLP clients to BLP. Shortcomings in the overall performance of the Business Loan Program (discussed below) led to a natural and appropriate reluctance of GAF to do so.

In general, GAF tried, but not entirely successfully, to respond to the recommendations contained in the midterm evaluation. Problems identified in 1989 related to organization, administration, and supervision remained in 1992.

BUSINESS LOAN PROGRAM

The Business Loans Program began in January 1989 with the signing of an agreement between GAF and Standard Bank of South Africa (SBSA). This agreement was radical when initiated and both GAF and SBSA deserve to be commended for the good faith and good intentions it embodies. GAF has given BLP its best efforts but, unfortunately, it has not been wholly successful. GAF has managed to disburse a significant number of loans in a very difficult market during the past three years, but the cost and quality of this lending indicate that the program should not be continued. In the view of the evaluation team, GAF should consider winding up BLP and concentrating its efforts on the Stokvel Loan Program where the characteristics of the market are more clearly understood and where a more workable methodology has been developed.

Accomplishments to Date

Under the original target, BLP was to have disbursed R4,000,000 by September 1992. However, since BLP did not start until almost a year and a half after the USAID agreement was signed, achievement of this target was considered unrealistic and it was revised downward to R3,000,000 (based on a 4:1 leverage of the R600,000 collateral). Even so, the results of the BLP program have been less than expected:

Business Loan Program Summary
(GAF December 1991 quarterly report)

Loans made	373
Total amount disbursed	R1,504,560
USAID funds advanced to guarantee lending	R 600,000
Current number of borrowers	308
Current value of outstanding loan portfolio	R 977,473

Although the results have been disappointing, this is not to say that the BLP has had no impact on the black business community. A total of 373 borrowers have received loans since the inception of BLP and most, if not all, lack affordable options for credit.

Current status of the Business Loan Portfolio

Based on several objective measures, the quality of lending under BLP has been poor. According to SBSA data as of January 1992, 60 percent of the amount owed to GAF is delinquent (defined as amount owed to GAF that is more than 30 days late as a proportion of total amount owed) (Table D1). By the Bank's count, 192 (70 percent) of the current 276 clients are in arrears more than 30 days:

Current status of Business Loan Program Portfolio
(Standard Bank data as of January 13, 1992)[4]

Current number of borrowers	276
Current value of outstanding loan portfolio	R788,356
Number of current borrowers 30+ days in arrears	192 (70% of current borrowers)
Value of outstanding loan portfolio at risk (30+ days in arrears)	R473,014 (60% of outstanding loan portfolio)

To date, SBSA has called on GAF's guarantee to the extent of R269,640 in payment of bad loans, all within the last year. GAF has been able to pay these calls on their guarantee from interest earned on the R600,000 pledged as collateral. The Bank also believes that at least another R95,000 of the existing loan portfolio is bad. The sum of the loans paid out by GAF to date and the amount that SBSA still thinks

[4] The discrepancy in the data on the number of current borrowers and the value of outstanding loans is explained by different sources and dates of information. Unfortunately, the evaluation team was unable to determine which, if either, of the figures were correct.

should be written off equals R365,000 or almost 25 percent of the funds advanced to date. The poor repayment is likely to continue. Once loans are 30 or 60 days late it is very hard to get them back on track. Fully 40 percent of the loans outstanding are more than 60 days in arrears.

The evaluation team recognizes several problems with respect to the accuracy of the Bank's records on BLP. However, the Bank's records are still better than GAF's. The fact that GAF does not have its own method of keeping track of the principal amounts outstanding and the degree of late payments is a symptom of the lending problem within GAF. There can be no doubt that the loan portfolio is not good and getting worse.

Further analysis shows that the larger the loan portfolio and the longer the program has been operating in an area, the poorer the quality of the loans outstanding. New loans tend to repay well at first, but deteriorate over time. This same phenomenon is observed in the Stokvel Loan Program, but to a lesser degree.

Quality of Business Loan Portfolio

Area	Years of operation	Current value of outstanding loans (Rand)	Portion of outstanding loans at risk (30+ days in arrears)
Sebokeng	3 years	199,887	64%
Mamelodi	3 years	156,868	48%
Garankuwa	3 years	131,997	73%
P. Elizabeth	2 years	129,258	69%
Soweto	2 years	94,296	55%
Uitenhage	1 year	57,441	52%
Tembisa	1 year	18,609	26%

Sustainability

The BLP is still far from covering its costs and it is unlikely to do so without further increasing the already unacceptably high delinquency rate. This is discussed further in Section Four.

Leverage

The BLP has been unable to leverage its collateral past the 1:1 level. SBSA has indicated that is not interested in increasing its exposure to this type of lending. Considering the losses to date and the poor quality of the existing loan portfolio, this is not surprising. Through BLP, GAF has been unable to convince SBSA or other South African formal sector banks that black-owned small businesses are good credit risks. By running a credit program with poor repayment performance, GAF may even be running the risk of confirming the biases of the formal financial sector toward these borrowers.

Reasons for Poor Performance of the Business Loan Program

Lack of good data hindered the evaluation team's efforts to analyze the performance of BLP. The following comments, therefore, are not the result of rigorous analysis, but rather a summary of conclusions based on interviews with staff and clients and team members' own experiences with the practical operation of small- and micro-scale credit programs.

Low Volume

The first issue with respect to the low volume of lending in the BLP relates to the demand for the product offered. It is not obvious that term loans are the kind of loans that black small businesses need. Term loans are most often used by the manufacturing sector to purchase fixed assets. However, only a small portion of black businesses are in manufacturing. Many of the clients interviewed during the evaluation were using their BLP loans to purchase inventory and they should have been able to manage a much shorter repayment schedule. Three quarters of the BLP borrowers were engaged in retail businesses, hawking, and service enterprises. Their inventory typically turns over two or three times a year and their margins should have been adequate to service the debt over a shorter term.

The second issue with respect to the BLP's low volumes is that there may be a shortage of viable lending opportunities. Whereas a large number of businesses may need a loan, many may need other basic inputs even more. Considering the short time period that most blacks have been allowed to operate businesses, future research might show that the real demand for credit at the BLP level is lower than commonly assumed.

Poor Loan Quality

There is usually more than one reason for the poor performance of a loan. The following factors have contributed to the high volume of BLP loans at risk.

- Lack of rigorous credit assessment. Peer group lending is a distinct methodology that banks know little about, but individual lending is something that banks have been doing for centuries and some basic skills have been accumulated in the process. The type of lending that BLP has carried out is much closer to standard banking than GAF might admit. Unfortunately, GAF staff members were not adequately trained as credit officers in the standard sense of lending. Assessing the credit worthiness of a client has been described as a process of evaluating four Cs: character; capacity (the range of skills, assets, plans, staff, and so forth in the business); capital (the amount of the client's money at risk); and collateral. In the absence of collateral, which the BLP did not require (probably a mistake in itself), GAF should have analyzed the remaining three Cs more rigorously. This was not done. The analysis of borrowers was often light and involved simple guesswork with respect to important issues such as future sales.

- Too little client contact. Once a loan was made, there seems to have been little follow –up until the loan was in arrears. As a result the BLP credit officers did not get to know the businesses very well nor were they able to see problems coming before they became serious.

- Inadequate monitoring of the loan repayments. Both GAF and SBSA share the blame for the poor quality of information provided to the field staff. SBSA did not consistently provide summary reports on the payments made by BLP clients, although it did provide daily summaries of all loan account transactions. GAF could have used this information to follow up the day after a payment was reported as missed to determine what actually happened. Field officers looked to GAF headquarters for information but did not receive it in a timely fashion (delays of over a month were found). SBSA and GAF should have addressed the issues with respect to loan portfolio monitoring early on.

- Poor quality control. GAF staff appeared to consider late payments acceptable. One client said that GAF did not pressure him to pay and was more understanding than another development bank. Although borrowers were paying directly to the Standard Bank, they never saw the banker responsible. When the loans became delinquent it was GAF, not bank staff, that visited the client. Nor did Standard Bank send out overdue payment notices, as required. The clients, therefore, viewed the program as an initiative of GAF, which they may have considered to be a "soft lender."

  Poor quality control also resulted from GAF's tendency to blame the bank for its problems rather than taking steps within its power to solve them, and from the limited involvement of the Bank's senior management in controlling the program. This limited involvement may have been due to the relatively low risk of the activity for Standard Bank and to the undefined management responsibility within the Bank for the product.

Summary

In spite of the genuine efforts by everyone involved in BLP, GAF has not developed a strategic advantage in lending to the small business sector. To survive in this business, GAF would have to figure out either how to offset its risks or cover its costs, preferably both.

An example of a strategy to offset risk is the peer group lending methodology that has proved to be appropriate for lending small amounts of money without collateral in many contexts. There is nothing that suggests that GAF has made a similar methodological breakthrough for its larger loan product.

Other examples of strategies to offset risk are found in South Africa with the Independent Business Enrichment Center (IBEC) in East London and Standard Bank in Cape Town which lend or plan to lend to black entrepreneurs who have participated in a strong general business course or a particular skill training. Client training will be used to preselect businesses for viability. These strategies may or may not work, but the organizations involved realize that they must do something to improve the chances of lending to businesses that will survive and prosper. The desire to lend to a target group that does not have access to credit is not enough to ensure success.

With respect to a strategy for covering costs, GAF followed advice offered by the midterm evaluation that suggested that larger loans with less analysis and less follow-up would improve the prospects for self-sufficiency within BLP by reducing administrative expenses. Unfortunately, this strategy contributed to a decline in the quality of the loan portfolio because it exposed GAF to riskier loans even while it relaxed the controls needed to maintain good client performance. GAF did not test any other strategy for covering its BLP lending costs.

BLP is actually somewhat closer to paying its operating costs than the Stokvel Loan Program: 38 percent of the costs of the Business Loan Program are covered by cash income compared to 30 percent of the costs of the Stokvel Loan Program (Table F1). It is unlikely, however, that GAF's income from the Business Loan Program can be increased significantly without a further deterioration in portfolio quality. Thus, it is a long way from becoming self-sufficient.

Recommendations

The evaluation team recommends that GAF wind up the Business Loan Program, but that it do so in a careful and controlled way. Key considerations for GAF in ending up the program include:

- How can GAF recover funds now outstanding if they do not make any more loans? One of the strongest reasons for a borrower to repay is that he or she will likely need another loan in the future. If the lender is going out of business there is no incentive to complete payments on an existing loan;

- What can GAF do for its good clients who may be depending on them? GAF has some good clients who would still have difficulty going to a bank for a loan;

- What can GAF provide to clients whose loan requirements exceed the amounts available from the Stokvel Loan program? One of the theories of BLP was that these larger loans would be available for Stokvel clients who graduate beyond the group lending program; and

- What will happen to the credit officers now responsible for BLP?

GAF should not let anyone realize that the BLP is being discontinued. All clients should be pressured to repay. Those who repay well over the remaining loan term could be offered the incentive of becoming eligible for a new loan from GAF if they form a *stokvel*. This would require an increase in the Stokvel Loan Program limit to perhaps R5,000. This new Stokvel program limit would accommodate a good portion of the existing BLP borrowers, because the average BLP loan is R4,100. Raising the loan size ceiling of the Stokvel Loan Program is also discussed in the later section on sustainability.

Good borrowers with larger loan requirements could be introduced to SBSA or other formal lenders with the BLP repayment record as a credit reference. SBSA has discussed this form of introduction and may be amenable to such an arrangement. But to prove the credit worthiness of its BLP borrowers, GAF will have to improve its record keeping for remaining payments. Similarly, the SBSA will have to improve its monitoring and administration for this level of loan if it wants to take over GAF's graduate clients (bank management has expressed a commitment to this kind of system redesign). Credit references are not a sure thing, but banks generally look more favorably at a potential client who has a proven loan repayment record. There may be a real opportunity to get some of GAF's clients into the banks via this transfer concept.

If GAF recovers all or any of the R600,000 on deposit with SBSA, then these funds should be made available for loan capital under the Stokvel Loan Program, not for operating costs.

TRAINING AND MARKETING ASSISTANCE

The original grant agreement provided $288,500 for client and staff training and $115,000 for marketing activities. Training funds included $86,500 for the training manager's salary, $142,000 for other program implementation costs, and $60,000 for staff study tours and travel. Marketing support included $75,000 for staff salaries and $40,000 for program support.

Client training and marketing activities initially were carried out by two separate departments. These departments have now been consolidated into one unit, which is staffed by a manager, a training assistant, a technical skills trainer, and a training and donor liaison officer. The staff position for marketing currently is vacant. The training department initially had responsibility for staff training, but individual department heads now assume primary responsibility for this function.

Client Training

GAF's client training activities focus on three areas: business skills, technical skills, and institutional development.

GAF's **business skills** training focuses on strengthening basic skills through courses on costing and pricing, business management, record keeping, marketing, and time management. During the past year, GAF also conducted courses on the new value added tax. GAF also has a mentoring program that links small business owners with large business operators who provide advice in areas such as record keeping, identifying customers, quality control, and problem solving.

The **technical skills** division started in January 1992. Its first activity will be a course in auto mechanics, which will be tested on a pilot basis in Atteridgeville. Future expansion into other sectors and geographic areas will be based on the experience of this course.

The training department also offers training to other organizations as part of GAF's **institutional development** program, which aims to strengthen the capacity of other community-based organizations to initiate *stokvel*-like programs.

USAID funds have supported the business skills training. The grant agreement does not specify any objectives or program activities for this activity, so the evaluation team did not have express targets or expected outcomes against which to assess the program. Nonetheless, the following sections review the accomplishments of business skills training and identify issues for GAF to consider in the context of future program development. It should be noted that the evaluation team gave somewhat less priority to the training component than to credit activities because GAF has planned a major review of the business training program in collaboration with the Konrad Adenauer Shiftung in March 1992.

Accomplishments of Business Skills Training

Between 1988 and 1991, GAF provided business skills training to 3,672 clients (a majority of whom are credit clients) through seminars in the 22 geographic areas where GAF provides loans. This comprises roughly one quarter of all loan clients. Training is based on modules and materials developed specifically by GAF's training department. One example is a high-quality video tape and accompanying workbooks on costing and pricing produced by GAF in cooperation with the Pretoria Rotary Club. This type of innovation has been well received by seminar participants. GAF has also organized one-to-one mentoring for a smaller number of clients.

The business training is valued by the clients who have participated. It addresses fundamental management problems of microentrepreneurs and its approach is appropriate to the experience and knowledge of the participants. Although the evaluation team was not able to attend any training courses during the review (as none was scheduled), other GAF program staff have praised the quality of the training and enthusiasm of participants. The training manager and other training staff clearly exhibit a high degree of commitment to their work.

Assessment

Some current issues related to business training identified by the evaluation team are listed below.

- **Effects**: Although training participants interviewed by the evaluation team viewed the training positively, GAF does not have baseline data on its clients, nor a system to monitor and evaluate the quality or effectiveness of its business skills training or mentoring. In a client survey conducted by the evaluation team, we interviewed 32 GAF borrowers who had participated in the business skills training and 85 borrowers who had not. The findings did not reveal any major difference in skill levels or changes in management practices between the two groups. Nor was there any noticeable difference in change in business performance. However, in the absence of systematic evaluation data on training impacts, it is not possible to generalize these findings. The 1989 USAID intermediate assessment recommended that GAF develop a follow-up evaluation system for the training, but this has not been done. To improve the effectiveness of the training in the future, GAF should design and implement an evaluation system for assessing training needs, impacts, and cost effectiveness as part of its planning process.

- **Program focus**: The business training addresses basic management problems common to microenterprises (such as bookkeeping, costing, and pricing). However, participants operate various types of businesses and have different skill levels. Thus, while the training they receive appears to be useful and competently delivered, its focus may be too general to solve problems particular to certain types of businesses. GAF should consider complementing its basic business training with more specific training courses that address the express problems of particular client groups.

- **Selection criteria**: GAF clients (and nonclients) self-select themselves for the training. Once a course is announced they sign up at GAF field offices when they come in to pay their loan installments. This ensures that participants are motivated, but it does not guarantee that clients are matched to the type of training they expect or need. More specific selection criteria together with courses that address training needs of particular client groups (as suggested above) could improve the relevance and effectiveness of the training.

- **Follow-up**: GAF does not provide follow-up assistance to clients who have participated in the training. Such assistance is important for reinforcing the principles and practices advanced in the training, assessing training effectiveness, and improving training modules. The 1989 intermediate assessment suggested that GAF follow up client training through an evaluation system involving structured interviews conducted by credit program field staff, but this has not been implemented. GAF should develop an appropriate training follow-up strategy in the context of the upcoming program review. However, in the view of the evaluation team, credit field workers should not be called upon to carry out this role, since it would divert their attention from critical credit operations.

- **Cost recovery**: To help to recover training costs, the midterm evaluation suggested that GAF introduce fees for non-GAF beneficiaries and charge the costs associated with training loan clients to their respective credit programs. GAF did not pursue either recommendation. The problems the credit programs have had in simply covering the costs of lending suggests that this is not a promising strategy for recovering training costs (see Section Four). Introduction of nominal client fees for training could help to partially offset costs. Donor support is available and could offset the balance. In the view of the evaluation team, training costs for GAF clients can justifiably be subsidized, at least partially, given the low income level of clients and the limited interest income generated by the loan programs. Indeed, GAF has been quite successful in attracting support from other donor agencies for its business training program (for example, Mott Foundation and Konrad Adenauer Shiftung). With a more diverse funding base, GAF is now less dependent on USAID support for this program activity.

- **Staffing**: During the grant period, most of the business training has been carried out primarily by the training manager. Not surprisingly, the midterm evaluation found the training department stretched thin, and recommended new staff if outside funding could be raised. GAF has successfully raised additional donor funds for training and has hired two new business training staff — a training assistant and liaison officer (to provide reports to the Konrad Adenauer Foundation). A highly qualified training specialist has also been hired to oversee technical training activities. This has significantly improved the staffing position of the department and provides a foundation for further development and refinement of the business training (for example, systematic assessment of client training needs, evaluation of training effectiveness, and development of new training modules that address express training needs of particular client groups).

Recommendations

During the five years of the USAID cooperative agreement, GAF's training program has expanded and diversified its funding base. A majority of support for training is now provided by the Konrad Adenauer Shiftung, the Mott Foundation, and Swiss Contact. Two of these donors (Konrad Adenauer and Swiss Contact) also give direct technical assistance, primarily in business skills and technical skills training. As part of its assistance, the Konrad Adenauer Shiftung has provided a planning grant to strengthen the training department. This will involve a major review of the business skills training in March 1992 with the aim of developing a longer-term strategic plan for the department, adding new courses, and identifying staffing patterns and funding needs. Based on the outcome of this exercise, Konrad Adenauer Shiftung anticipates providing follow-on support for GAF's business training program.

Given the interest and involvement of other donors in providing funds and technical assistance for business training, major USAID support is not necessary. Based on the outcome of the March planning exercise, however, USAID may want to consider support for some training department staff salaries. The primary rationale would be to ensure that the business training complements the Stokvel Loan Program and that the time and attention of loan program staff are not diverted to training functions.

The evaluation team further recommends that GAF address the following issues in its upcoming review of the business training program:

- Sharpening program focus: As discussed above, GAF could strengthen the impact of its business training by assessing the business training needs of specific client groups, designing courses that address these needs, introducing more specific selection criteria, and providing adequate follow-up to training participants.

- Introducing fees: Although it is unrealistic to expect the business skills training to completely cover program costs, GAF should establish a target for at least partial cost recovery through client fees. Fee payment would be an indicator of the extent to which clients value training and would help to ensure that the training is relevant and that participants are motivated. It also would enable donor resources/subsidies to be extended to larger numbers of clients. The first step is to assess full program costs. The second is to assess client ability and willingness to pay for different types of business training. The third is to experiment with different fee structures. This type of financial planning exercise will provide basic information for evaluating the cost effectiveness of the business training and help GAF determine its longer-term donor funding needs.

- Evaluating program performance: Given the changing NGO funding climate in South Africa, evaluation of program performance will be increasingly important for raising donor funds and justifying program subsidies. To help to ensure that its programs are relevant and have an impact, GAF should give priority to developing a practical system for monitoring and evaluating the effectiveness of its training (and credit) programs.

Marketing Assistance Program

The USAID grant agreement also provided partial support for GAF's marketing assistance program. The grant agreement does not specify any objectives or activities under this component. The following section reviews the general achievements and current status of the program.

Accomplishments of the Marketing Assistance Program

GAF's marketing assistance program was created in response to the legacy of legal and economic constraints that have restricted access to markets by black businesses. The objective of the program is to promote general market entry by black businesses by identifying and linking clients to new market opportunities and providing individual advise to clients. Program activities have included promoting subcontracting relationships through trade and matchmaker fairs, identifying franchising opportunities through study tours and seminars, producing a black business directory, and participating in international trade fairs and other local promotional efforts. GAF's social services department has supported the marketing division by sponsoring research on new business and employment opportunities and sponsoring several community-level business promotion and employment generation projects.

Specific examples of marketing program activities include the Matchmaker Fair and several other trade fairs organized in conjunction with the American Chamber of Commerce and the Johannesburg Chamber of Commerce to promote subcontracting between small and large businesses. In addition, GAF sponsors several trade fairs in townships such as Atteridgeville, Mamelodi, and Tembisa particularly during Small Business Week each year. GAF also facilitates linkages between small business owners and large companies on a one-to-one basis.

Another program activity has been the publication of one of the first directories of black entrepreneurs in South Africa. The purpose of this directory was to alert the business world to the existence of the small entrepreneurs listed, and to encourage big businesses to give orders and support to them. The directory was widely circulated in the business world and among embassies but there is no available information on the number of entrepreneurs who may have benefitted. GAF has also published a *Business Resource Directory* that lists marketing and other financial and nonfinancial assistance resources available to small businesses. According to recent GAF reports, sales of the directory have been low because few small businesses can afford the price and the primary beneficiaries have been larger businesses.

Assessment

GAF has experimented with a broad range of market promotion activities during the grant period. The intermediate evaluation recommended that GAF consolidate and focus its activities to achieve greater impact. Specific recommendations included better integrating the marketing unit with the loan programs; instituting a monitoring system to track the cost and impact of activities; and developing a two- to three-year work plan, focusing on activities that draw on GAF's comparative advantage as an institution, achieve greater impact, and generate revenue.

There is little evidence that these recommendations were acted upon. The marketing program still does not have a strategic plan that draws on previous lessons and experience in this area. Nor has GAF instituted a monitoring system to track the number of clients reached or the cost and impact of the activities.

Staff capacity and turnover clearly has interfered with GAF's learning process, which is critical in an experimental program. One professional staff person runs the program under the supervision of the Training and Marketing Department Manager. Two different people have held the marketing staff position during the grant period, and it is currently vacant. Thus, it is difficult to assess the marketing program's past performance, current focus, or future direction. GAF plans to recruit someone with the experience and skills to design and implement a more systematic program, but at this juncture it is not clear what shape this program will take.

Recommendations

Without a plan for the marketing assistance program or a staff person in place, it is difficult to recommend future support. GAF should give priority to reviewing the program's results and lessons to date and developing a plan for the program (as recommended in the 1989 intermediate assessment). To this end, USAID should consider support for technical assistance to facilitate the development of a strategy and focused set of activities for the marketing program.

SECTION THREE

EFFECTS OF LOANS ON CLIENTS AND THEIR ENTERPRISES

This section of the report reviews the effects of GAF's credit programs on clients participating in the Stokvel Loan Program and the Business Loan Program. In the absence of existing baseline or monitoring data, the evaluation team carried out a brief survey of GAF borrowers to identify changes in their business activities before and after the loan. The findings suggest that GAF programs have had a positive effect in enterprise growth and employment generation. The Stokvel program, in particular, has achieved significant scale and effective outreach within the communities it serves. These findings provide a strong rationale for continued support for GAF's lending activities, particularly under the Stokvel Loan Program.

BROAD EFFECTS OF PROGRAMS

Scale

To date, the Stokvel Loan Program has provided 12,658 loans to 10,824 borrowers in 22 urban and peri-urban areas within South Africa. The Business Loan Program has provided 373 loans to borrowers in eight different areas. Although the number of businesses covered represents only a fraction of all microenterprises in the country, the coverage within specific communities has been considerable. In Mamelodi, for example, GAF has advanced loans to 1,148 businesses (1,066 under the Stokvel program and 82 under the Business Loans Program). Given an estimated 3,987 small-scale businesses operating in Mamelodi (Liedholm and McPherson, 1991), the program has reached more than one quarter of all small scale businesses in this area.[5] In Kwazakhele, GAF has advanced loans to 827 businesses (722 under that Stokvel program and 105 under the Business program), or to one-fifth of an estimated 3,765 small-scale businesses operating in the community. The methodology of the Stokvel Loan Program, in particular, has considerable potential for achieving wide-scale coverage within its areas of operation.

Sectoral Distribution

The sectoral distribution of the Stokvel loans (21 percent in manufacturing, 71 percent in trade, and 8 percent in services) is roughly parallel to the sectoral composition of businesses in the areas served by the program.[6] Although a majority of borrowers are retailers or hawkers, slightly more

[5] Carl Liedholm and Michael A. McPherson, "Small Scale Enterprises in Mamelodi and Kwazakhele Townships South Africa: Survey Findings," prepared for USAID, GEMINI project, Michigan State University, January 1991.

[6] A 1990 study of small enterprises in Mamelodi and Kwazakhele shows that 17 percent are in manufacturing, 70 percent are in trade, and 7 percent are in services (Liedholm and McPherson, 1991). A 1991 study of informal sector activities in the same two communities found 8 percent in manufacturing, 75 percent in trade, and 17 percent in services (Levin et al., 1992).

manufacturing businesses are represented in the program relative to their numbers in the informal sector as a whole. This is due primarily to the large number of dressmakers among Stokvel Loan Program clients.

Manufacturers are more prominent among borrowers in the Business Loan Program (27 percent) than in the Stokvel Loan Program and than in the small enterprise sector as a whole (20 percent). The proportion of traders is lower (56 percent) and the number of service providers is at par (17 percent) compared to the overall sectoral composition of small enterprises reported in recent studies (Levin et al., 1992[7]; Liedholm and McPherson, 1991).

Gender

Both the Stokvel and Business Loan Programs have effectively reached women, who make up 91 percent of clients in the Stokvel Loan Program and 47 percent of clients in the Business Loan Program. Given that women represent one-half to two-thirds of the small enterprise labor force, they are actually over-represented in the Stokvel program (Levin et al., 1992). GAF's preference for women borrowers in the Stokvel program is also reflected in the large number of clients working as hawkers, retailers, and dressmakers — sectors heavily dominated by women.

Within the Stokvel program, a higher proportion of women are household heads (two-thirds) compared to the overall population (recent studies show that about 30 percent of all households in Mamelodi and Kwazakhele are headed by women). This reflects the importance of microenterprise income for female household heads, their high demand for credit, and GAF's effective outreach to women who are primary income earners. The proportion of female household heads in the Business Loan Program is about average for the population overall.

PROGRAM EFFECTS ON CLIENTS

The effects of the GAF loans on client businesses are less well understood. Both the Stokvel and Business Loan Programs are based largely on the assumption that if a client takes a loan and pays it back, it is likely to have had a positive effect on his or her business. However, GAF does not have detailed baseline information or a monitoring system in place to track client or business changes during the loan period. Thus, little systematic information currently exists upon which to base this assumption that the loans have a positive effect.

In the absence of monitoring information, a one-time survey of GAF borrowers from both programs was conducted. In the interviews, the clients were asked questions relating to the status of their business before and after the loan. The objective was to ascertain how clients had used their loan funds and changes in financial performance, employment, and management practices during the loan period.

---

[7] M. Levin, G.S. Horn, and T.N. Sofisa, "An Overview of the Informal Sector in Mamelodi (Pretoria) and Kwazakhele (Port Elizabeth)," Research Report Number 32, Employment Research Unit, Vista University, January 1992.

A major shortcoming of this method is that recall information on the status of the businesses before the loan is not highly reliable, particularly data on the financial position of the enterprise.[8] Also, because the survey was designed and implemented in a relatively short period of time (10 days) the sample size was limited to 114 borrowers and did not include a control group. Thus, it was not possible to isolate the effects of credit from other factors. The findings reported below, therefore, do not provide a precise or statistically rigorous picture of impacts. Rather, they are intended to offer a sketch of changes during the loan period resulting from the loan and other factors, and a basis for identifying prominent differences (if any) among groups of borrowers (for example, men and women; producers, traders, and service workers; and Business and Stokvel borrowers).[9]

Methodology

The survey covered a stratified sample of 114 past and present borrowers approximating the gender and sectoral composition of clients in each program. The client sample was selected from 7 of the 21 areas currently covered by the Stokvel Loan Program, and 4 of the 8 areas covered by the Business Loan Program. Although complete coverage of all areas would have been desirable, it was not possible in the limited time available.

To the extent possible, the sample was selected at random from computer-generated lists. However, if a particular client was not available for the interview, another client with similar attributes (in gender and sector) was substituted.

The survey questionnaire was designed with input from GAF staff members. It was pretested in Mamelodi and revised accordingly (Appendix A). GAF BLP credit officers conducted the survey with assistance from GAF SLP field workers.[10] The credit officers and field workers were trained in the application of the questionnaire over a one-day period. The survey was carried out during the first half of February 1992.

[8] Given the minimalist approach of the Stokvel Loan Program, the loan application forms have limited baseline information on the clients. The Business Loan Program does collect basic data on the financial status of client businesses as part of the loan appraisal process. However, this information has never been systematically processed or analyzed and is not readily accessible. To the extent possible, the client survey data was checked against the BLP appraisal data and adjusted accordingly.

[9] Comparisons among groups are possible since the shortcomings in the survey methodology are not likely to be biased against any of these groups.

[10] Adapted from a methodology in J. Sebstad and M. Walsh, "Micro Enterprise Credit and its Effects in Kenya: An Exploratory Study," prepared for AID AFR/MDI and S&T/WID, Ernst and Young, 1991.

Survey Findings

Use of the Loan Funds

The Stokvel clients interviewed invested the major portion of their loans in their businesses. Some diversion occurred, but less than might be expected in a minimalist program.[11] Overall, 84 percent of the loan funds were invested directly in client businesses — 82 percent for working capital and 2 percent for fixed capital. Of the funds used outside the business, 10 percent were used for savings, 3 percent were invested in other businesses, 2 percent were diverted to household use, and 2 percent were used for other purposes. Men, on average, used a larger proportion of their loan funds for fixed capital than women (19 percent for men compared to 2 percent for women). They were also more likely to divert funds for household use (Table 5).[12]

A higher proportion of Business Loan Program funds were reported to be invested in client businesses — 99 percent overall. Within these businesses, loan funds were more likely to be used for fixed capital (45 percent) than among Stokvel borrowers. About half of all the loan funds were used for working capital. Men used a higher proportion of their loan funds for fixed capital investments than women (59 percent for men compared to 14 percent for women) (Table 5).

Overview of Changes Before and After the Loan

The findings suggest that businesses in the survey sample have grown considerably during the loan period, but they have not transformed or graduated into more formal operations. Business growth is indicated by increases in sales, gross profits, income, and employment. Lack of transformation is evidenced by the limited increase in gross profit margins (the Business Loan Program clients did better on this account) and in the structure of employment (the Stokvel borrowers did better on this account). Moreover, few clients interviewed diversified their businesses, shifted the location of their premises, started new businesses, or moved from one sector to another (namely from trade or services into manufacturing). The survey results also suggest that although clients improved certain business management practices (such as the use of bank accounts), a major transformation to more formal management was not apparent. At the time of the survey, clients also continued to encounter restricted access to formal sources of credit. Business stability was indicated by the fact that 99 percent of the Stokvel clients and 87 percent of the Business clients were still operating their businesses at the time of the survey.

Financial Performance

As reported in the survey, the financial performance of the businesses in both programs improved considerably during the loan period (Table 10).

---

[11] The proportion of funds used outside the enterprise may actually be higher, since respondents are likely to have under-reported diversion.

[12] Tables are in Annex B.

- The Stokvel clients interviewed reported a 136 percent increase in average sales, a 79 percent increase in gross profits, and a 100 percent increase in cash withdrawn from the business during the loan period. Although this magnitude of change is likely to be overestimated,[13] the data indicate a positive upward trend in sales and gross profits and that increases have exceeded inflation. Moreover, these increases were experienced by most clients: 93 percent increased their sales and 87 percent increased their gross profits.

- Although the Stokvel clients reported increases in sales and gross profits, the data indicate a decline in gross profit margins. This finding must be interpreted with caution (because shortcomings in the recall information), but if there is a downward trend in gross profit margins, it is more likely to be related to increasing competition than to the loan per se. The decline in gross profit margins was not experienced uniformly by clients — 29 percent experienced an increase in their gross profit margins during the loan period.

- The Business Loan Program clients also reported increases in the financial performance of their businesses. Average sales increased by 81 percent, gross profits increased by 107 percent, and cash withdrawn increased by 92 percent. Unlike the Stokvel borrowers, gross profit margins actually increased on average by 16 percent for this group.

- Although most Business Loan Program clients experienced increases in sales, gross profits, and cash withdrawn from their businesses (96 percent, 89 percent, and 81 percent, respectively), fewer experienced increases in gross profit margins (37 percent). This is similar to the proportion of Stokvel borrowers with increases in these respective categories.

- The sample data did not indicate any major gender or sectoral differences in the financial performance of businesses in either program during the loan period.

Employment

Significant increases occurred in the size of employment during the loan period in the sample of businesses. There was also some change in the structure of employment within the SLP businesses, but not within BLP businesses.

- Counting both owners and employees, the size of employment increased by 10 percent among the 87 businesses in the sample supported under SLP (from 130 to 143) and 7 percent among the 27 businesses supported under BLP (from 54 to 58) (Table 12). This represents one new job for every R6,063 invested from the Stokvel program and one new job for every R28,201 invested from the Business program.

- Excluding owners, the average number of employees grew by 32 percent (from .50 to .66) in SLP businesses and by 28 percent (from .86 to 1.10) in BLP businesses (Table 13). Because

---

[13] The financial data must be interpreted with caution. Figures on monthly sales and cost of goods sold are difficult to measure given cyclical variations in business activity and the absence of records, especially on the status of the businesses before the loans. The "before" loan figures are likely to be underestimated. The actual magnitude of change may also be lower than represented in the data because the "after" data have not been deflated.

most businesses existed at the time of the loan, this is probably a more meaningful measure of employment generation.

- The structure of employment changed within SLP businesses but remained relatively constant within BLP businesses during the loan period. Among businesses supported by SLP, there was an increase in the proportion of wage employees (from 48 percent to 53 percent), full-time employees (from 42 percent to 53 percent), and women employees (from 58 percent to 66 percent). Among businesses supported by the BLP, the proportion of employees in these groups did not change (Table 14).

- Comparing the structure of employment between the two programs, BLP businesses have a noticeably higher proportion of employees who are full time (78 percent in BLP compared to 43 percent in SLP), wage employees (91 percent compared to 53 percent), and men (66 percent compared to 34 percent) than SLP businesses. This suggests that the quality of employment generated under BLP is probably better — and that men are more likely to hold these jobs (Table 14).

Management Practices

The survey data indicate limited change in client management practices during the loan period (Table 15).

- Within SLP, the most significant change in management practices was an increase in the number of clients who used personal bank accounts (from 68 percent to 85 percent) and who separated business and household cash (from 38 percent to 50 percent). There was also some increase in the number of clients who used business bank accounts (from 13 percent to 23 percent).

- Only about one-fifth of SLP clients recorded sales and purchases at the time of the survey and few clients improved their bookkeeping practices during the loan period. As a result, a majority of clients interviewed did not have a clear picture of their sales, the value of their stock, or their profits.

- About half of all SLP clients had problems in managing customer credit both before and after the loan.

- There was little difference in the business management practices of clients interviewed in the two programs. The most notable variation was that all BLP clients had personal bank accounts after the loan, although this was largely because it was required for participating in BLP. The only other difference was that BLP clients were better at managing customer credit. Otherwise, BLP clients were just as likely to have a separate business bank account, and actually less likely than SLP clients to keep complete records of sales and purchases, or to separate business and household cash.

Participation in Training

Among the clients interviewed, 30 percent of the Stokvel and 26 percent of the Business clients also received business skills training from GAF. Within the Stokvel program, borrowers involved in production activities were more likely to have participated in training than those involved in other sectors.

Within the Business program, borrowers in the service sector were more likely to participate than other sectors (Table 3). The training was viewed positively by these participants. However, the findings did not reveal any major differences in skill levels or changes in management practices between clients who had and those who had not participated in the training. Nor was there any noticeable difference between the two groups with respect to changes in business performance.

Other Enterprise Characteristics

Few clients in the sample diversified their businesses, moved from one sector to another (namely from trade to services or manufacturing), shifted the location of their premises, or started new businesses during the loan period.

- A majority of SLP clients operated on a full-time basis both before and after the loan (93 percent). A lower proportion of BLP clients operated full time, although there was a slight increase in the proportion operating full time during the loan period (from 78 percent to 85 percent) (Table 6).

- SLP clients were more likely than BLP clients to be operating other businesses (17 percent compared to 7 percent). There was no change in this pattern during the loan period (Table 7).

- SLP clients were less likely than BLP clients to be engaged in wage employment in addition to operating businesses at the time of the survey (6 percent compared with 19 percent). There was an increase in the proportion of BLP clients involved in wage employment during the loan period (11 percent to 19 percent) (Table 7).

- Two-thirds of Stokvel borrowers in the sample operated home-based businesses and one-third worked outside their homes. Among those working outside, 19 percent had secure fixed premises, 7 percent had insecure fixed premises, and 8 percent were mobile. There were no gender differences in the location of business and there was no change in business location during the loan period (Table 8).

- Half of the BLP clients interviewed worked within their homes, and half outside. Among those outside, 15 percent had secure fixed premises, 12 percent had insecure fixed premises, and 12 percent were mobile. Women in the BLP sample were more likely than men to be home based (77 percent compared to 46 percent). There was no major change before and after the loan (Table 8).

Other Sources of Finance

The sample survey indicates that client participation in the GAF loan programs has not significantly improved their access to formal sources of credit. Prior to the loan, about one-eighth of all SLP clients and half of all BLP clients had taken loans from formal sources, mostly in the form of hire purchase schemes. SLP borrowers were more likely to use this credit for their businesses than BLP borrowers. Client participation in formal borrowing systems did not increase during the loan period (Table 16).

The survey data probably underestimates client participation in informal borrowing systems. Recent studies (Lukhele, 1991) and informal discussions with clients by the evaluation team suggest that most people participate in one or more rotating savings and credit association, a burial society, or *stokvel*, and may use these systems as a source of finance for their businesses. The success of GAF's Stokvel program is in part due to the fact that it is modeled after a system that is familiar to most people.

A related issue is the importance of formal sector earnings as a source of finance for microenterprises generated by either relatives or microenterprise owners themselves. A recent study shows that 13 percent of microenterprise owners in Kwazakhele and 22 percent in Mamelodi are also engaged in wage employment. Economic conditions in the formal sector will therefore have a direct bearing on the capital available for the start-up, growth, and expansion of microenterprises.

SUMMARY

There were no major differences in the effects of the loans on the Stokvel borrowers as compared with the Business borrowers, although a primary rationale for GAF's initial involvement in the BLP was the expectation that higher-end businesses would have greater potential for growth and employment generation. The survey data suggest that the Stokvel businesses have experienced as much, and in some cases more, growth in sales, gross profits, income, and employment during the loan period. This supports the evaluation team's general view that GAF's comparative advantage is with the Stokvel Loan Program.

The survey findings further suggest that although credit has had a positive effect in promoting enterprise growth and employment generation, it has had limited impact in transforming microenterprises into more formal operations. Other types of interventions may be required for this, such as improving access to outside premises (a priority issue among a majority of people in South Africa's informal sector), strengthening business management practices, or promoting vertical linkages within certain sectors. GAF's training and marketing department, whose programs address these issues, can build on these findings in developing their future strategies.

The survey findings provide a compelling rationale for GAF to continue its microenterprise lending activities. In this context, GAF should give top priority to consolidating its credit management and administration systems and improving the quality of its loan portfolio to allow for future expansion of this valuable service.

SECTION FOUR

INSTITUTIONAL DEVELOPMENT ISSUES

A major emphasis of the USAID Cooperative Agreement was to strengthen the institutional capacity of GAF to deliver commercial services by introducing a management information system, moving towards financial self-sufficiency in its commercial activities, restructuring the organization, training staff, and broadening the resource base. GAF's achievements and current challenges in these areas are discussed below.

MANAGEMENT INFORMATION SYSTEM

Purpose of the System

The MIS system to be developed with the USAID funds was to track the use of USAID funding and to provide for efficient monitoring and management of GAF programs and personnel. It was to include cost centers to separate social services from the commercial services, separate branch office budgets, and track the performance of field workers to determine their incentive pay. The agreement clearly states that the information system should be first developed to operate on a manual basis. When technically feasible and necessary the GAF was to move to computerization, prior to USAID written approval.

Relevance to GAF

The key to excellent credit management, as discussed above, is an effective, accurate, efficient information system. The single most important cost reduction device available to most microenterprise credit programs is to computerize this information system. Computerization is ideal for microenterprise programs that consist of large numbers of repetitive loan and payment operations. The added complexity of attempting to respond to donors about the uses of their funds while at the same time providing management with vital performance indicators and cost breakdowns and analysis makes computerization of the information system almost a necessity.

Appropriateness of the Hardware and Software Systems

Hardware

The hardware purchased three years ago for the purpose of managing GAF's basic information systems was at the time an excellent choice. The Olivetti server runs at 20 mhz, it has a hard disk of 135 MG, and supports a network. It uses a UNIX based operating system that handles 14 dumb Hewlett Packard terminals. This equipment was state of the art at the time it was purchased. It should still be adequate to manage GAF's information needs, especially with the new hard disk.

The 286 processor that forms the heart of the system is slow by today's standards. The network would perform considerably better with a 386 processor running at 35 mhz. The 286 barely supports a network, the 386 does it very well. At some point the GAF should consider upgrading to a 386 based server and keeping the 286 Olivetti for auxiliary functions or as a backup in case of main system failure. We should be clear, however, that the present problems in the loan program are due to programming deficiencies, not hardware. If the network degrades the server too much for efficient data processing, the key long reports can be run at night when the network is down and disconnected, therefore making maximum use of the server's data processing speed.

Software

The software system, based on SCO Xenix 2.1, Infomix-SQL, and the Informix Rapid Development System 4GL for the Stokvel Loan Program could not be thoroughly evaluated in the time allotted because the system has not yet been completely implemented. The original work done on the systems in defining user requirements appears to be thorough and basically correct. The initial system may have been designed to do too many tasks and that has slowed down the final implementation. But the information to be processed and the reports to be produced all appear to be the appropriate ones. Conceptually, the groundwork seems solid.

By contrast, the design of the fund accounting system lacks key conceptual elements and is not wholly appropriate for the task assigned. A good fund accounting system should be able to summarize data in management reports that are useful for tracking the financial situation of an organization. It should also provide necessary information on a summary basis to donors about the use of their funds. The current system does neither.

GAF does not produce standard financial reports, balance sheets, income statements, or cash flows on a regular basis. It cannot produce a summary report on the status of a specific grant. It currently separates the USAID grant at a subaccount level, but not a fund level, using the cost centers to represent small operating or administrative groups within the Foundation. In its current form, the fund accounting system does not represent any particular advantage over the manual system.

Status of MIS Implementation

Visits to field offices and discussions with administrative staff indicate that GAF currently does not have even the manual systems to provide the basic management information necessary to maintain high performance standards in its credit programs. This was discussed in the earlier sections on GAF's credit activities. It was difficult to determine if an adequate MIS was ever in place because early information in the administration department is somewhat disorganized. Remnants of a manual loan tracking system were found in the field offices but in only one case was it up to date. In another case it was only a month behind. In other offices the system was not functional.

GAF's foremost task at this time is to redevelop its manual information system for tracking loan repayment performance and portfolio quality. Whatever system design it adopts, it must be strictly administered and its results highly accurate and on time. This system should include the internal controls necessary to eliminate the opportunity for fraud in the field offices. The lack of a manual information system has cost GAF in widespread delinquency (potential direct cash loss of several 100,000 rand) and theft by GAF staff (up to R100,000).

Although the fund accounting system, with all of its conceptual flaws, is implemented, the more vital loan management system is not. More importantly, the loan management system suffers from two potentially fatal flaws. First, the system is unable to process the volume of information required in an adequate time. Delinquency aging reports for medium-sized townships took 5-8 minutes to run per Stokvel. At an average of six minutes per Stokvel, it would take the program 6.5 days, running 24 hours a day, to analyze the entire portfolio. In fact, it took the system almost a week to produce the aging reports for the entire SLP. Similar reports for the entire portfolio in most similar- sized Latin American microenterprise programs run in anywhere between 45 minutes and 3 hours on similar hardware.

The second major flaw is that the data imputed into the computer system (data on the program since inception) is off by 30 percent from the data in accounting. There would be no easy way to reconcile these differences, even with an efficient program, given the way the raw data was stored in the accounting department in the early years of the program. The poor performance of the current program makes it impossible to expect the computer department to reconcile these differences. GAF will have to make a decision whether to continue with the current effort.

One alternative might be to return to a test mode using a large data set composed of two or three large townships. The programmer could be asked to respond within a 60-90-day period on smaller portions of the system, starting with the loan tracking portion. Once the program has been thoroughly tested and compiled, GAF could reconsider entering a complete data set. It should not re-enter all historical loans, however, since the information is not in good order and would never agree with accounting. The evaluation team recommends that GAF not attempt to transfer onto a computer system before 1993.

Use and Understanding of System by Staff

The staff managing the fund accounting system and the loan tracking system appear to be comfortable with their use. Their role in resolving the present difficulties with the system is less clear. The system design and programming flaws are clearly outside of their responsibility. GAF should seek further outside assistance in redesigning the computerized system, based on the revitalized and tested manual information system after it is implemented.

Extent to which MIS has improved GAF's Administrative and Management Capacity

In spite of its conceptual shortcomings, the fund accounting system has improved the management information available to the GAF Board of Directors and senior managers. The Board receives regular reports and the Managing Director regularly reviews the entire computer printout of the financial performance of different cost centers. This is an important achievement. Most of the improvements needed in the fund accounting system are at the report level, and therefore relatively easy to program once they are specified. The reprogramming should also contemplate more rigorous security measures.

The loan tracking system has actually been a detriment to the organization. It has distracted management from recognizing the inadequacy of their manual systems and allowed staff to let these systems slip in anticipation that the computer would soon be coming on line. Much staff effort has been expended on computer-related problems. Unfortunately, the computer was viewed as the solution to a problem that it cannot solve. Computers can improve the speed and accuracy of data processing, but they cannot solve the problem of poor information.

Recommendations for Future Support

Eventually, USAID should consider upgrading GAF's computer capacity and replacing the Olivetti 286. Nevertheless, this is not the top priority. Revamping the software is the first priority and USAID might try to assist GAF in securing a more effective system. The program should be developed in stages, unlike the first integrated effort. This will allow for components of the program to be developed and tested. Finally they can all be linked. This will allow the most important parts of the system to be up and running before less important parts are tackled. Simplicity should guide this process.

USAID should not need to provide major new funding for computer support, except if the branch office were to be brought onto the network. This decision, however, is two years away at best.

SUSTAINABILITY

To discuss whether the credit operations are self-sufficient, it is first necessary to agree on the following issues:

- How much income is GAF currently earning on its lending activities?
- What are the costs of providing this credit?
- How will GAF fund the growth of its loan portfolio?

Unfortunately, the answer to any of these questions in strict accounting terms is not clear because of shortcomings in GAF's financial reporting system. What follows is our best estimate of the income, expense, and loan funding situation within GAF. Our emphasis is on the Stokvel program because self-sufficiency is theoretically possible here.

Income Earned from Credit Operations

The Stokvel loans produce two sources of income that should be credited to program income and two that probably should not be included.

Service Fee

The clients pay 10 percent per annum on the full amount of the loan advanced the clients on a monthly basis. Because the principal amount of the loan is declining over the term of the loan, the effective annual rate of the service fee is 18 percent for a one-year loan (1.5 percent per month). GAF's monthly reports for the period February 1991 to December 1991 show that cash service fee amounts received range from 1.3 percent to 2.2 percent of the average loans outstanding for the month. This is confusing and raises doubts as to the accuracy of the financial reporting system. GAF reports on what they term an "accrued service fee." A summary of income and expenses for the first nine months of the 1991-1992 year shows both the accrued and the cash amounts according to GAF's own records (Table F1).

Interest

GAF charges 12 percent per annum on the full amount of the loan advanced (20 percent per annum effective or 1.7 percent per month). This income is not reported on the monthly statements. This income is being credited to a capital account with the objective of maintaining the value of the loan funds in terms of inflation/devaluation.

Interest on Clients' Funds

GAF is earning interest on guarantee funds provided by the borrowers — both the initial 10 percent required up front and the 10 percent (again effective 18 percent per annum) paid as forced savings. This interest is shown as income to GAF, which is not correct. GAF does not have the legal right to use these funds or the interest that these funds are earning because they belong to the clients. (There is a case to be made that GAF deserves a portion of the interest that it is earning because it is able to consolidate the small savings and can earn a higher rate than the client.)

In summary, GAF is supposed to be earning an effective interest rate of 38 percent a year on its Stokvel loans (18 percent which is called a service fee and 20 percent identified as interest). It is not clear what they are actually earning, but based on the amount of delinquency in the Stokvel programs the actual earnings must be less than the theoretical.

Costs of the Credit Activity

The two basic costs that a credit program must cover from interest or fees charged the clients are operating costs and financial costs.

Operating Costs

Table F2 shows the costs that GAF has allocated to the operation of its Stokvel lending program and the BLP. It can be observed that the accrued service fee income from the Stokvel program is greater than the direct operating costs associated with this lending. This is encouraging. Unfortunately, there are three other levels of costs in addition to the direct operating costs. The income from Stokvel loans currently is covering only 33 percent of the total operating cost that GAF has allocated to this activity (total costs of R1,369,000 versus accrued service fee of R449,000).

The BLP is earning 38 percent of the operating costs of providing these kinds of loans.

Financial Costs

The financial costs of lending that must be covered in order to be self-sufficient are the costs to the organization of the funds loaned. It was not possible to determine what GAF's opportunity cost of funds actually is but, as discussed earlier, GAF is receiving 18 percent a year effective interest that is not income. This 18 percent a year is sufficient in the current financial market in South Africa to cover the real cost of capital and inflation.

One cost element that is not included in this analysis is the cost to the institution of bad loans. This cost can be considered either a financial or an operating cost. GAF's cost of bad loans has not been quantified yet but once GAF's lending history has stabilized, the organization will have to build this into its costing structure.

A key issue with respect to costs of the lending programs is first controlling and then reducing the operating costs. GAF's current budgeting process is effective at controlling costs, as shown by the small variance in its budgeted and actual income and expenses. The organization now has to address the issue of how to reduce expenditures. The fact that the allocated costs of the head office represents 50 percent of the cost of the operating the Stokvel program is a surprising figure and deserves attention.

Loan Portfolio Funding

Even if an organization is able to cover all of its operating and financial costs, it will not be truly viable if it cannot attract sufficient funds to grow. We have already concluded that GAF will not be able to cover its costs in the short term, but that it will work toward that objective. This means that GAF will require operating subsidies for the short to medium term. GAF will need additional capital if it plans to grow in the meantime. As opposed to funds to cover operating or financial costs, these funds should be used to invest in fixed assets as well as loans. GAF has a limited number of options for funding asset purchase or expanding its loan portfolio because of its nonprofit status.

Grants From Donors

GAF has been successful at attracting donors. In the fiscal year ending February 1992, GAF forecast general grants of R2,621,000 and was on target for this goal as of the end of November. Table F3 summarizes the total sources of operating income forecast by GAF and also points out that the organization was expecting to receive a surplus of R1,468,000 for the year, which, as of November 1991, appeared very likely to occur. Some of this excess was used to purchase the building that GAF occupies in Pretoria. We were unable to determine how the rest of the funds were intended to be used. If GAF continues to be successful at raising surplus funds, they can be used to build up significant capital for lending. This is obviously the least expensive form of funding for loan portfolio and fixed asset purchases.

Debt From Banks or Other Sources

GAF is unlikely to attract significant debt to fund its loan portfolio in the short term because banks will not want to take the risk. The current quality of GAF's financial information would make any potential lender uncomfortable. It may be possible to borrow for fixed asset purchase against the security of the asset if GAF needs to purchase more premises or other large items. This should not be necessary considering what seems to be a very strong fixed asset situation (vehicles and premises, at least in Pretoria, should be more than adequate for some time).

Summary

GAF currently is far from self-sufficiency. Its credit operations are not covering the costs associated with these activities. GAF has required grants in the past to be able to fund its loans and to purchase premises and vehicles and other assets necessary to the work. GAF has been successful at raising the funds, in addition to those available from USAID, to cover these requirements. In the foreseeable future, GAF will continue to need both operating funds and investment capital. GAF's emphasis over the next period must be on increasing revenues for the Stokvel Loan Program, reducing the costs of this activity, and diversifying and making more permanent its sources of investment capital.

Recommendations

Increasing income

As pointed out earlier, the two options GAF has for increasing the income from the Stokvel Loans Program are to increase the average loan portfolio managed by each field office or increase the rate of interest paid by the clients.

The evaluators believe that GAF field staff can handle more clients and a higher average loan amount per client. Currently each field staff member is handling an average of 71 Stokvels (1,570 Stokvels for 22 field workers) or 355 clients. The average loan amount advanced as of September was R460 (GAF's quarterly report of September 1991 stated that 10,608 loans had been made totalling R4,867,800 in disbursements). For discussion purposes, if the number of Stokvels per field worker was 100 and the average loan disbursed R600, income from the Stokvel program would have been approximately 85 percent more for the nine-month period previously analyzed or R825,000 instead of R449,000. This level of service fee income would have covered the first three levels of operating costs shown on Table F2 and would have equalled approximately 60 percent of the total costs shown on the same table.[14]

The above rough calculations still indicate that the current service fee is unlikely to cover the operating cost of providing the Stokvel loans. GAF will have to seriously address the issue of the rate charged to clients. It may be that the service fee should be raised in the interest of the long-term viability of the Stokvel program.

Reducing Costs

GAF clearly has to reduce its costs. The summary in Table F1 suggests that costs allocated to the Stokvel Loan Program from the Head Office are particularly high. GAF may want to review how Head Office costs are allocated. The basic question to be asked in carrying out this (often contentious) exercise is whether or not the Stokvel lending could continue without the particular Head Office functions in question. At an earlier point in the report it was suggested that GAF may want to consider a distinct structure for its credit activities. Such a structure could more clearly identify the Head Office costs associated with the Stokvel program and make the analysis of the costs of this lending program more transparent, and less subject to opinion.

---

[14] The hypothetical levels for the number of clients per field worker and average loan size used above have been seen in other microcredit programs (for example, PRODEM\BancoSol) and are probably near the practical limit for this methodology.

Sourcing Funds

The success of the Managing Director and the Fundraiser at increasing sources of grants to GAF has been impressive. The market for this kind of donation is changing, however, and GAF's strategies and techniques will have to become more competitive. A growing number of institutions in South Africa do similar work, whereas in the past GAF had the field largely to itself. Donors, in particular corporate ones, have fallen on hard times and are likely to be less generous in the foreseeable future. The organizations that still have funds for economic development in South Africa (A.I.D. and IDTFC, for example) are more comfortable with a businesslike presentation than with a social- or conscience-based proposal.

GAF should begin preparing a consolidated strategic plan and financial forecast for presentation to donors. The plan should cover the next 3-5 years of operation and summarize clearly the total funding requirements in both operating and investment funds. This type of plan would accomplish several goals related to issues previously identified:

- Staff and management would have a common vision of where the institution is going;
- GAF would be on the way to directing its own destiny, rather than being donor driven as in the past;
- Donor inputs could be coordinated more clearly; and
- GAF would be competitive in terms of the professional financial image required by many of the current donors in the field.

It should be possible to build into GAF's financial plan significant funds for capitalization. Many donors are recognizing that for an institution to be self-sufficient, it must have a capital base to fund loans to clients, to invest in short term securities, and to purchase other assets.

On an operating level, the plan would build on a basic replicable operating unit. GAF is not yet at a point where this unit of production or operation is fully developed but the Port Elizabeth structure may be the basis on which this level of design can begin.

ORGANIZATIONAL RESTRUCTURING

GAF is a different organization than it was at the inception of the grant. It has more than doubled in size, and has become a much more formal structure. Contrasted with five years ago, most staff are engaged in operating the loan programs. Commercial services generally and loan programs in particular have become the main focus of the organization.

During this transformation, GAF has gone forward with the plan set out in the USAID agreement. It quickly separated itself from Get Ahead Limited. It began separating the social and commercial activities by hiring a Deputy Managing Director for commercial services. During the first two years of the agreement, the head office staff for commercial services was organized.

Separation of commercial and social activities at the field level has been a longer process. In stages, field staff originally hired as community development workers were distanced from a direct role in loan program management. Eventually, these positions were eliminated, so that at present all field staff are concerned with loan program operations. The field organization at present is lean. These changes have enabled GAF to carry out a large loan program.

The terms of the agreement have been carried out, yet the organizational restructuring process remains incomplete. The next phase of restructuring should involve the development of a systematic field level organizational unit and its replication throughout GAF's existing offices. Each field office should have a similar structure to avoid confusion regarding lines of authority, reporting, and function, and to ensure that management procedures can be standardized. Experience elsewhere has shown that refinement of model unit structures, particularly when they can be profit centers, form the basis of sound program expansion.

At present, the office at Port Elizabeth, consisting of a Branch Manager responsible for supervising both credit officers and field workers, offers the most successful model, although its success is due in part to very capable staff in that unit. This is the place to begin in developing a model.

An important observation regarding GAF's organizational transformation is that while commercial services have been separated from social services, they are not yet run on commercial principles. The Cooperative Agreement is vague on what it means by the term commercial, and perhaps this definition has never been an issue between USAID and GAF. However, the team believes that if self-sufficiency is a genuine goal for the commercial operations, field operations must incorporate more commercial principles, such as being run on a cost recovery basis.

STAFF TRAINING

GAF has provided staff members numerous opportunities to learn through outside workshops, in-house training, and study tours. The USAID grant agreement provided partial support for staff training, including:

- Outside formal training to prepare business program staff to identify special technical assistance needs of borrowers and to become mentors to borrowers;
- In-house training for new staff on the objectives of the organization and loan policies and procedures; and
- Study tours and courses outside South Africa to expose GAF credit program management to the wide variety of experience in informal sector lending in Latin America, Asia, and elsewhere in Africa.

The training department initially had responsibility for both staff and client training. As the nature and content of these two types of training were not particularly compatible, GAF decided to shift responsibility for staff training to individual department heads.

Accomplishments

During the period of the agreement, USAID and other donors have jointly funded several outside training courses for GAF credit program staff. WITS Business School provided training to credit officers, managers, and field workers in loan application assessment, business planning and viability, debt management, and loan collections. Field workers and supervisors went through similar training at the Alpha Training Center (funded by ODA) for a short time, but this was discontinued. The computer manager attended outside training arranged by the consultancy firm advising on the development of the MIS system. GAF's secretarial and administration staff have also attended outside training courses funded directly by GAF.

The WITS Business School Training served as the basis for the design of GAF's in-house credit training. All credit program staff participate in the training, which covers Get Ahead's structure, administration, credit policies and procedures, and training program. Staff involved in the training section are provided further training on how to teach business principles through modules and practical experience in client training courses. Credit field staff and supervisors engage in ongoing consultation and training in the field, in addition to participating in special training sessions during GAF's semiannual planning meetings for all staff. Approximately one-third of the funds for in-house training have come from USAID.

Twenty-three GAF staff have also participated in overseas training and exchange visits in Israel (community development training), Japan (technical skills training), the United Kingdom (Cranfield University's short course on microenterprise development), the United States (USIS study tour of community-based job creation and microcredit organizations), and Kenya (exchange visit with Kenya Rural Enterprise Programme). The latter exchange visit was regarded as particularly useful for staff involved in the Stokvel Loan Program.

Staff appreciate and benefit from these activities, most of which are oriented toward improving their skills as credit managers and business advisors. Recalling the earlier point on GAF's isolation from broader world experience in microenterprise credit, future emphasis on exchange visits to successful programs in Latin America and Asia would expose GAF staff to performance parameters and management tools required for a more ambitious, sustainable program. Such exposure is more likely to be of value for GAF than attendance at set-curriculum training sessions overseas, where material presented will not be directly useful for microenterprise finance.

Recommendations

To further strengthen GAF's credit and training programs, the evaluation team recommends continued USAID funding for staff training and exchange activities. Ongoing staff training will play as important role in strengthening GAF's organizational structure and improving its credit management and administration systems. During the next phase, GAF should review its in-house training strategy and develop a systematic training plan, focusing on operational issues. Further development of a course on credit management and administration will be critical. Training for the computer and accounts sections will be important, as will courses on goal setting, motivation, and intraorganization communication. Exchange visits, especially to successful micro enterprise credit programs in Asia and Latin America, are needed to expose GAF staff to the world experience in micro enterprise credit.

DONOR RELATIONS

As one of the few established organization in South Africa with experience in implementing community-based programs, GAF is called upon to address a wide range of problems and needs by local community groups as well as by outside donors. This is common to many community-based NGOs, especially at this time in South Africa.

Given its reputation and because there are so few organizations with similar experience, GAF has been successful in attracting many donors for its activities. Current supporters include 16 foreign governments (including USAID), 115 private corporations, several foundations, and many individual contributors. In addition to the fundraising department in Pretoria, GAF has a small office in Washington D.C. that solicits funds from U.S. donors.

GAF's success in broadening its resource base over the past five years has enabled it to build a core of committed staff and to expand its services to the black community. At the same time, managing the large number and different types of donors is increasingly demanding:

- Much time and expense is required to prepare individual funding requests, follow them up, and negotiate agreements;

- Reporting requirements differ and are time-consuming to meet;

- Funding cycles do not match, making the planning and budgeting process more difficult;

- Multiple agendas of donors and the number of different activities they support make it challenging for GAF to plan and manage its programs; and

- Communication between donors is often weak, which can result in donors pulling GAF in different directions.

The changing funding environment in South Africa is likely to create additional challenges for GAF in the future. Up to now, GAF's fundraising approach has been geared primarily to donors who direct their support to social justice and social service activities. The proposal requirements of many of these donors have been minimal — requiring a rationale for working in a particular area, but little by way of an operational or financial plan. This approach has served GAF well in past years. However, as the level of funding (and the number of donors) that support GAF's expanding operations increases, this process is becoming more difficult to manage. Moreover, the funding environment has changed: corporate funds are more difficult to raise, while funds available from international development agencies are increasing. These agencies often have more stringent requirements for grantees, such as businesslike strategic, operational, and financial plans for the activities they support and for the overall organization.

Given the changing funding environment, and because GAF has grown into a larger, more professional organization, longer-term planning is now important. Once GAF has its own plan, there is less chance of its being stretched to fit different donor agendas. A plan could also provide a basis for GAF to raise larger amounts of funding from fewer donors.

During the next phase, donor relations could be strengthened by:

- Developing a 3-5 year organizational plan that includes strategic, operational, and financial plans for the organization. In addition to providing direction for management and staff and improving the co-ordination of donor inputs, it would provide GAF with a basis for raising funds for its own agenda;

- Asking major donor representatives to meet on a periodic basis to exchange information. This would enable donors to understand the range of programs GAF is involved in and the specific management and operational problems the organization may be facing at a particular time. From GAF's perspective, periodic meetings could help to reduce the time and effort currently required by management and staff to meet with and report to individual donors, and help to avert pressures to expand into activities that are not a priority for the organization; and

- Exploring the pros and cons of establishing a more formal donor consortium to pool funds to support GAF's programs. This could be achieved through exchange visits to organizations in other countries that are funded this way.

SECTION FIVE

RECOMMENDATIONS

SUMMARY OF RECOMMENDATIONS TO GET AHEAD FOUNDATION

The previous sections of the report discuss GAF's important accomplishments to date, identify problem areas, and offer recommendations for consolidating its credit programs, strengthening its credit management and administration systems, and poising Get Ahead for future growth. These recommendations are summarized below.

1. To establish an efficient and effective credit management system:

    - Institute a competent manual loan tracking system that provides immediate information on the performance of the loan portfolio;
    - Take an aggressive institutional stance in loan collections;
    - Revamp the software when the manual system is working and understood by all staff;
    - Improve convenience to clients by locating near the bank branch that is receiving the borrowers payments;
    - Work on strengthening group characteristics through activities for groups of groups; and
    - Visit the best performing microcredit programs outside of South Africa.

2. To improve the quality of the lending portfolio:

    - Restart lending to the good clients in the Stokvel program;
    - Intensify training of field workers, supervisors, and managers in loan portfolio management; and
    - Increase analysis of borrower debt capacity, perhaps through the initiation and tracking of a more formal savings program.

3. To improve financial management:

    - Develop the ability to produce basic financial information (balance sheet, and sources and uses of cash statements and income statements) on a quarterly basis; and
    - Reprogram the fund accounting system to produce relevant summary reports.

4. To maintain institutional focus:

- Wind up the Business Loan Program;
- Focus on the Stokvel Loan Program where GAF has a distinct comparative advantage;
- Increase the size of the loan ceiling in the Stokvel Loan program to R5,000 to accommodate a portion of the Business Loan clientele (with special procedures applying to larger loans);
- Clarify and enhance the role of savings in the Stokvel program;
- Introduce a simple system to monitor and evaluate the effects on clients of credit and training; and
- Review GAF's role in providing marketing assistance.

5. To manage multiple donors:

- Develop a 3-5 year strategic plan for the overall organization;
- Organize periodic donor meetings; and
- Learn more about the experience of other NGOs currently funded under donor consortia (for example, Grameen Bank or BRAC in Bangladesh).

6. To move toward self-sufficiency:

- Move toward a larger loan portfolio per field worker and review the current charges to the clients in the context of the strategic plan; and
- Reduce, restructure, or reallocate Head Office costs.

RECOMMENDATIONS TO USAID

This section presents a set of recommendations for GAF and USAID to consider together that could form the basis for the next round of USAID support to Get Ahead.

The team recommends that the next agreement focus on the needs of the Stokvel Loan Program. This is a more limited focus than the previous agreement. It is justified, however, because (1) the team recommends closing the Business Loan Program; (2) other donors are already involved in support for training programs, and have a comparative advantage relative to USAID in these areas; and (3) most importantly, perfecting and then expanding the Stokvel program is an important task.

The immediate priority for GAF is to control risk in the Stokvel portfolio and to improve management systems. GAF should now enter a period of consolidation with the goal of adjusting management and administration systems to improve repayment performance before embarking on subsequent growth. USAID should continue to be a partner to GAF as it moves through this consolidation phase and into the growth phase that comes after. The process can be discussed in three stages.

1. Pre-Agreement Stage

Action is needed now, even before the next cooperative agreement is negotiated, because the situation GAF faces with respect to delinquency is of some urgency. Therefore, the first critical step of the new agreement with USAID should occur before the next agreement is signed. Prior to signing the new agreement, GAF should:

- Develop and implement a manual system to track delinquency, based on aging of loan balances at risk. The focus of this requirement is not to see improvement in portfolio quality by the time the new agreement is signed, but to see that the system is in place, accurate, and up to date; and

- Mobilize the staff to engage in aggressive collection efforts. Staff at all levels should know exactly what their duties are in the process of ensuring collections, and should be carrying out those duties energetically and effectively.

Before the agreement is signed, a quick assessment of these two conditions should be made. The first condition can be verified objectively by cross-checking the internal consistency of the system and its use in field offices. The second, which is equally important, will be a more qualitative assessment.

During this time, GAF should continue to lend in all areas where it wishes to maintain a future presence, to retain the confidence of clients that GAF is a reliable source of finance. This confidence is itself a repayment motivator. Cessation of new lending cannot solve repayment problems, and can be detrimental to a program. However, GAF should make fewer loans per month than it did in the high-growth months of 1991, to avoid overwhelming system and staff capacity.

Planning for the new agreement can proceed at the same time as these actions are taken, with the expectation that both the agreement and GAF will be ready in August 1992.

As part of the planning process, the team recommends that GAF put together a five-year plan for the organization as a whole, and that the development of such a plan be a third precondition for signing that agreement. USAID may wish to offer some technical assistance in carrying out this recommendation.

2. New Agreement and Consolidation Phase

The consolidation phase should concentrate on strengthening management systems and collections, and should last as long as it takes to see significant improvement in portfolio quality and the reliability and usefulness of management information, estimated at between one and two years. During this period, GAF should seek to develop an organizational "culture" in which delinquency is not acceptable. Top leadership, including board members and top management must sustain the change in attitude initiated during the preloan phase. Specific activities would include:

- Collections. Continue to develop patterns of strong and immediate follow-up of borrowers among field workers, and bring average field worker performance up to the level of the top performers;

- Information systems. GAF should work to perfect its manual system for financial control, as well as maintaining the manual system for portfolio quality. Key management reports should be developed and used regularly. After that system is operating well, work on computerizing should begin again;

- Lending methodology. Although the Stokvel group lending methodology is basically sound, there may be adaptations GAF can make that will improve repayments. Many of these were discussed in the section on the Stokvel program. They include greater emphasis on savings, especially before loan approval, changes in preloan group preparation, and, possibly, introduction of timely payment incentives.

- Development of a replicable field unit with standard functions and procedures across the organization, that can be the basis for expansion. The units should be self-sufficient in financial terms and should have well-defined procedures and responsibilities (for reference, read material on the structure of BKK and BRI in Indonesia and on Grameen Bank);

- Stable lending levels should prevail during this period, focused on ensuring that field workers are operating at their capacity, but not adding additional areas or staff; and

- GAF should be asked to call periodic donor meetings to help coordinate its future planning.

Elements of support during this period should include:

- External technical assistance. One aim of this assistance is to overcome isolation that has kept Get Ahead from incorporating many of the techniques developed by successful microenterprise programs in other parts of the world. GAF could benefit from the extended involvement of someone who knows from experience how to control delinquency and manage operations in a microenterprise program. The team recommends that USAID finance the services of an expert in microenterprise credit operations. That person would advise GAF in financial management, credit and savings methodologies, and management information systems. The advisor could among other tasks help develop the specifications for the management system, and develop staff training programs and materials;

- Local technical assistance. The agreement should also support local technical assistance in areas such as computerization and internal financial controls. Assistance from a local audit firm could be helpful in revising the manual management system to ensure accountability. Assistance in computer programming should not be contracted all at once, but retained on a contingent basis: delivery of one product leads to agreement on a second. This assistance must be selected on the basis of the quality of the individual programmer and evidence that this programmer will be available over a long period of time;

- Staff training. This will be an important aspect of the first phase of the agreement, which USAID should support. It is particularly important to develop internal training capacity for the staff itself, aimed at understanding and using GAF's own policies and procedures. Loan collections is another important topic. It might be appropriate to create a special position aimed solely at staff training. After the first phase this person could provide institutional assistance to other organizations; and

- Cross-visits. As part of the attempt to have GAF learn from the experience of others, selected staff should have the opportunity to visit successful microenterprise programs in other countries. This should include middle as well as top management. These visits should be organized to focus on operational issues. They should prove more useful than traditional study tours. USAID may have to cover the costs of translating services during these visits, as well as a fee for the hosting institution's time.

Reporting. GAF must minimize reporting requirements other than reports that management needs to run the program. Reporting to USAID quarterly of audited financial statements, the management reports being developed under the agreement (such as a sources and uses statement), and, in particular, portfolio quality information is essential. Other reporting, as for MEMS, should be held to the minimum.

The end of the consolidation phase should be marked by GAF achievement of specific targets in financial management, management systems, and collections. The team recommends that targets be set in terms of a loan aging analysis that treats as "at risk" the outstanding balance of loans with payments overdue. Target levels to be reached by the end of the period should be no more than 15 percent in the 1-30 day category, 8 percent in the 30-60 day category, and 5 percent in the over 90 day category. Such levels should be possible for borrowers to meet, provided that GAF provides the right incentives.

Conditional on achievement of such targets, USAID should release additional funding for growth. A brief external review should be carried out to assess whether targets have been met.

Funding. In addition to covering the costs of the technical assistance, training, and travel described here, estimated at roughly $600,000, USAID should continue to support GAF at a level that will allow it to operate at approximately the same rate as it has in the past two years during this phase. Only a small amount of loan capital is needed, and continued funding of operations, along same lines as current levels of support.

3. New Agreement, Growth Phase

The team is not prepared to specify the direction of the growth phase in the same level of detail as the consolidation phase. We expect that the first areas of growth will be the addition of field workers in understaffed areas, to fill in gaps in the field unit. The ability to expand in existing areas will of course depend on demand. Thereafter, GAF will begin to expand into new locations, selected by them on the basis of demand and other relevant conditions. During this expansion it will be important to maintain management and quality control standards.

USAID's funding should be guided by the principle that USAID supports the transformation of GAF into a financially self-sufficient entity, and not the principle of indefinite operating support. Continued support for technical assistance and staff training is appropriate. Support for loan capital and operating costs is more difficult to gauge. A guiding principle during the expansion phase is that USAID should provide enough loan funding to capitalize each new unit planned, together with start-up operating expenses. It should expect that the units will cover their own costs (including their shares of direct head office costs) within one to two years. In addition, if the consolidation phase is completed successfully, USAID and GAF should explore the possibility that banks will be willing to leverage loan capital.

ANNEX A

PERSONS INTERVIEWED

60

ANNEX A: LIST OF PERSONS INTERVIEWED

Get Ahead Foundation

Don MacRoberts, Managing Director

Daphne Motsepe, Deputy Managing Director

Thabo Makgabo, Credit Manager

Pro Molepe, Training and Marketing Manager

John Nkosi, Management Information Systems Manager

Leslie Matlaisani, Finance Manager

Jenny Williams, Public Relations Officer

James Manaka, Business Loans Administrator

Temba Mahlangu, Stokvel Loans Administrator

Leonard Tshabala, Credit Officer, Sebokeng/Evaton

M. Maloma, Field Worker, Sebokeng/Evaton

Vincent Mrwebo, Branch Manager, Port Elizabeth

Mvuyo Mda, Credit Officer, Port Elizabeth

Nomitila Gqokoma, Senior Field Worker, Port Elizabeth

Mandisa Belu, Field Worker, Port Elizabeth

Faith Musebe, Field Worker, Port Elizabeth

Dulce Xube, Secretary/Field Worker, Port Elizabeth

Joseph Jack, Credit Officer, Port Elizabeth

Nomthandazo Hote, Field Worker, Port Elizabeth

Kumbulele Mnikina, Credit Officer, East London

Nontulhuzela Priscilla Jenefe, Field Worker, East London (Monti)

Nomsa Gladys Mali, Field Worker, East London (Mdantsane)

David Zono, Credit Officer, Ga-Rankuwa

USAID South Africa

David Himmelfarb

Paul Neifert

Stephen P. Wade (Consultant)

Standard Bank

Roy Polkinghorne, Community Banking Services

Barry Coetzee, Community Banking Services

Alec Moreley, Community Banking Services

Group Credit Company

Christine Glover, Manager

Independent Development Trust, Finance Corporation Ltd.

Franz Pretorious, Chief Executive

Independent Business Enrichment Center

David Groom

Other donors

Han Peters, Second Secretary, Royal Netherlands Embassy

Frank Spengler, Representative, South Africa Office,
Konrad Adenauer Stiftung

Robert Purcell, Project Administrator, Konrad Adenauer Stiftung

ANNEX B

GET AHEAD FOUNDATION CLIENT SURVEY (STOKVEL LOAN PROGRAM)

Area ....
Interview No. ....
Date ....
Interviewer ....

THE CLIENT

01. Name of client ....
02. Name of group ....
03. Gender of client (M=male; F=female) !___!
04. Household head? (Y=yes; N=no) !___!

THE LOAN

05. Number of loans to date !___!

06. Total amount of loans to date R_____

INFORMATION ON LATEST GAF LOAN

07. Date received last GAF loan (Mo/Yr) _____

08. Loan amount/principle of last loan R_____

09. Repayment status of last loan !___!
(C=completed; R=repaying/up to date; A=repaying/in arrears; D=default)

THE BUSINESS

10. Describe business and any major changes since loan (open):
....
....

		Today	Before loan
11.	Sector (P=production; T=trade; S=services)	!___!	!___!
12.	Life cycle of business (S=start up/before only; O=ongoing; C=closed down/after only)	!___!	!___!
13.	Location of business (H=home-based; OS=outside/fixed & secure tenure; OI=outside/fixed & insecure tenure; M=mobile)	!___!	!___!
14.	Hours of operation (FT=full time; PT=part time; S=seasonal)	!___!	!___!
15.	Does client have any other businesses? (Y=yes; N=no)	!___!	!___!
16.	Does client have any other employment? (Y=yes; N=no)	!___!	!___!
a.	If yes, full or part time? (FT=full time; PT=part time; NA=Not applicable)	!___!	!___!

LOAN USE

17. Use of [redacted] loan(S)	Actual amounts	Percent
a. For assisted business		
i. Working capital	R______	____%
ii. Fixed capital	R______	____%
b. For other businesses	R______	____%
c. For household	R______	____%
d. For savings	R______	____%
e. Other	R______	____%

CHANGES DURING THE LOAN PERIOD

	Today	Before first loan
18. Financial status of the business (actual amounts)		
a. Sales (per month)	R_____	R_____
b. Cost of goods sold (per month)	R_____	R_____
c. Gross profit per month (a - b)	R_____	R_____
d. Fixed assets (market value)	R_____	R_____
19. Usual monthly earnings from business (estimated)	R_____	R_____
20. Percent of total household earnings contributed by this business (estimated)	____%	____%

21. Use of income from business (open)
....
....

2/4/91

22. Employment in business (actual numbers)	Today	Before loan
a. Paid employees (regular wages)		
i. Full time: Men	___	___
Women	___	___
ii. Part time: Men	___	___
Women	___	___
b. Family workers (irregular wages or unpaid)		
i. Full time: Men	___	___
Women	___	___
ii. Part time: Men	___	___
Women	___	___
c. Owner		
i. Full time	___	___
ii. Part time	___	___

23. Business management practices		
a. Does client separate business and household cash? (Y=yes; N=no)	___	___
b. Does client record sales? (C= complete; P=partial; N=none)	___	___
c. Does client record purchases? (C= complete; P=partial; N=none)	___	___
d. Does client have a personal bank account? (Y=yes; N=no)	___	___
If so, how many?	___	___
e. Does client have separate bank account for business? (Y=yes; N=no)	___	___
f. Does client sell on credit? (Y=yes; N=no)	___	___
g. If so, is it a problem to get customers to pay? (Y=yes; N=no; NA=Not applicable)	___	___
h. How does client determine prices of goods or services? (FC=based on full costs plus profit; S=suggested by supplier; O=other)	___	___

24. Other source(s) of credit used by the client (Y=yes; N=no)	After loan	Before loan
Informal sources:		
a. Private moneylenders	___	___
b. Friends/relatives	___	___
c. Stokvel	___	___
d. Other (specify)..................	___	___
e. Has this credit been used for business? (Y=yes; N=no)	___	___
Formal sources:		
f. Commercial bank	___	___
g. Government institution	___	___
h. Other NGO	___	___
i. Supplier credit	___	___
j. Hire purchase schemes	___	___
k. Other (specify)..................	___	___
l. Has this credit been used for business? (Y=yes; N=no)	___	___

25. Has client received training from GAF? (Y=yes; N=no) ___

If yes, comments: ....
....

26. Other group based activities? (open)
(e.g. joint purchases, shared employees, shared raw materials, look after each other's businesses, social activities, etc.)
....
....

27. Future plans for business (open) ....
....
....
....

2/4

55

ANNEX C

STOKVEL LOAN PROGRAM TABLES

APPENDIX C: STOKVEL LOAN PROGRAM TABLES

TABLE C1: TOTAL DISBURSED 1988 - 1991

TOWNSHIP	1988		1989		1990		1991	
	NUMBER	AMOUNT	NUMBER	AMOUNT	NUMBER	AMOUNT	NUMBER	AMOUNT
ATTERIDGVILLE	136	37,200	83	27,200	5	3,000	317	160,700
MAMELODI	145	37,200	205	71,700	192	88,100	763	408,600
GARANKUWA							556	277,400
ACORNHOEK	245	69,500	328	112,200	184	107,900	297	165,500
THULAMAHASHE			55	16,200	202	73,400	270	146,200
BUSHBUCKRIDGE							243	120,700
KATLEHONG							374	187,000
SOWETO			47	13,900	166	73,600	1,093	557,800
SEBOKENG			66	17,200	131	51,600	301	154,300
EVATON							142	68,100
TEMBISA					12	4,800	580	307,700
MAMBISA							145	72,000
CAPE TOWN	87	24,700	207	65,800	10	6,500		
KWAMASHU	69	20,100	299	91,700	151	83,500	305	161,900
UMLAZI					5	1,800	815	399,600
MDANTSANE			54	15,700	203	95,000	303	157,100
MONTI							76	36,500
KWAZAKEHLE	45	13,500	426	131,700	466	257,600	356	263,100
UITENHAGE							217	107,700
WALMER							86	41,500
MOTHERWELL			139	40,800	306	134,700	264	160,000
ZWIDE					276	109,700	214	126,500
TOTAL PROGRAM	727	202,200	1,909	604,100	2,309	1,091,200	7,717	4,079,900

ABLE C2

BORROWER ACTIVITIES FINANCED SINCE INCEPTION

	HAWKING		OTHER RETAIL		MANUFACTURING		SERVICE		OTHER SECTOR	
	NUMBER	VALUE	NUMBER	VALUE	NUMBER	VALUE	NUMBER	VALUE	NUMBER	VALUE
~AGE	142	70400	34	17000	26	12800	15	7500	–	–
HOEK	940	397200	37	23900	62	29500	5	1500	10	3000
IDGEVILLE	114	46800	278	130000	74	30200	67	16900	8	4200
N	34	15200	77	38000	23	11000	7	3400	1	500
LITSHA (C.T)	163	50900	39	12700	68	22100	32	10700	2	600
HU (DURBAN)	549	243900	82	34500	157	63300	32	13700	4	1800
KHELE (P.E)	629	380400	117	57800	357	177600	183	48000	4	2300
CDI	293	134000	786	364000	130	63200	45	17000	51	27800
SANE	374	176000	35	19200	89	42700	59	28500	3	1400
	291	139300	49	24100	114	55700	35	16700	1	400
RWELL	532	24890[illegible]	52	26600	101	47500	24	12500	–	–
SA	393	214[illegible]	129	63800	53	26200	14	7000	3	1500
ENG	95	40[illegible]	229	102700	154	69800	19	9600	1	500
O	315	157300	119	57100	563	278800	300	148000	9	4100
I	427	205400	53	26500	312	155500	27	13500	1	500
AHASHE	485	216100	23	11700	16	7200	–	–	3	800
KUWA	172	83100	265	133000	100	52000	12	6000	7	3300
R	48	24000	11	5500	16	6500	11	5500	–	–
	40	19000	8	3700	12	6000	16	7800	–	–
UCKRIDGE	226	112200	7	3500	10	5000	–	–	–	–
HONG	95	47500	23	11500	155	77500	101	50500	–	–
SA	35	17500	90	45000	14	7000	5	2500	–	–
OTAL	6392	3039600	2543	1211800	2606	1247100	1009	426800	100	52700
		51%		20%		21%		7%		1%

OTAL : NUMBER : 12658
ALUE : R597 8000

ABLE 16

TO ALL LOANS SINCE INCEPTION

AREA	GENDER		BORROWER AGE GROUP			NUMBER OF PEOPLE EMPLOYED		BUSINESSES FINANCED	
	MALE	FEMALE	UP TO 29	30-49	50 & OVER	FULL TIME	PART TIME	NEW BUSINESS	EXISTING BUSINESS
NHAGE	6	211	23	138	56	182	-	-	217
NHCEK	103	951	98	705	251	1117	866	90	964
RIDGEVILLE	107	434	90	288	163	232	304	54	487
ON	18	124	17	104	21	136	77	6	136
ELITSHA (C.T)	62	242	41	208	55	272	346	44	260
ASHU (DURBAN)	80	744	141	543	140	694	666	47	777
AKHELE (P.E)	47	1243	97	722	469	1186	220	11	1277
E (P.E 11)	29	461	48	325	117	746	22	-	490
LODI	135	1170	85	785	435	956	692	118	1187
ISANE	29	531	79	385	96	428	139	9	551
ERWELL	21	688	32	354	323	155	60	7	702
KENG	45	453	62	319	117	327	258	35	463
TO	108	1198	189	829	288	297	115	20	1286
ZI	78	742	177	545	98	722	641	82	738
ISA	72	520	79	439	74	58	37	89	503
AMAHASHE	55	472	63	360	104	399	353	58	469
KUWA	44	512	7	442	107	517	148	-	556
BUCKRIDGE	19	224	14	163	68	154	283	29	214
EHONG	55	319	77	231	66	9	-	-	374
ISA	5	139	14	98	32	4	12	1	143
I	4	72	10	50	16	56	36	18	58
ER	17	69	29	47	10	86	-	-	86
TOTAL	1139	11519	1472	8080	3106	8733	5294	718	11940
	9%	91%	12%	64%	24%	62%	38%	6%	94%

APPENDIX C: STOKVEL LOAN PROGRAM TABLES

TABLE C4: PORTFOLIO GROWTH PERFORMANCE BY TOWNSHIP, 1991

	OUTSTANDING BALANCE STOKVEL LOAN PROGRAM									
TOWNSHIP	DECEMBER 1988	DECEMBER 1989	DECEMBER 1990	MARCH 1991	JUNE 1991	SEPTEMBER 1991	DECEMBER 1991	PERCENT GROWTH 1991	Acumulated Portfolio 1991	Accumulated Portfolio Percent
GARANKUWA					102,550	179,551	248,675		248,675	7
MAMBISA						99,000	73,950		322,625	9
WALMER						23,595	40,690		363,315	10
BUSHBUCKRIDGE						75,936	140,291		503,606	14
MONTI						36,652	29,382		531,988	15
KATLEHONG						42,900	189,750		721,738	20
TEMBISA			4,752	10,153	181,938	298,906	247,141	2,387	968,879	27
ATTERIDGEVILLE		29,799	9,171	14,153	95,700	75,678	170,970	1,143	1,139,849	31
UMLAZI			2,178	39,930	18,678	219,597	346,039	861	1,485,888	41
UITENHAGE				13,068	67,363	99,318	73,347	561	1,559,235	43
SOWETO		10,850	74,781	120,027	235,490	430,467	549,986	396	2,109,221	58
EVATON				10,525	39,748	37,316	46,870	445	2,156,091	60
MAMELODI		71,768	105,776	118,032	181,272	308,072	241,205	115	2,397,296	66
KWAMASHU		. 85,632	90,392	75,952	120,500	247,698	146,252	74	2,543,548	70
THULAMAHASHE		21,384	85,588	88,338	102,012	147,199	165,489	90	2,709,037	75
ACORNHOEK		97,870	109,152	117,781	118,973	211,517	214,440	89	2,923,477	81
SEBOKENG		19,778	43,272	60,874	55,805	70,226	87,017	72	3,010,494	83
ZWIDE			101,803	89,987	98,225	119,758	114,397	14	3,124,891	86
MOTHERWELL		46,706	124,092	123,625	133,428	143,739	140,913	14	3,265,804	90
KWAZAKHELE		101,463	181,119	195,254	166,035	159,125	219,550	20	3,485,354	96
MDANTSANE		11,704	93,930	171,558	166,941	142,147	133,466	23	3,618,820	100
CAPETOWN		57,133	34,603	34,769	34,769	0		(100)	3,618,820	100
TOTAL	0	554,087	1,060,609	1,284,026	1,909,507	3,168,397	3,618,820	Growth 1991		
percent growth		ERR	91	21	49	66	14	182		

10

LE C5

OND OR REPEAT LOANS DISBURSED

AREA	QUARTER			SINCE INCEPTION		
	NUMBER	VALUE	AVERAGE LOAN	NUMBER	VALUE	AVERAGE LOAN
TISA	5	4000	800	5	4 000	800
RNHOEK	7	6100	871	275	173 700	632
NTSANE	–	–	–	66	47 800	724
ERIDGEVILLE	–	–	–	26	18 000	666
OKENG	15	11100	740	63	44 200	702
YELITSHA (C.T)				21	12 500	595
HULAMAHASHE	48	33900	706	84	51 700	615
SHU (DURBAN		–	–	78	61 300	786
ZAKHELE (P.E)	101	82700	819	567	401 500	708
TO	27	19600	726	56	44 600	796
ERWELL	35	22700	649	257	190 000	739
LODI	30	22400	747	239	155 800	652
DE	40	27800	695	97	68 600	707
AL	308	230300	748	1834	127[illegible] [illegible]00	694

2

STOKVEL LOAN PROGRAM
USAID QUARTERLY REPORT
FOR THE QUARTER OCTOBER - DECEMBER 1991

E 06 RECOVERY PERFORMANCE AS AT 25 DECEMBER 1991 (INCLUDING LATE REPAYMENTS)

	QUARTER			FOR THE YEAR			SINCE INCEPTION		
	DUE FOR RECOVERY	AMOUNT RECOVERED	RECOVERY RATE	DUE FOR RECOVERY	AMOUNT RECOVERED	RECOVERY RATE	DUE FOR RECOVERY	AMOUNT RECOVERED	RECOVERY RATE
ISA	23925	15315	64%	23925	15315	64%	23925	15315	64%
NHOEK	63877	45522	71%	170463	126654	74%	465497	388290	83%
IDGEVILLE	33440	42604	127%	41184	50744	123%	120207	119796	100%
LITSHA (C.T)	-	-	-	-	-	-	121478	86875	72%
SHU (DURBAN)	58146	36821	63%	153318	96019	63%	324295	243044	75%
KHELE (P.E)	88715	95226	107%	350283	346284	99%	666547	667801	100%
ODI	125521	100238	80%	280720	222012	79%	498530	402408	81%
SANE	61094	66042	108%	234861	213482	71%	284244	270613	95%
RWELL	60940	58853	97%	215032	201249	94%	330513	315236	95%
ENG	50182	58853	117%	136037	148864	109%	181148	198487	110%
O	158334	115941	73%	322553	261062	81%	362221	298252	82%
AHASHE	55212	35822	65%	150867	99652	66%	194132	130743	67%
	45859	42962	94%	166785	157731	95%	217463	208939	96%
SA	95832	79921	83%	195074	166031	85%	196658	167615	85%
I	125697	101157	81%	222486	184522	83%	223168	184720	83%
N	17600	24386	139%	40810	48349	118%	40810	48349	119%
AGE	33308	33297	100%	68717	64476	94%	68717	64476	94%
KUWA	77297	77838	101%	120692	121235	100%	120692	121235	101%
	10736	11857	110%	12892	13485	105%	12892	13485	105%
BUCKRIDGE	31977	17882	56%	33044	21542	65%	33044	21542	65%
R	9240	7170	78%	10725	7995	75%	10725	7995	75%
HONG	33330	54400	163%	33330	54400	163%	33330	54400	163%
NSE ACCOUNT		20087	-	-	26487	-	-	26487	-
TOTAL	R1260262	R1142194	91%	R2983798	R2647590	89%	R4530236	R4056103	90%

APPENDIX C: STOKVEL LOAN PROGRAM - TABLE C7

TABLE C7: PORTFOLIO QUALITY ANALYSIS
25 DECEMBER 1991

TOWNSHIP NORTHERN TRANSVAAL	OUTSTANDING BALANCE PORTFOLIO	TOTAL DELINQUENT BALANCE	DELINQUENT MORE THAN 30 DAYS	DELINQUENT MORE THAN 90 DAYS
ATTERIDGEVILLE				
Delinquent payments, amount	170,970	12,012	8,141	6,808
Delinquent payments, percent		7	5	4
At risk portfolio, amount	170,970	58,889	21,572	6,808
At risk portfolio, percent		34	13	4
Number delinquent borrowers	71	28	17	11
Percent delinquent borrowers		39	24	15
MAMELODI				
Delinquent payments, amount	241,205	101,351	77,863	47,986
Delinquent payments, percent		42	32	20
At risk portfolio, amount	241,205	188,067	149,030	92,467
At risk portfolio, percent		78	62	38
Number delinquent borrowers	179	124	91	58
Percent delinquent borrowers		69	51	32
GARANKUWA				
Delinquent payments, amount	248,675	14,540	4,375	0
Delinquent payments, percent		6	2	0
At risk portfolio, amount	248,675	91,487	36,830	0
At risk portfolio, percent		37	15	0
Number delinquent borrowers	103	36	15	0
Percent delinquent borrowers		35	15	0
EASTERN TRANSVAAL				
ACORNHOEK				
Delinquent payments, amount	214,440	72,884	56,551	45,176
Delinquent payments, percent		34	26	21
At risk portfolio, amount	214,440	188,549	85,799	60,567
At risk portfolio, percent		88	40	28
Number delinquent borrowers	103	94	62	50
Percent delinquent borrowers		91	60	49

APPENDIX C: STOKVEL LOAN PROGRAM - TABLE C7

	OUTSTANDING BALANCE PORTFOLIO	TOTAL DELINQUENT BALANCE	DELINQUENT MORE THAN 30 DAYS	DELINQUENT MORE THAN 90 DAYS
THULAMAHASHE				
Delinquent payments, amount	165,489	59,993	50,357	37,720
Delinquent payments, percent		36	30	23
At risk portfolio, amount	165,489	125,386	81,233	53,526
At risk portfolio, percent		76	49	32
Number delinquent borrowers	94	80	64	50
Percent delinquent borrowers		85	68	53
PIETERSBURG				
BUSHBUCKRIDGE				
Delinquent payments, amount	140,291	15,952	3,698	0
Delinquent payments, percent		11	3	0
At risk portfolio, amount	140,291	134,219	49,937	0
At risk portfolio, percent		96	36	0
Number delinquent borrowers	48	44	15	0
Percent delinquent borrowers		92	31	0
SOUTHERN TRANSVAAL				
KATLEHONG				
Delinquent payments, amount	189,750	1,155	0	0
Delinquent payments, percent		1	0	0
At risk portfolio, amount	189,750	12,670	0	0
At risk portfolio, percent		7	0	0
Number delinquent borrowers	67	4	0	0
Percent delinquent borrowers		6	0	0
SOWETO				
Delinquent payments, amount	549,986	98,433	62,075	24,440
Delinquent payments, percent		18	11	4
At risk portfolio, amount	549,986	366,492	223,604	55,812
At risk portfolio, percent		67	41	10
Number delinquent borrowers	235	159	102	35
Percent delinquent borrowers		68	43	15

- 14

APPENDIX C: STOKVEL LOAN PROGRAM - TABLE C7

	OUTSTANDING BALANCE PORTFOLIO	TOTAL DELINQUENT BALANCE	DELINQUENT MORE THAN 30 DAYS	DELINQUENT MORE THAN 90 DAYS
SEBOKENG				
Delinquent payments, amount	87,017	1,979	934	407
Delinquent payments, percent		2	1	0
At risk portfolio, amount	87,017	9,074	1,990	407
At risk portfolio, percent		10	2	0
Number delinquent borrowers	55	10	6	2
Percent delinquent borrowers		18	11	4
EVATON				
Delinquent payments, amount	46,870	4,819	2,663	419
Delinquent payments, percent		10	6	1
At risk portfolio, amount	46,870	14,288	11,604	1,451
At risk portfolio, percent		30	25	3
Number delinquent borrowers	28	8	6	1
Percent delinquent borrowers		29	21	4
TEMBISA				
Delinquent payments, amount	247,141	63,446	38,261	9,096
Delinquent payments, percent		26	15	4
At risk portfolio, amount	247,141	215,531	189,490	61,291
At risk portfolio, percent		87	77	25
Number delinquent borrowers	109	89	75	22
Percent delinquent borrowers		82	69	20
MAMBISA				
Delinquent payments, amount	73,950	7,125	2,860	275
Delinquent payments, percent		10	4	0
At risk portfolio, amount	73,950	46,725	26,180	3,300
At risk portfolio, percent		63	35	4
Number delinquent borrowers	28	17	9	1
Percent delinquent borrowers		61	32	4

15

APPENDIX C: STOKVEL LOAN PROGRAM - TABLE C7

	OUTSTANDING BALANCE PORTFOLIO	TOTAL DELINQUENT BALANCE	DELINQUENT MORE THAN 30 DAYS	DELINQUENT MORE THAN 90 DAYS
NATAL				
KWAMASHU				
Delinquent payments, amount	146,252	88,939	75,222	62,549
Delinquent payments, percent		61	51	43
		ERR		
At risk portfolio, amount	146,252	128,377	98,127	80,637
At risk portfolio, percent		88	67	55
Number delinquent borrowers	108	94	69	55
Percent delinquent borrowers		87	64	51
UMLAZI				
Delinquent payments, amount	346,039	51,348	33,182	15,037
Delinquent payments, percent		15	10	4
At risk portfolio, amount	346,039	243,831	109,701	28,361
At risk portfolio, percent		70	32	8
Number delinquent borrowers	159	106	49	15
Percent delinquent borrowers		67	31	9
EAST LONDON				
MDANTSANE				
Delinquent payments, amount	133,466	35,861	26,729	11,539
Delinquent payments, percent		27	20	9
At risk portfolio, amount	133,466	95,527	73,184	38,984
At risk portfolio, percent		72	55	29
Number delinquent borrowers	74	52	41	19
Percent delinquent borrowers		70	55	26
NOMTI				
Delinquent payments, amount	28,382	310	35	0
Delinquent payments, percent		1	0	0
At risk portfolio, amount	28,382	2,785	2,785	0
At risk portfolio, percent			0	0
Number delinquent borrowers	13	1	1	0
Percent delinquent borrowers		8	8	0

APPENDIX C: STOKVEL LOAN PROGRAM - TABLE C7

	OUTSTANDING BALANCE PORTFOLIO	TOTAL DELINQUENT BALANCE	DELINQUENT MORE THAN 30 DAYS	DELINQUENT MORE THAN 90 DAYS
PORT ELIZABETH				
KWAZAKHELE				
Delinquent payments, amount	219,550	18,787	11,496	4,393
Delinquent payments, percent		9	5	2
At risk portfolio, amount	219,550	53,695	28,474	10,982
At risk portfolio, percent		24	13	5
Number delinquent borrowers	91	36	28	14
Percent delinquent borrowers		40	31	15
UITENHAGE				
Delinquent payments, amount	73,347	5,148	1,804	0
Delinquent payments, percent		7	2	0
At risk portfolio, amount	73,347	23,540	9,735	0
At risk portfolio, percent		32	13	0
Number delinquent borrowers	42	12	5	0
Percent delinquent borrowers		29	12	0
WALMER				
Delinquent payments, amount	40,690	4,105	1,740	35
Delinquent payments, percent		10	4	0
At risk portfolio, amount	40,690	26,940	15,390	3,070
At risk portfolio, percent		66	38	8
Number delinquent borrowers	15	10	6	1
Percent delinquent borrowers		67	40	7
MOTHERWELL				
Delinquent payments, amount	140,913	25,098	16,299	6,053
Delinquent payments, percent		18	12	4
At risk portfolio, amount	140,913	70,634	41,879	13,445
At risk portfolio, percent		50	30	10
Number delinquent borrowers	88	58	44	20
Percent delinquent borrowers		66	50	23

APPENDIX C: STOKVEL LOAN PROGRAM - TABLE C7

	OUTSTANDING BALANCE PORTFOLIO	TOTAL DELINQUENT BALANCE	DELINQUENT MORE THAN 30 DAYS	DELINQUENT MORE THAN 90 DAYS
ZWIDE				
Delinquent payments, amount	114,397	15,098	6,953	1,843
Delinquent payments, percent		13	6	2
At risk portfolio, amount	114,397	69,157	32,360	2,239
At risk portfolio, percent		60	28	2
Number delinquent borrowers	60	44	29	10
Percent delinquent borrowers		73	48	17
				0
				0
TOTAL PROGRAM				
Delinquent payments, amount	3,618,820	698,383	481,238	273,776
Delinquent payments, percent		19	13	8
At risk portfolio, amount	3,618,820	2,165,863	1,288,904	513,347
At risk portfolio, percent		60	36	14
Number delinquent borrowers	1,770	1,106	734	364
Percent delinquent borrowers		62	41	21

- 1,8

APPENDIX C: STOKVEL LOAN PROGRAM TABLES

TABLE C8: PORTFOLIO QUALITY ANALYSIS BY AGE OF BRANCH OFFICE
25 DECEMBER 1991

YEAR ESTABLISHED	OUTSTANDING BALANCE PORTFOLIO	TOTAL AT RISK PORTFOLIO	AT RISK PORTFOLIO OVER 30 DAYS	AT RISK PORTFOLIO OVER 90 DAYS
ESTABLISHED 1988				
ACORNHOEK	214,440.0	87.9	40.0	28.2
ATTERIDGEVILLE	170,970.0	34.4	12.6	4.0
KWAMASHU	146,252.0	87.8	67.1	55.1
MAMELODI	241,205.0	78.0	61.8	38.3
KWAZAKHELE	219,550.0	24.5	13.0	5.0
TOTAL 1988	992,417.0	62.2	38.6	25.3
ESTABLISHED 1989				
SOWETO	549,986.0	66.6	40.7	10.1
SEBOKENG	87,017.0	10.4	2.3	0.5
MOTHERWELL	140,913.0	50.1	29.7	9.5
MDANTSANE	133,466.0	71.6	54.8	29.2
THULAMAHASHE	165,489.0	75.8	49.1	32.3
TOTAL 1989	1,076,871.0	61.9	39.2	15.1
ESTABLISHED 1990				
ZWIDE	114,397.0	60.5	28.3	2.0
TEMBISA	247,141.0	87.2	76.7	24.8
UMLAZI	346,039.0	70.5	31.7	8.2
TOTAL 1990	707,577.0	74.7	46.9	13.0
ESTABLISHED 1991				
GARANKUWA	248,675.0	36.8	14.8	0.0
EVATON	46,870.0	30.5	24.8	3.1
UITENHAGE	73,347.0	32.1	13.3	0.0
TOTAL 1991 (1ST SEMESTER)	368,892.0	35.1	15.8	0.4
MONTI	28,382.0	9.8	9.8	0.0
BUSHBUCKRIDGE	140,291.0	95.7	35.6	0.0
KATLEHONG	189,750.0	6.7	0.0	0.0
MAMBISA	73,950.0	63.2	35.4	4.5
WALMER	40,690.0	66.2	37.8	7.5
TOTAL 1991 (2ND SEMESTER)	473,063.0	47.2	19.9	1.3

APPENDIX C: STOKVEL LOAN PROGRAM TABLES

TABLE C9: PORTFOLIO QUALITY ANALYSIS - RANKED BY AT RISK PORTFOLIO OVER 30 DAYS
25 DECEMBER 1991

	TOTAL AT RISK PORTFOLIO	AT RISK PORTFOLIO OVER 30 DAYS	AT RISK PORTFOLIO OVER 90 DAYS	STATED RECOVERY RATES SINCE INCEPTION
KATLEHONG	6.7	0.0	0.0	163.0
SEBOKENG	10.4	2.3	0.0	110.0
MONTI	9.8	9.8	0.0	105.0
ATTERIDGEVILLE	34.4	12.6	4.0	100.0
KWAZAKHELE	24.5	13.0	3.6	100.0
UITENHAGE	32.1	13.3	0.0	94.0
GARANKUWA	36.8	14.8	0.0	101.0
EVATON	30.5	24.8	3.1	119.0
ZWIDE	60.5	28.3	1.5	96.0
MOTHERWELL	50.1	29.7	6.2	95.0
UMLAZI	70.5	31.7	7.0	83.0
NAMBISA	63.2	35.4	0.0	64.0
BUSHBUCKRIDGE	95.7	35.6	0.0	65.0
WALMER	66.2	37.8	0.0	75.0
ACORNHOEK	87.9	40.0	25.5	83.0
SOWETO	66.6	40.7	7.1	82.0
THULAMAHASHE	75.8	49.1	27.7	67.0
MDANTSANE	71.6	54.8	23.5	95.0
MAMELODI	78.0	61.8	27.4	81.0
KWAMASHU	87.8	67.1	48.8	75.0
TEMBISA	87.2	76.7	16.9	85.0

ANNEX D

BUSINESS LOAN PROGRAM TABLE

71

APPENDIX D: BUSINESS LOAN PROGRAM TABLE

TABLE D1: LOAN QUALITY SUMMARY - BUSINESS LOAN PROGRAM
(R '000's)

(OUTSTANDING BALANCES)

Area	Current	30+ days	60+ days	90+ days	110+ days	Total
Ga-Rankuwa:						
Amount	27	9	29	9	58	132
% of total	20.5%	6.8%	22.0%	6.8%	43.9%	100.0%
Port Elizabeth:						
Amount	22	19	22	40	27	130
% of total	16.9%	14.6%	16.9%	30.8%	20.8%	100.0%
Sebokeng:						
Amount	59	14	45	17	65	200
% of total	29.5%	7.0%	22.5%	8.5%	32.5%	100.0%
Soweto:						
Amount	7	36	0	5	47	95
% of total	7.4%	37.9%	0.0%	5.3%	49.5%	100.0%
Uitenage:						
Amount	14	14	11	5	14	58
% of total	24.1%	24.1%	19.0%	8.6%	24.1%	100.0%
Mamelodi:						
Amount	80	2	46	14	15	157
% of total	51.0%	1.3%	29.3%	8.9%	9.6%	100.0%
Tembisa:						
Amount	14	0	2	0	3	19
% of total	73.7%	0.0%	10.5%	0.0%	15.8%	100.0%
Total Program:						
Amount	223	94	155	90	229	791
% of total	28.2%	11.9%	19.6%	11.4%	29.0%	100.0%

Total portion of loan portfolio at risk: 59.9%

72

ANNEX E

DATA TABLES: GAF CLIENT SURVEY

APPENDIX E

DATA TABLES
GET AHEAD FOUNDATION CLIENT SURVEY: FEBRUARY 1992

Table E1: Distribution of GAF survey sample by gender and sector of assisted business

	Number			Percentage		
	Men	Women	Total	Men	Women	Total
Stokvel Loan Program						
Production	0	22	22	0.00	26.83	25.58
Trade	3	49	52	75.00	59.76	60.47
Services	1	11	12	25.00	13.41	13.95
Total	4	82	86	100.0	100.0	100.0
Business Loan Program						
Production	6	3	9	42.86	23.08	33.33
Trade	4	8	12	28.57	61.54	44.44
Services	4	2	6	28.57	15.38	22.22
Total	14	13	27	100.0	100.0	100.0

Table E2: Average loan size of clients in the survey sample by gender and sector (Rand)

	Total Amount Borrowed			Amount of last Loan		
	Men	Women	Total	Men	Women	Total
Stokvel Loan Program						
Production	0.00	1031.82	1031.82	0.00	681.82	681.82
Trade	500.00	881.63	859.62	500.00	606.12	600.00
Services	500.00	1000.00	958.33	500.00	672.73	658.33
Total	500.00	926.51	906.90	500.00	627.71	621.84
Business Loan Program						
Production	3000.00	2500.00	2833.33	2500.00	2000.00	2333.33
Trade	3575.00	3000.00	3191.67	2825.00	2437.50	2566.67
Services	11750.00	181.82	8166.67	10500.00	1000.00	7333.33
Total	5664.29	2576.92	4177.78	4078.57	2115.38	3548.15

114

APPENDIX E: CLIENT SURVEY TABLES

Table E3: Proportion of clients in the survey sample who have also received training

	Percentages		
	Men	Women	Total
Stokvel Loan Program			
Production	0.00	45.45	45.45
Trade	0.00	24.49	23.08
Services	0.00	27.27	25.00
Total	0.00	30.49	29.07
Business Loan Program			
Production	0.00	33.33	11.11
Trade	50.00	25.00	33.33
Services	50.00	0.00	33.33
Total	28.57	23.08	25.93

Table E4: Proportion of clients in the survey sample who are household heads

	Percentages		
	Men	Women	Total
Stokvel Loan Program	100.0	66.2	67.8
Business Loan Program	100.0	23.1	62.9

APPENDIX E: CLIENT SURVEY TABLES

Table E5: Use of loan capital by clients in the survey sample

	Percentages		
	Men	Women	Total
Stokvel Loan Program			
For assisted Business			
Working Capital	66.50	82.43	82.03
Fixed Capital	18.50	1.51	1.93
For other businesses	5.00	2.76	2.82
For household	5.00	1.78	1.86
For savings	5.00	9.61	9.49
Other	0.00	1.92	1.87
Other	100.0	100.0	100.0
Business Loan Program			
For assisted Business			
Working Capital	40.59	83.04	53.74
Fixed Capital	59.41	14.25	45.42
For other businesses	0.00	0.00	0.00
For household	0.00	0.00	0.00
For savings	0.00	2.71	0.84
Other	0.00	0.00	0.00
Total	100.0	100.0	100.0

Table E6: Hours of operation of businesses in the survey sample before and after the loan

	BEFORE Percentage			AFTER Percentage		
	Men	Women	Total	Men	Women	Total
Stokvel Loan Program						
Full Time	75.00	92.77	91.95	100.0	93.90	94.19
Part Time	25.00	7.23	8.05	0.00	6.10	5.81
Total	100.0	100.0	100.0	100.0	100.0	100.0
Business Loan Program						
Full Time	100.0	78.57	88.89	100.0	84.62	92.31
Part Time	0.00	42.86	11.11	0.00	38.46	7.69
Total	100.0	100.0	100.0	100.0	100.0	100.0

APPENDIX E: CLIENT SURVEY TABLES

Table E7: Other employment and business activities of clients in the survey sample before and after the loan

	BEFORE Percentages			AFTER Percentages		
	Men	Women	Total	Men	Women	Total
Stokvel Loan Program						
Clients engaged in wage employment	0.00	7.23	7.23	0.00	6.02	5.75
Clients operating other businesses	5.00	16.87	17.24	25.00	16.87	17.24
Business Loan Program						
Clients engaged in wage employment	0.00	23.08	11.11	7.14	30.77	18.52
Clients operating other businesses	0.00	15.38	7.41	0.00	15.38	7.41

Table E8: Location of businesses in the survey sample before and after the loan

	BEFORE Percentages			AFTER Percentages		
	Men	Women	Total	Men	Women	Total
Stokvel Loan Program						
Home Based	75.00	66.27	66.67	75.00	65.85	66.28
Outside/secure tenure	25.00	19.28	19.54	25.00	18.29	18.60
Outside/insecure tenure	0.00	7.23	6.90	0.00	7.32	6.98
Mobile	0.00	7.23	6.90	0.00	8.54	8.14
Total	100.0	100.0	100.0	100.0	100.0	100.0
Business Loan Program						
Home Based	57.14	78.57	50.00	46.15	76.92	50.00
Outside/secure tenure	28.57	14.29	21.43	23.08	7.69	15.38
Outside/insecure tenure	0.00	7.14	3.57	7.69	15.38	11.54
Mobile	14.29	0.00	7.14	23.08	0.00	11.54
Total	100.0	100.0	100.0	100.0	100.0	100.0

APPENDIX E: CLIENT SURVEY TABLES

Table E9: Life cycle of businesses in the survey sample before and after the loan

	BEFORE Percentages		
	Men	Women	Total
Stokvel Loan Program			
Start up	0.00	0.00	0.00
Ongoing	100.0	100.0	100.0
Total	100.0	100.0	100.0
Business Loan Program			
Start up	6.25	0.00	3.33
Ongoing	93.75	100.0	96.67
Total	100.0	100.0	100.0
	AFTER		
Stokvel Loan Program			
Ongoing	100.0	98.80	98.85
Closed down	0.00	1.20	1.15
Total	100.0	100.0	100.0
Business Loan Program			
Ongoing	81.25	92.86	86.67
Closed down	18.75	7.14	13.33
Total	100.0	100.0	100.0

10

APPENDIX E: CLIENT SURVEY TABLES

Table E10: Financial status of businesses in the survey sample before and after the loan: ALL SECTORS (Rand/month)[1]

	BEFORE			AFTER			PERCENT INCREASE			PROPORTION OF CLIENTS WITH INCREASES		
	Men	Women (Rand)	Total	Men	Women (Rand)	Total	Men	Women (Percent)	Total	Men	Women	Total
Stokvel Loan Program												
Average sales	655	915	903	1580	2155	2129	141	136	136	4/4 (100%)	78/83 (92%)	80/87 (93%)
Average gross profit	375	464	460	775	824	822	107	78	79	4/4 (100%)	71/83 (86%)	75/87 (87%)
Average gross profit margin	0.57	0.51	0.51	0.49	0.38	0.39	-14	-25	-24	2/4 (50%)	23/83 (28%)	25/87 (29%)
Cash withdrawn by client	63	280	270	260	582	567	319	108	110	4/4 (100%)	69/83 (83%)	73/87 (85%)
Business Loan Program												
Average sales	2100	2297	2195	4277	3669	3973	103	60	81	14/14 (100%)	12/13 (92%)	26/27 (96%)
Average gross profit	1116	779	953	2631	1323	1977	136	70	107	14/14 (100%)	10/12 (83%)	24/27 (89%)
Average gross profit margin	0.53	0.34	0.43	0.62	0.36	0.50	17	6	16	5/14 (36%)	5/13 (38%)	10/27 (37%)
Cash withdrawn by client	540	393	469	1007	792	900	86	102	92	11/14 (79%)	11/13 (85%)	22/27 (81%)

[1] Ongoing businesses only

APPENDIX E: CLIENT SURVEY TABLES

Table E11: Total employment (including owner) in businesses in survey sample before and after the loan by gender of business owner

	BEFORE (Numbers)			AFTER (Numbers)			PROPORTION OF CLIENTS WITH INCREASES		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Stokvel Loan Program									
Total employment (including owner)									
Full Time	3	96	99	3	107	110	0/4 (0%)	11/83 (13%)	11/87 (13%)
Part Time	3	28	31	1	32	33	0/4 (0%)	10/83 (12%)	10/87 (12%)
Total	6	124	130	4	139	143	0/4 (0%)	21/83 (25%)	21/87 (25%)
Average no. employees per business (including owner)									
Full Time	0.75	1.16	1.14	0.75	1.29	1.26			
Part Time	0.75	0.34	0.36	0.25	0.39	0.38			
TOTAl	1.50	1.50	1.50	1.00	1.68	1.64			
Business Loan Program									
Total number of employees (including owner)									
Full Time	29	18	47	29	16	45	6/14 (43%)	2/13 (15%)	8/27 (30%)
Part Time	3	4	7	4	9	13	0/14 (0%)	4/13 (31%)	7/27 (26%)
Total	32	22	54	33	25	58	9/14 (64%)	6/14 (43%)	15/27 (56%)
Average no. employees per business (including owner)									
Full Time	2.07	1.38	1.74	2.07	1.23	1.67			
Part Time	0.21	0.31	0.26	0.29	0.69	0.48			
TOTAL	2.28	1.69	2.00	2.36	1.92	2.15			

APPENDIX E: CLIENT SURVEY TABLES

Table E12: Total number of employees (including owners) in businesses in the survey sample before and after the loan period

	Before	After	% Change
Stokvel loan program			
Full time	99	110	11%
Part time	31	33	6%
Total	130	143	10%
Business loan program			
Full time	47	45	-4%
Part time	7	13	85%
Total	54	58	7%

Table E13: Size of employment (excluding owners) in businesses in the survey sample before and after the loan

	BEFORE	AFTER	PERCENT CHANGE
Average number of employees (excluding owners):			
Stokvel Loan Program			
Men	.21	.22	4%
Women	.29	.44	52%
Wage Employees	.24	.35	46%
Family Workers	.26	.31	19%
Full time	.22	.35	59%
Part time	.28	.31	4%
TOTAL	.50	.66	32%
Business Loan Program			
Men	.54	.72	33%
Women	.32	.38	19%
Wage employees	.79	1.00	27%
Family workers	.07	.10	43%
Full time	.75	.72	-4%
Part time	.11	.38	245%
TOTAL	.86	1.10	28%

APPENDIX E: CLIENT SURVEY TABLES

Table E14: Structure of employment (excluding owners) in businesses in the survey sample before and after the loan

	BEFORE	AFTER
Distribution of employees (excluding owners):		
<u>Stokvel Loan Program</u>		
Men	42%	34%
Women	58%	66%
TOTAL	100%	100%
Wage Employees	48%	53%
Family Workers	52%	47%
TOTAL	100%	100%
Full time	42%	53%
Part time	58%	47%
TOTAL	100%	100%
<u>Business Loan Program</u>		
Men	63%	66%
Women	37%	34%
TOTAL	100%	100%
Wage employees	91%	91%
Family workers	9%	9%
TOTAL	100%	100%
Full time	88%	78%
Part time	12%	22%
TOTAL	100%	100%

Table E15: Management practices of clients in the survey sample before and after the loan

	BEFORE Percentages	AFTER Percentages	NUMBER OF CLIENTS IN SAMPLE WHO HAVE CHANGED PRACTICE
Stokvel Loan Program			
Records sales			
Complete	15%	23%	7/87 (8%)
Partial	44%	47%	5/87 (6%)
Records purchases			
Complete	15%	21%	5/87 (6%)
Partial	46%	48%	4/87 (5%)
Separates business and household cash	38%	50%	12/87 (14%)
Use bank account	68%	85%	17/87 (20%)
Has separate bank account for business	13%	23%	9/87 (10%)
Sells on credit	72%	70%	-1/87 (1%)
Debt collections a problem	59%	52%	-2/87 (2%)
Business Loan Program			
Records sales			
Complete	25%	27%	2/27 (7%)
Partial	19%	19%	1/27 (4%)
Records purchases			
Complete	15%	12%	1/27 (4%)
Partial	22%	27%	2/27 (7%)
Separates business and household cash	40%	38%	1/27 (4%)
Uses bank account	59%	100%	11/27 (41%)
Has separate bank account for business	19%	27%	4/27 (15%)
Sells on credit	58%	42%	-4/27 (15%)
Debt collections a problem	44%	35%	-3/27 (11%)

APPENDIX E: CLIENT SURVEY TABLES

Table E16: Other sources of credit used by clients in the survey sample before and after the loan

	BEFORE Percentages			AFTER Percentages		
	Men	Women	Total	Men	Women	Total
Stokvel Loan Program						
Informal Sources	0%	18%	17%	0%	18%	17%
Used for business	0%	11%	10%	0%	9%	8%
Formal Sources	25%	18%	18%	25%	15%	15%
Used for business	0%	10%	9%	0%	11%	10%
Business Loan Program						
Informal Sources	29%	15%	22%	0%	0%	4%
Used for business	21%	15%	18%	0%	0%	3%
Formal Sources	50%	54%	51%	46%	46%	50%
Used for business	7%	8%	7%	15%	15%	12%

ANNEX F

GET AHEAD FOUNDATION COST STRUCTURE TABLES

APPENDIX F: GET AHEAD FOUNDATION COST STRUCTURE TABLES

TABLE F1: GET AHEAD FOUNDATION - INCOME AND EXPENSE SUMMARY ALL CREDIT ACTIVITIES (9 MONTHS, MARCH TO NOVEMBER 1991)

INCOME: (R 000's)

	Accrued	Cash
Stokvel lending:		
Service fee	449	317
Interest on Guar. funds	81	81
Total	530	398

	Cash
Business loans:	
Application fee	11
Management fee	57
Interest on collateral	87
Total	155

EXPENSES: (R 000's)

	Stokvels	Business Loans	Total
Direct operating	285	156	441
Direct administration	230	65	295
Direct oper. - Head Office	160	35	195
Allocated Head Office	694	152	846
Totals	1369	408	1777

	Salaries	National Travel	Int'l travel	Other Costs	Total
Direct operating	326	61	0	56	443
Direct administration	103	80	0	112	295
Direct oper. - Head Office	102	40	31	21	194
Allocated Head Office	337	81	69	359	846
Totals	868	262	100	548	1778

APPENDIX F: GET AHEAD FOUNDATION COST STRUCTURE TABLES

TABLE F2: GET AHEAD FOUNDATION INCOME AND EXPENSE SUMMARY
PORT ELIZABETH OFFICE CREDIT ACTIVITIES (9 MONTHS, MAR

INCOME: (R 000's)

	Cash
Stokvel lending:	
Service fee	112
Interest on Guar. funds	19
Total	131

	Cash
Business loans:	
Application fee	2
Management fee	11
Interest on collateral	19
Total	32

EXPENSES: (R 000's)

	Stokvels	Business Loans	Total
Direct operating	64	46	110
Direct administration	74	20	94
Direct oper. - Head Office	36	8	44
Allocated Head Office	155	34	189
Totals	329	108	437

9

APPENDIX F: GET AHEAD FOUNDATION COST STRUCTURE TABLES

TABLE F3: GET AHEAD FOUNDATION 1991 BUDGET (MARCH 1991 TO FEBRUARY 1992)

	12 Month Budget		9 Month Variance
	amount	% of total	
INCOME: (R 000's)			
General grants	2621	49.1%	-64
USAID grants	1338	25.1%	59
Winter school grants	319	6.0%	-105
Stokvels service fee	293	5.5%	263
Business resource directory	240	4.5%	-177
Business loans - mgmt fee	211	4.0%	-94
Sub-total	5022	94.1%	-118
Other income	314	5.9%	92
Total	5336	100.0%	-26
EXPENSES: (R 000's)			
Salaries	1565	40.5%	14
Stationery & printing	426	11.0%	0
Travel	307	7.9%	64
Professional fees	181	4.7%	-16
Building materials	145	3.7%	0
Rent	114	2.9%	-38
Postage & telephone	106	2.7%	-33
Sub-total	2844	73.5%	-9
Other (60 different items)	1024	26.5%	-72
Total	3868	100.0%	-81
FORECAST SURPLUS: (R 000's)			
Excess funds from operations	1468		55

GEMINI PUBLICATION SERIES

GEMINI Working Papers:

1. "Growth and Equity through Microenterprise Investments and Institutions Project (GEMINI): Overview of the Project and Implementation Plan, October 1, 1989-September 30, 1990." GEMINI Working Paper No. 1. December 1989. [not for general circulation]

*2. "The Dynamics of Small-Scale Industry in Africa and the Role of Policy." Carl Liedholm. GEMINI Working Paper No. 2. January 1990. $5.50

3. "Prospects for Enhancing the Performance of Micro- and Small-Scale Nonfarm Enterprises in Niger." Donald C. Mead, Thomas Dichter, Yacob Fisseha, and Steven Haggblade. GEMINI Working Paper No. 3. February 1990. $6.00

4. "Agenda Paper: Seminar on the Private Sector in the Sahel, Abidjan, July 1990." William Grant. GEMINI Working Paper No. 4. August 1990. $3.00

*5. "Gender and the Growth and Dynamics of Microenterprises." Jeanne Downing. GEMINI Working Paper No. 5. October 1990. $10.50

6. "Banking on the Rural Poor in Malaysia: Project Ikhtiar." David Lucock. GEMINI Working Paper No. 6. October 1990. $3.30

7. "Options for Updating AskARIES." Larry Reed. GEMINI Working Paper No. 7. October 1990. $3.50

*8. "Technology — The Key to Increasing the Productivity of Microenterprises." Andy Jeans, Eric Hyman, and Mike O'Donnell. GEMINI Working Paper No. 8. November 1990. $3.60

9. "Lesotho Small and Microenterprise Strategy — Phase II: Subsector Analysis." Bill Grant. GEMINI Working Paper No. 9. November 1990. $15.50.

*10. "A Subsector Approach to Small Enterprise Promotion and Research." James J. Boomgard, Stephen P. Davies, Steven J. Haggblade, and Donald C. Mead. GEMINI Working Paper No. 10. January 1991. $3.10

11. "Data Collection Strategies for Small-Scale Industry Surveys." Carl Liedholm. GEMINI Working Paper No. 11. January 1991. $1.30.

12. "Dynamics of Microenterprises: Research Issues and Approaches." Carl Liedholm and Donald C. Mead. GEMINI Working Paper No. 12. January 1991. $6.50.

13. "Dynamics of Microenterprises: Research Priorities and Research Plan." Carl Liedholm and Donald C. Mead. GEMINI Working Paper No. 13. August 1990. [not for general circulation]

---

*Publications of general interest

89

14. "Review of Year One Activities (October 1, 1989 to September 30, 1990) and Year Two Work Plan (October 1 to November 30, 1990)." GEMINI Working Paper No. 14. January 1991. [not for general circulation]

*15. "The Process of Institutional Development: Assisting Small Enterprise Institutions to Become More Effective." Elaine Edgcomb and James Cawley. GEMINI Working Paper No. 15. February 1991. $9.70.

16. "Baseline Surveys of Micro and Small Enterprises: An Overview." Donald C. Mead, Yacob Fisseha, and Michael McPherson. GEMINI Working Paper No. 16. March 1991. $2.60.

17. "Kenya: Kibera's Small Enterprise Sector — Baseline Survey Report." Joan Parker and C. Aleke Dondo. GEMINI Working Paper No. 17. April 1991. $6.40.

*18. "A Financial Systems Approach to Microenterprises." Elisabeth Rhyne and Maria Otero. GEMINI Working Paper No. 18. April 1991. $3.00.

*19. "Agriculture, Rural Labor Markets, and the Evolution of the Rural Nonfarm Economy." Steve Haggblade and Carl Liedholm. GEMINI Working Paper No. 19. May 1991. $2.50.

*20. "The Microenterprise Finance Institutions of Indonesia and Their Implications for Donors." Elisabeth Rhyne. GEMINI Working Paper No. 20. June 1991. $3.40.

21. "Microenterprise Growth Dynamics in the Dominican Republic: The ADEMI Case." Frank F. Rubio. GEMINI Working Paper No. 21. June 1991. $3.10.

*22. "Credit Unions: A Formal Sector Alternative for Financing Microenterprise Development." John H. Magill. GEMINI Working Paper No. 22. September 1991. $3.80.

23. "A Proposed Subsector-Based Monitoring and Evaluation System for CARE/Thailand's Silk Promotion Efforts." Steven Haggblade. GEMINI Working paper No. 23. September 1991. $3.60.

24. "Steps to the Creation of a Viable Financial Institution for Microenterprise Development in the Philippines: Notes on a Process for the Staff and Board of Tulay sa Pag-Unlad, Inc." Doug Salloum and Nan Borton. GEMINI Working Paper No. 24. November 1991. $2.00.

*25. "Village Banking: A Cross-Country Study of a Community-Based Lending Methodology." Sharon L. Holt. GEMINI Working Paper No. 25. December 1991. $12.60.

26. "Dynamics of Small- and Micro-scale Enterprises and the Evolving Role of Finance." Carl Liedholm. GEMINI Working Paper No. 26. December 1991. $3.00.

*27. "Opportunities for Intervention in Thailand's Silk Subsector." Steven Haggblade and Nick Ritchie. GEMINI Working Paper No. 27. January 1992. $3.20.

*28. "Apex Study of the Asociacion de Grupos Solidarios de Colombia." Arelis Gomez Alfonso, with Nan Borton and Carlos Castello. GEMINI Working Paper No. 28. April 1992. $4.60. [See Technical Reports No. 36 and No. 39 for apex studies in Senegal and Thailand.]

29. "The Subsector Methodology, A Field Orientation for CARE/Egypt, January 20-February 7, 1992." William Grant. GEMINI Working Paper No. 29. April 1992.

30. "'Poverty Lending' and Microenterprise Development: A Clarification of the Issues." Mohini Malhotra. GEMINI Working Paper No. 30. May 1992.

GEMINI Technical Reports:

1. "Jamaica Microenterprise Development Project: Technical, Administrative, Economic, and Financial Analyses." Paul Guenette, Surendra K. Gupta, Katherine Stearns, and James Boomgard. GEMINI Technical Report No. 1. June 1990. [not for general circulation]

2. "Bangladesh Women's Enterprise Development Project: PID Excerpts and Background Papers." Shari Berenbach, Katherine Stearns, and Syed M. Hashemi. GEMINI Technical Report No. 2. October 1990. $13.00

3. "Maroc: Conception d'une Enquête pour une Etude du Secteur Informel." Eric R. Nelson and Housni El Ghazi. GEMINI Technical Report No. 3. November 1990. $12.50

4. "Small Enterprise Assistance Project II in the Eastern Caribbean: Project Paper." James Cotter, Bruce Tippet, and Danielle Heinen. GEMINI Technical Report No. 4. October 1990. [not for general circulation]

5. "Technical Assessment: Rural Small-Scale Enterprise Pilot Credit Activity in Egypt." John W. Gardner and Jack E. Proctor. GEMINI Technical Report No. 5. October 1990. $4.00

*6. "Developing Financial Services for Microenterprises: An Evaluation of USAID Assistance to the BRI Unit Desa System in Indonesia." James J. Boomgard and Kenneth J. Angell. GEMINI Technical Report No. 6. October 1990. $9.00

7. "A Review of the Indigenous Small Scale Enterprises Sector in Swaziland." David A. Schrier. GEMINI Technical Report No. 7. October 1990. [not for general circulation]

8. "Ecuador Micro-Enterprise Sector Assessment: Summary Report." John H. Magill and Donald A. Swanson. GEMINI Technical Report No. 8. April 1991. $10.20.

9. "Ecuador Micro-Enterprise Sector Assessment: Financial Markets and the Micro- and Small-scale Enterprise Sector." Richard Meyer, John Porges, Martha Rose, and Jean Gilson. GEMINI Technical Report No. 9. March 1991. $16.00

10. "Ecuador Micro-Enterprise Sector Assessment: Policy Framework." Bruce H. Herrick, Gustavo A. Marquez, and Joseph F. Burke. GEMINI Technical Report No. 10. March 1991. $11.30

11. "Ecuador Micro-Enterprise Sector Assessment: Institutional Analysis." Peter H. Fraser, Arelis Gomez Alfonso, Miguel A. Rivarola, Donald A. Swanson, and Fernando Cruz-Villalba. GEMINI Technical Report No. 11. March 1991. $25.00

a\

12. "Ecuador Micro-Enterprise Sector Assessment: Key Characteristics of the Micro-Enterprise Sector." John H. Magill, Robert Blaney, Joseph F. Burke, Rae Blumberg, and Jennifer Santer. GEMINI Technical Report No. 12. March 1991. $19.60

13. "A Monitoring and Evaluation System for Peace Corps' Small Business Development Program." David M. Callihan. GEMINI Technical Report No. 13. [not available for general circulation]

14. "Small-Scale Enterprises in Lesotho: Summary of a Country-Wide Survey." Yacob Fisseha. GEMINI Technical Report No. 14. February 1991. $6.40

*15. "An Evaluation of the Institutional Aspects of Financial Institutions Development Project, Phase I in Indonesia." John F. Gadway, Tantri M. H. Gadway, and Jacob Sardi. GEMINI Technical Report No. 15. March 1991. $8.80

*16. "Small-Scale Enterprises in Mamelodi and Kwazakhele Townships, South Africa: Survey Findings." Carl Liedholm and Michael A. McPherson. GEMINI Technical Report No. 16. March 1991. $4.60.

17. "Growth and Change in Malawi's Small and Medium Enterprise Sector." Michael A. McPherson. GEMINI Technical Report No. 17. June 1991. $2.20.

18. "Burkina Faso Microenterprise Sector Assessment and Strategy." William Grant, Matthew Gamser, Jim Herne, Karen McKay, Abdoulaye Sow, and Sibry Jean-Marie Tapsoba. GEMINI Technical Report No. 18. August 1991. Volume One, Main Report, $7.60; Volume Two, Annexes, $14.20.

*19. "Women in the BPD and Unit Desa Financial Services Programs: Lessons from Two Impact Studies in Indonesia." Sharon L. Holt. GEMINI Technical Report No. 19. September 1991. $3.80.

20. "Mali Microenterprise Sector Assessment and Strategy." William Grant, Kim Aldridge, James Bell, Ann Duval, Maria Keita, and Steve Haggblade. GEMINI Technical Report No. 20. Volume One, Main Report, $6.70; Volume Two, Annexes, $13.00.

21. "A Microenterprise Sector Assessment and Development Strategy for A.I.D. in Zambia." Eric L. Hyman, Robert Strauss, and Richard Crayne. GEMINI Technical Report No. 21. November 1991. $10.00.

22. "Bangladesh: Women's Enterprise Development Project Paper." GEMINI Technical Report No. 22. August 1991. [not for general circulation]

23. "Peru: Small Business and Employment Expansion Project Paper." GEMINI Technical Report No. 23. November 1991. [not for general circulation]

24. "A Country-wide Study of Small-Scale Enterprises in Swaziland." Yacob Fisseha and Michael A. McPherson. GEMINI Technical Report No. 24. December 1991. $5.40.

*25. "Micro and Small-Scale Enterprises in Zimbabwe: Results of a Country-wide Survey." Michael A. McPherson. GEMINI Technical Report No. 25. December 1991. $5.00.

26. "The Development Impact of Financing the Smallest Enterprises in Indonesia." GEMINI Technical Report No. 26. January 1992. [not for general circulation]

27. "Midterm Evaluation of the ASEPADE Component of the Small Business II Project, Honduras." Arelis Gomez Alfonso, Wesley Boles, and Donald L. Richardson. GEMINI Technical Report No. 27. February 1992. $5.80. Also available in Spanish.

28. "Midterm Evaluation of the ANDI/PYME Component of the Small Business II Project, Honduras." Arelis Gomez Alfonso, Wesley Boles, and Donald L. Richardson. GEMINI Technical Report No. 28. February 1992. $6.60. Also available in Spanish.

29. "The Role of Financial Institutions in the Promotion of Micro and Small Enterprises in Burkina Faso." John McKenzie. GEMINI Technical Report No. 29. February 1992. $10.40.

30. "Small and Micro Enterprise Development Project No. 262-0212, Egypt. Midterm Evaluation." Katherine Stearns. GEMINI Technical Report No. 30. March 1992. $7.60.

31. "A Review of the Prospects for Rural Financial Development in Bolivia." James J. Boomgard, James Kern, Calvin Miller, and Richard H. Pattern. GEMINI Technical Report No. 31. March 1992. $4.60.

32. "The Role of Private Sector Advocacy Groups in the Sahel." William Grant. GEMINI Technical Report No. 32. March 1992. $2.40.

*33. "Access to Credit for Poor Women: A Scale-up Study of Projects Carried Out by Freedom from Hunger in Mali and Ghana." Jeffrey Ashe, Madeline Hirschland, Jill Burnett, Kathleen Stack, Marcy Eiland, and Mark Gizzi. GEMINI Technical Report No. 33. March 1992. $11.80.

*34. "Egyptian Women and Microenterprise: the Invisible Entrepreneurs." C. Jean Weidemann. GEMINI Technical Report No. 34. March 1992. $11.20.

*35. "A Pre-Project Identification Document Analysis of the Lesotho Agricultural Enterprise Initiatives Project." Mike Bess, Don Henry, Donald Mead, and Eugene Miller. GEMINI Technical Report No. 35. April 1992. $20.00.

36. "Apex Study of the Small Enteprprise Development Program of Catholic Relief Services, Senegal." Arelis Gomez Alfonso. GEMINI Technical Report No. 36. May 1992. $3.00.

37. "The Private Operators' Perspective on an Agenda for Action," Dakar, Senegal, November 22-25, 1991. A Seminar on the Private Sector in West Africa. Organized by the Senegalese National Employers' Union (CNP), the Club du Sahel, CILSS and USAID. GEMINI Technical Report No. 37. May 1992. $7.00.

38. "Background Documents to the Seminar on the Private Sector in West Africa," Dakar, Senegal. November 22-25, 1991. Technical Report No. 38. May 1992. $5.00.

39. "Apex Study of the Small Enterprise Development Program of Catholic Relief Services, Thailand." Arelis Gomez Alfonso. GEMINI Technical Report No. 39. May 1992. $3.20.

40. "Study of Informal Cross-border Trade, Poland." SMG-KRC/Poland. GEMINI Technical Report No. 40. May 1992. $3.60.

41. "Study of the Informal Commercial Sector, Poland." SMG/KRC Poland. GEMINI Technical Report No. 41. May 1992. $3.20

42. "Evaluation of the Micro and Small Enterprise Development Project (MSED) in Bolivia." William Fisher, Jeffrey Poyo, and Ann Beasley. GEMINI Technical Report No. 42. June 1992. $10.60.

43. "Analysis of Funding Mechanisms for the Small and Micro Enterprise Development Project, Egypt." Kenneth J. Angell and John M. Porges. GEMINI Technical Report No. 43. June 1992. $3.80.

44. "Get Ahead Foundation Credit Programs in South Africa: The Effects of Loans on Client Enterprises." Jennefer Sebstad. GEMINI Technical Report No. 44. June 1992. $3.00.

45. "Get Ahead Foundation in South Africa: Final Evaluation." Robert Christen, Elisabeth Rhyne, Doug Salloum, and Jennefer Sebstad. GEMINI Technical Report No. 45. June 1992. $11.00.

Technical Notes:

Financial Assistance to Microenterprise Section:

*1. Series Notebook: Tools for Microenterprise Programs (a three-ring binder, 1 1/2 inches in diameter, for organizing technical notes and training materials) and "Methods for Managing Delinquency" by Katherine Stearns. $7.50. Also available in Spanish.

*2. "Interest Rates and Self-Sufficiency." Katherine Stearns. $6.50. Available in English and Spanish.

*3. "Financial Services for Women." C. Jean Weidemann. March 1992. $5.00.

Nonfinancial Assistance to Microenterprise Section:

*1. "A Field Manual for Subsector Practitioners." Steven S. Haggblade and Matthew Gamser. $4.65. Also available in French.

Special Publications:

*1. "Training Resources for Small Enterprise Development." Small Enterprise Education and Promotion Network. Special Publication No. 1. 1990. $9.00

*2. *Financial Management of Micro-Credit Programs: A Guidebook for NGOs*. Robert Peck Christen. ACCION International. Special Publication No. 2. 1990. $19.00

94

*3. *The ADEMI Approach to Microenterprise Credit.* A. Christopher Lewin. Special Publication No. 3. 1991. $15.00

Copies of publications available for circulation can be obtained by sending a check or a draft drawn on a U.S. bank to the DAI/GEMINI Publications Series, Development Alternatives, Inc., 7250 Woodmont Avenue, Bethesda, MD 20814, U.S.A.

6/92

95