

**COMMUNITY ENTREPRENEURSHIP AND BUSINESS INITIATIVE**  
**PROGRAM (CEBI)**  
**Port Elizabeth, South Africa**

**SEMI-ANNUAL REPORT # 1**

**February 2001**

**This program implemented in partnership with:**

**The Cooperative Housing Foundation (CHF),  
The Agricultural Cooperative Development International/Volunteers in  
Overseas Cooperative Assistance (ACDI/VOCA), and  
The National Cooperative Business Association/ Cooperative League of the  
USA (NCBA/CLUSA)**

**CHF Contract Agreement # FAO-A-00-00016-00**

## **COMMUNITY ENTREPRENEURSHIP AND BUSINESS INITIATIVE PROGRAM (CEBI)**

### **SEMI-ANNUAL REPORT # 1**

#### **A. CEBI Project Description**

The CEBI Program is a three-year local economic development project, which is jointly implemented by the Cooperative Housing Foundation (CHF), Agricultural Cooperative Development International/Volunteers in Overseas Cooperative Assistance (ACDI/VOCA), and National Cooperative Business Association/ Cooperative League of the USA (NCBA/CLUSA). CHF has been designated as the lead agency.

Through the unique application of cooperative development principles, including a combination of community empowerment through democratically structured group-based organizations, cooperative business development and locally owned and controlled financial services, the three partner organizations are enhancing local economic development, increasing access to financial markets for historically disadvantaged township residents and their businesses, and creating employment.

The main goal of the Program is to develop the business and financial capacity of entrepreneurs and small business owners in the per-urban black townships in Nelson Mandela Metropole (Port Elizabeth/Uitenhage/Despatch), and promote links between these historically disadvantaged businesses and mainstream businesses in the Eastern Cape region. This three-year program became operational in South Africa in September 2000 and, in its first year, is centered in Motherwell Township. Program objectives include the following:

- Enhance local economic development and create employment in the disadvantaged communities
- Establish local business support centers in the disadvantaged communities
- Provide essential business training and financial services and develop strong community business leadership

The vision of the CEBI Center, as established by the CEBI management in coordination with local entrepreneurs, reads as follows:

**“CEBI is a center of excellence dedicated to providing a customer responsive menu of consistently high quality financial services, business training and linkages. Together with the community, we shall promote economic growth and development so as to increase the standards of living and access to employment and business opportunities.”**

Operationally, the CEBI center comprises the following three units:

- Administration and Planning Unit (APU), led by CHF
- Business Creation and Training Unit (BCTU), led by NCBA/CLUSA
- Financial Services Unit (FSU), led by ACIDI/VOCA

### **Administration and Planning Unit**

The role of the Administration and Planning Unit includes:

- Developing and managing the local community economic development plan
- Organizing all CEBI activities such as workshops, conferences, networking opportunities, business round tables and local trade fairs that will generate business partnerships both inside and outside the township
- Developing and implementing a marketing strategy for CEBI
- Coordinating the activities of the three units of CEBI
- Managing the administration and accounting of the CEBI Program

### **Business Creation and Training Unit**

The BCTU provides training, assistance, and encouragement to township residents developing new and existing businesses. It identifies potential group-based businesses and then assist cooperative or franchise members as they establish operations in accordance with the highest standards. This unit offers training in business management, marketing, financial management, business planning and costing and pricing. Additional services include assisting in drawing business plans, legal advice, tender advice/contract-negotiation and market linkages. The role of BCTU includes:

- Creating and promoting cooperatively, employee or individually owned businesses, and linking them with demand in the mainstream economy
- Establishing business support services including market analysis, negotiation services and business certification
- Providing business skills training
- Establishing a job referral and matching service

### **Financial Services Unit**

The role of the FSU includes:

- Developing and promoting financial services for businesses and entrepreneurs
- Increasing access to financial markets for peri-urban entrepreneurs
- Creating an economic development fund
- Establishing a Financial Services Cooperative linked to the Finasol Network
- Integrating ancillary financial services such as filing systems and funds transfer

### **Planned Outputs**

The planned outputs of the CEBI Program for the first year are as follows:

- Assist 300 township residents to open new bank accounts with formal financial institutions
- Arrange skills training for at least 400 community members
- Assist in the expansion of 50 existing micro and small businesses
- Create 50 new individually owned businesses
- Facilitate access for community based businesses to at least 2 public sector contracts and subcontracts
- Arrange at least 10 marketing and service contracts from larger economic private sector community to be fulfilled by community businesses
- Operate a job referral center which places 50 township residents in temporal or permanent employment
- Create at least 2 business trade linkages connecting community and non-community business partners

## **B. CEBI Activities by Unit**

### **1. Business Creation and Training Unit (BCTU)**

Activities to date can be illustrated through objectives and action plans developed from research and a highly participative strategic planning session held in October 2000 with Motherwell participating.

#### **a. Identification of Entrepreneurial Businesses in Motherwell**

Numerous businesses in Motherwell were researched and visited, and it became evident that the most common businesses were small market retail types. In total, 40 manufacturers/service providers and 44 retailers were researched. Other examples of the various types of businesses in Motherwell include panel beaters, all types of construction, car repairs, carpentry, steel works, sewing and so forth.

In terms of the research done, it became evident that the reason for the poor growth and performance in these businesses was as a result primarily of a lack of business skills by local entrepreneurs and, most notably, poor record keeping leading to a lack of cash flow within the businesses. The lack of knowledge and training contributes to the poor record keeping. The quality of many of the products that are manufactured also needs refining. Poor quality is a result of a lack of relevant technical skills and the no proper equipment.

Many of these businesses have indicated interest in training, in both business and technical skills.

#### **b. Identification of Business Linkage Opportunities**

Numerous corporate and formal small businesses have been introduced to CEBI and given a description of its services, which includes the opportunity for linking with Motherwell businesses. Another opportunity exists for CEBI to act as a facilitating agent for all the development programs that the companies implement targeting Motherwell.

The companies concerned include Volkswagen SA, Remtec, Telkom, PPC, Venture/AIC, Dimension Data, Kentucky Fried Chicken, Goodyear and Delta. A second round of discussions have taken place around possible areas of cooperation.

Progress with local and provincial government structures has been slow due to dynamics occurring which are beyond CEBI management control. The municipalities of Port Elizabeth, Uitenhage and Despatch have combined to form Nelson Mandela Metropole. Elections for the new metropole were held in December. Currently, the structure of the Metropole is being established. The Western District Council has made a commitment in principle to provide contract opportunities to Motherwell entrepreneurs.

To date, the CEBI database has about ninety-two (92) entrepreneurs who have registered for linkage with market and contract opportunities.

One of the big local companies, Dimension Data has asked for a quotation for cleaning services of their offices.

**c. Provision of Specialized Training For Existing Businesses**

As stated above, 84 existing businesses were identified for training. This program entails the relevant theoretical knowledge and the application of the knowledge obtained.

The first group of 20 existing businesses are currently involved in the program. CEBI is in the process of establishing a business mentorship structure involving retired business executives and local entrepreneurs (peer support). Such business mentors will provide a source of support to the existing businesses during and after the training.

**d. Creation of New Individually owned Businesses**

To date no less than 25 aspiring entrepreneurs have come to CEBI for advice on their business ideas. A process has been developed where the people who want to start businesses are screened through counseling. That enables them to analyze their business idea. All 25 entrepreneurs are undergoing a "Start-Up Training" course. CEBI has engaged two other local service providers, namely Community Self-Employment Center and American Business Systems Training to run this training program.

In addition CEBI has formed a relationship with National Hope Foundation for the Advancement of the Unemployed, a local membership-driven organization for the unemployed. Over twenty (20) members have registered for the start-up course.

**e. Provision of General and Technical Skills to the Motherwell Community**

Generic training in the following topics has been identified through a workshop and research conducted in Motherwell; aboills, customer service, problem solving, decision-making, communication, how to run a meeting and conflict management. Three

community and business groupings have already approached CEBI to provide training on a combination of the abovementioned topics.

Discussions have been held with East Cape Training Center regarding the referral of CEBI clients to their technical skills training courses. A record of understanding in this regard has been struck between the two organizations. No one has been referred thus far because of the bureaucratic process that involves the government's Department of Labor. An alternative route is being sought through Iqhayiya and Bethelsdorp Technical Colleges. This component of the CEBI training program is mainly focusing on entrepreneurs in the business linkages database.

#### **f. Placement of Motherwell Residents in Temporary or Permanent Employment**

A system has been established which includes the procedures for the customers and the clients to follow. A database has been installed and has 97 skilled Motherwell residents. All are waiting for a Job Preparation Training Course to be held bimonthly beginning in February.

The biggest challenge is that most customers (employers) require people with formal qualifications, something that we are discussing with the aforementioned training institutions and trade associations. Most of the people need further technical training and will be referred to the relevant institutions.

Three (3) job placements have already been made: one in childcare and two in lawn maintenance.

The customers are divided into two groups:

- Households: Bluewater Bay has been targeted as the first suburb to try this system, as it is the closest to Motherwell. Research has taken place in the community and they are willing to support the system and also assisting with the marketing of the program. Specific opportunities were also identified.
- Businesses: In addition to the corporate sector businesses, the following businesses are willing to support the CEBI job referral service: Code Lite, RNS Construction, Burgersprop Construction and GENLEC. The Master Building Association (MBA) has agreed to allow access to their members in terms of delivering a presentation to members.

This job referral system will be formally launched in March/April.

## **2. Financial Services Unit (FSU)**

### **a. Access to Finance**

Due to the need to develop an informed financial services policy, there have been no loans granted to date. Following the research done on the needs of the Motherwell business community there was a process that involved scanning the small business finance environment locally and establishing CEBI's competitive edge. Finance organizations researched were the Eastern Cape Development Corporation, Independent Business Finance Promotions, Business Partners and bankers with small business finance desks, namely: ABSA, Standard Bank, Nedbank and First National Bank.

To date CEBI has registered 215 'walk-ins' (individuals who come in off the street to inquire about CEBI activities) who specifically require access to finance.

The financial service policy is in the process of being finalized and lending will take place afterwards.

**b. Facilitation of Linkages With Other Financial Institutions**

Discussions were held with all relevant parties in the micro finance retail and wholesale services. Organizations visited include Khula Finance Enterprise, Business Finance, Enterprise Management & Innovation, and Micro-Finance Regulatory Council. Consultations with Enterprise Management & Innovation were taken a step further where co-operation on either a joint venture basis or some other linkages were considered. This would enable CEBI to adopt and adapt the VITA-MSP model for the individual lending scheme. This is a short-term working capital finance based model. It has a turnaround repayment track record of 97%. Discussions and visitations took place and the matter still has still to be finalized.

After consultations with banks on the type of relationship required, final discussions are being held with two banks – Standard and FNB so as to make the final decision on which bank to use for the lending operations. A Loan Fund account will soon be opened with the identified bank. The lending operations are expected to start as soon as the credit policy has been finalized and a well-defined system for implementation is in place.

**c. Establishment and Implementation of a Loan Fund**

The loan fund has been structured so as to cater for three basic products. These are individual lending, group lending and the facilitation of financial services co-operative(s) linked to FinaSol. FinaSol is a finance facility that is geared towards mobilizing community banking through what is called Financial Services Cooperative. It is a very valuable service to communities which otherwise do not have banking services. It also provides a platform for community empowerment. This approach works on a franchise basis. Discussions are still in progress with FinaSol on the appropriate means of linkages so as to make this facilitation possible for the Motherwell community. It is anticipated that the extension of FinaSol to CEBI will effect from June 2001.

Credit policies and procedural documentation and guidelines to enable the lending to start are being fine-tuned. CEBI will for the moment lend two products: group scheme and individual scheme.

#### **d. Establishment of CEBI Membership Savings Club**

Guidelines linked to the group lending methodology have been developed for the establishment of CEBI membership group savings club.

The group lending methodology will operate as follows:

- Members join the CEBI membership club as a prior condition to qualify for the group-lending scheme.
- CEBI opens a savings account in the name of CEBI in the manner of a society account. Members deposit into the account as part of the requirements for group lending CEBI maintains an internal ledger of each individual group member detailing status. Members must attain a certain level of savings in order to qualify for a loan at each level. Members will cede these savings at every stage of loan disbursement. Members continue to contribute R25 every month as they do their repayment towards their savings accounts. This will enable them to have savings to qualify for the next level. Members will be entitled to interest on their balances calculated on a monthly balance. This interest will be greater than what an individual would get on a normal savings account. They would therefore get the benefit of an increased interest due to pooled resources.
- During a loan cycle and whilst repayment of loan is still in progress, the member may not withdraw from her/his savings account notwithstanding the fact that the member may be making additional deposits into the account every month. The members within a group are jointly and severally liable for any amounts outstanding. They do this by signing a document ceding their rights to their savings to CEBI.
- At the end of every cycle or when the savings have not been ceded to CEBI, members may withdraw from their account. In order to withdraw, the member completes a designated CEBI document and a cheque will be issued to the client or direct transfer to the members account will be done by CEBI through the bank.
- On withdrawal or expulsion from the club/group, a member is entitled to their savings plus any interest credited to them as per CEBI Savings Ledger, providing that no default of his/her own or of the group would require realization of ceded deposits.

The implementation of this FSU component will start in February.

### **3. Administration and Planning Unit (APU)**

The CEBI Program has contracted the following professionals:

1. Pumlani Tyali (CHF) – Executive Director (mid September 2000)
2. Chantel Cooper (NCBA/CLUSA) – Training Manager (mid October 2000)
3. Brian Bukula (NCBA/CLUSA) – Marketing and Linkages Manager (mid November 2000)
4. John Alufayi (ACDI/VOCA) – Financial Services Manager (mid October 2000)
5. Jasper Skosana (CHF) – CBEC Manager (January 2001)

6. Michelle Binns (CHF) – Administration Assistant (Port Elizabeth office) (November 2000)
7. Lungiwe Dingela (NCBA/CLUSA) – Administrative Assistant (BCTU) (January 2001)
8. Wendy Thandani (ACDI/VOCA) – Administrative Assistant (FSU) (December 2001)
9. Zanele Xiphula (CHF) – Secretary (January 2001)

With the above staff, the CEBI office is fully operational. Further field staff will be engaged for the BCTU and FSU in February 2001.

The CEBI office is situated in the only formal shopping complex in Motherwell, which is along one of the spine roads cutting through this township. The complex catches a lot of people coming for shopping and banking services (two auto teller machines).

The acquisition of Program vehicles has been delayed because of an outstanding waiver application that has been submitted to USAID. CHF and ACDI/VOCA are seeking a waiver to save on vehicle purchase costs.

The marketing strategy is in place and the marketing material is currently being developed. CEBI's marketing strategy is founded on four pillars:

- To raise consciousness on the concept of entrepreneurship in the Motherwell community.
- To provide reliable and updated information on entrepreneurship activity in Motherwell for private and government sectors.
- To inform the public in general about CEBI activities
- To inform the Motherwell community on employment and business opportunities.

### **C. Program Highlights**

The CEBI strategic planning session, held on Oct 23<sup>rd</sup> at the Sports Center in Motherwell, was attended by critical stakeholders over and above local business people, namely the chairperson of the Motherwell Development Forum, executives from the Economic Development Department of the Nelson Mandela Metropole and the Chairperson of one of the local chambers of business. The purpose of the strategic planning session was to establish project focus areas based on input from the business fraternity. The CEBI management staff followed up the meeting with a workshop of its own to complete the CEBI Strategic Plan (see attached plan).

The CEBI program was officially launched on 22 November 2000. Stacy Rhodes, Director for USAID South Africa, and Dorvin Stockdale, project contact at USAID/SA attended the ribbon cutting ceremony. Local entrepreneurs, bankers, service providers, government officials, corporate representatives and the local press representatives attended the event.

In conclusion, this is going to be an activity driven year for CEBI. This will happen in the context of a Motherwell community characterized by big opportunities to open viable businesses, high crime rate, high unemployment, low levels of income, lack of resources (infrastructure, finance and skills base).

**COMMUNITY ENTREPRENEURSHIP AND BUSINESS  
INITIATIVE**

**(CEBI)**

**FINANCIAL SERVICES UNIT**

**CREDIT POLICY**

(Appendix I)

# **CEBI FINANCIAL SERVICES**

## **CREDIT POLICY**

### **1. INTRODUCTION**

The Community Entrepreneurship and Business Initiative Program (CEBI) is a small, medium and micro enterprise development program based in Port Elizabeth. Funded by USAID, this program is backed by three US based International Development Organizations: Cooperative Housing Foundation (CHF), National Co-operative Business Association/Cooperative League of the USA (NCBA/CLUSA) and Agricultural Co-operative Development International/ Volunteers in Overseas Cooperative Assistance (ACDI/VOCA).

The Financial Services Unit is a component of CEBI charged with the delivery of financial services and business advisory and support to clients in Motherwell and such other location as CEBI may, from time to time designate.

In providing these services, CEBI considers, among other things, the following:

#### **1.1 LACK OF ACCESS TO OTHER FORMS OF CREDIT**

In its assessment, CEBI gives consideration to clients who for historical reasons are/were unable to borrow from other sources of credit i.e. banks and financial institutions.

#### **1.2 TYPE OF BUSINESS ACTIVITY**

CEBI lends to legal undertakings in the following economic activities

- Commerce (Vendors, traders, wholesalers, retailers etc)
- Services (repair shops, construction, transport, food & catering, storage, mechanics, body shop, distributors etc)
- Manufacturing – milling, furniture making, soap making etc
- Agribusiness (grain millers, food processors, resource extractors, wood cutters etc)

#### **1.3 EMPLOYMENT CREATION**

CEBI considers businesses that will create and/or sustain employment and as such more emphasis is given to projects that have the capacity to create jobs and are labor intensive.

#### **1.4 PROFITABILITY**

The project must be of a profit motive and demonstrate capacity to meet loan repayments and sustain the owner(s)

## **1.5 STATUS OF THE ENTERPRISE**

The business can be a start up or an existing one in the formal or informal sector.  
All start-up clients must go through CEBI Business Management Training

## **2. OBJECTIVES**

The objectives of this document are as follows:

- 2.1 To provide guidelines and basis for CEBI's Credit Operation; and
- 2.2 To ensure that uniformity prevails in the event of program replication

## **3. AREA OF OPERATION**

CEBI provides financial assistance to entrepreneurs operating from a fixed physical address in Motherwell or such other location as CEBI may from time to time determine.

## **4. LENDING SCHEMES**

CEBI has Two Lending Schemes:

- 4.1 The Individual Lending Scheme; and
- 4.2 The Solidarity/Group-Based Lending Scheme.

### **A. INDIVIDUAL LENDING SCHEME**

This scheme is directed towards individual entrepreneurs, partnerships, companies and other organizations operating as a single entity.

#### **A.I. PRODUCTS AND SERVICES**

CEBI offers the following products and services:

##### **A.1.1 CREDIT:**

###### **A.1.1.1: Working Capital**

- to finance the purchase of stock and raw materials
- to pay for salaries and wages
- to pay for rent and other running expenses

###### **A.1.1.2: Asset Finance**

- for the acquisition of assets and other equipment necessary for the purpose of running the business.

###### **A.1.1.3: Contract Finance -**

- to enable the undertaking or completion of a confirmed contract

#### **A.2 BUSINESS ADVISORY AND MENTORSHIP SERVICES**

CEBI provides mentorship and advisory support to clients as deemed appropriate. These services are in the form of training, counseling, accounting services and after-care support.

### **A.3 LOAN SIZES AND REPAYMENTS**

The minimum loan amount considered is R 1,000 and the maximum is R 50,000.

The maximum repayment period for loans below R10,000 is four (4) months and for loans from R10,000 and above is nine (9) months. Repayments are on a monthly basis, and the initial amount includes recovery of administration fees and insurance premium in full.

### **A.4 INTEREST**

The Rate of Interest for loans is fixed at 22%. These rates may, however, be changed, from time to time, as CEBI considers appropriate.

### **A.5 OTHER CHARGES**

#### **A.5.1 Administration fees**

Administration Fees of 5% of the loan amount are charged.

#### **A.5.2 Insurance –Credit Life Cover**

Premiums for loan protection are charged at 35c per R1,000. These may be changed to such other figure as the Insurer may, from time to time, determine.

### **A.6 ELIGIBILITY CRITERIA**

A.6.1 Gender – CEBI’s services are aimed at both men and women clients

A.6.2 Age – The minimum age required to qualify for a loan is 18 years and the maximum is 60 years.

A.6.3 The owner(s), partner(s) or shareholder(s) of the applicant business should appear to have the necessary knowledge, skills and experience directly related to the nature of the business of the applicant business.

A.6.4 If a single individual, such individual shall be a citizen of South Africa; or In the case of a company or joint ownership, such entity shall be incorporated in South Africa, and the person(s) who hold(s) the controlling interest in such entity or joint ownership shall be citizen(s) of South Africa.

A.5.5 The applicant(s) must have the necessary legal capacity, i.e. he/she must not be laboring under a legal disability, e.g.

- a minor
- an un-rehabilitated insolvent, or
- a person of unsound mind, etc

- A.6.6 The applicant(s) must have the necessary legal capacity, and the person(s) acting on its behalf must have the necessary written authority, to apply for and enter into the loan.
- A.6.7 The credit record of the applicant(s) must be acceptable to CEBI.
- A.6.8 Client must demonstrate that they can contribute at least 10% of the total projected financial requirements of the business in cash.
- A.6.9 Management- the applicant or one of the members in the case of joint ownership must manage the business on a full time basis
- A.6.10 The applicant(s) must agree to monitoring and mentorship as identified by CEBI

## **B. SOLIDARITY/GROUP LENDING**

The Group Lending Methodology involves lending to organized members of a group. Although referred to as group based lending the actual loans will be disbursed to individuals within a group. The group however assumes joint and several other liabilities. Greater emphasis will be placed on women entrepreneurs.

Linked to this is a component of compulsory savings program. Members are required to reach a certain level of savings before a loan can be considered. These savings will be administered by CEBI and deposited with a commercial bank.

### **B.1. PRODUCTS AND SERVICES**

CEBI offers the following products and services:

#### **B.1.1 CREDIT:**

##### **B.1.1.1: Working Capital**

- to finance the purchase of stock and raw materials
- to pay for salaries and wages
- to pay for rent and other running expenses

##### **B.1.1.2: Asset Finance**

- for the acquisition of assets and other equipment necessary for the purpose of running the business

##### **B.1.1.3: Bridging Finance**

- to enable the undertaking or completion of a confirmed contract

#### **B.1.2 SAVINGS**

CEBI offers a savings scheme to its members in conjunction with the loan program. CEBI collects savings from clients and deposits them into a nominated commercial bank. Clients get paid interest on these savings at a stated figure and CEBI charges a margin for administration purposes.

### B.1.3 BUSINESS ADVISORY AND MENTORSHIP SERVICES

CEBI will provide mentorship and advisory support to clients as deemed appropriate. These services may be in the form of training, counseling, accounting services and after-care support.

### B.1.4 LOAN SIZES AND REPAYMENTS

The minimum loan amount considered is R1,000 and the maximum is R9,000. The repayment period is four (4) months. Repayments are on a monthly basis, and the initial amount includes recovery in full of admin fees and insurance. At every stage of repayment members pay additional R25 towards their savings.

The following table shows the repayment and savings pattern over 4 months:

Savings Level	Loan Amount	Interest	Admin	Insurance	Total Cost Of Credit	Repayment 1 <sup>st</sup> Month	Repayment Subsequent Months
R100-00	R1000-00	R 220-00	R 50-00	R 35-00	R 1305-00	R 390-00	R 305-00
R200-00	R2000-00	R 440-00	R100-00	R 70-00	R 2610-00	R 780-00	R 610-00
R300-00	R3000-00	R 660-00	R150-00	R105-00	R 3915-00	R1170-00	R 915-00
R400-00	R4000-00	R 880-00	R200-00	R140-00	R 5220-00	R1560-00	R1220-00
R500-00	R5000-00	R1100-00	R250-00	R175-00	R 6525-00	R1950-00	R1525-00
R600-00	R6000-00	R1320-00	R300-00	R210-00	R 7830-00	R2340-00	R1830-00
R700-00	R7000-00	R1540-00	R350-00	R245-00	R 9135-00	R2730-00	R2135-00
R800-00	R8000-00	R1760-00	R400-00	R280-00	R10440-00	R3120-00	R2440-00
R900-00	R9000-00	R1980-00	R450-00	R315-00	R11745-00	R3510-00	R2745-00

### B.1.5 INTEREST

The rate of interest for loans below R10 000 is fixed at 22% flat rate. These rates may, however, be changed from time to time as CEBI considers appropriate.

### B.1.6 OTHER CHARGES

#### B.1.6.1 Admin fees

Administration Fees of 5% of the loan amount are charged.

#### B.1.6.2 Insurance –Credit Life Cover

Premiums for loan protection are charged at 35c per R1,000. This may be changed to such other figure as the insurer may, from time to time , determine.

### B.1.7 FOLLOW ON LOANS

Groups will graduate from one loan cycle to the next as a group upon payment of the previous loan in full. The groups will only move to the next cycle when all the members have paid up their loans. Late payments or default by one member of the group will hinder the whole group from proceeding to the next loan cycle

## **B.2 MEMBERSHIP CRITERIA**

- B.2.1 The minimum age required to qualify is 18 years and the maximum is 60 years.
- B.2.2 Members must form themselves into groups of five and eight groups of five shall constitute a club.
- B.2.3 Members in a group must reside in the same area know and mutually trust each other and be in similar economic conditions.
- B.2.4 Only one member per family may be part of the same group.
- B.2.5 The member must be involved in managing the business on a full-time basis.
- B.2.6 Members will undergo a process of compulsory group training.

## **B.3 MEMBERSHIP FEE**

On joining members pay R30 membership fee and are given CEBI Membership Badge/Pin

## **B.4 SECURITY CONSIDERATION**

CEBI will take whatever collateral is available and will accept any item or arrangement that will make clients feel they have something at stake.

These include non-traditional collateral like the following:

- Cession of groups savings
- Solidarity or joint liability
- Household furniture, jewelry, ornaments
- Character references
- Guarantees/Surety
- Analysis of Viability of Enterprise
- Training, Mentorship and After-care
- Cession of right to contract payments
- Lien on assets financed

No loan applications will, however, be turned down purely on the basis of lack of collateral

## **B.5 LOAN RESCHEDULING/RENEGOTIATION**

Under special circumstances like robbery, prolonged sickness, disasters, and possibly others CEBI may, at its absolute discretion, consider loan rescheduling.

## **B.6 WRITE-OFF POLICY**

The purpose of this policy is to give guidelines on the writing off of debts Considered irrecoverable due to either death, disability, delinquency or other factors. This Policy takes into account the sector CEBI operates in and the nature of the clientele serviced. Before recommendation for write-off is made all efforts to recover the loan will be made including realizing the ceded group savings, the pledged security and claims from insurance where possible. In the event of death or disability, only the respective client's ceded savings will be utilised to reduce or clear any outstanding balance.

No loan will be recommended for write-off for which no specific provision has been made.

No amount, however small, will be written off without the express approval of CEBI Executive Director.

**COMMUNITY ENTREPRENEURSHIP AND BUSINESS  
INITIATIVE**

**(CEBI)**

**Business Creation and Training Unit (BCTU)**

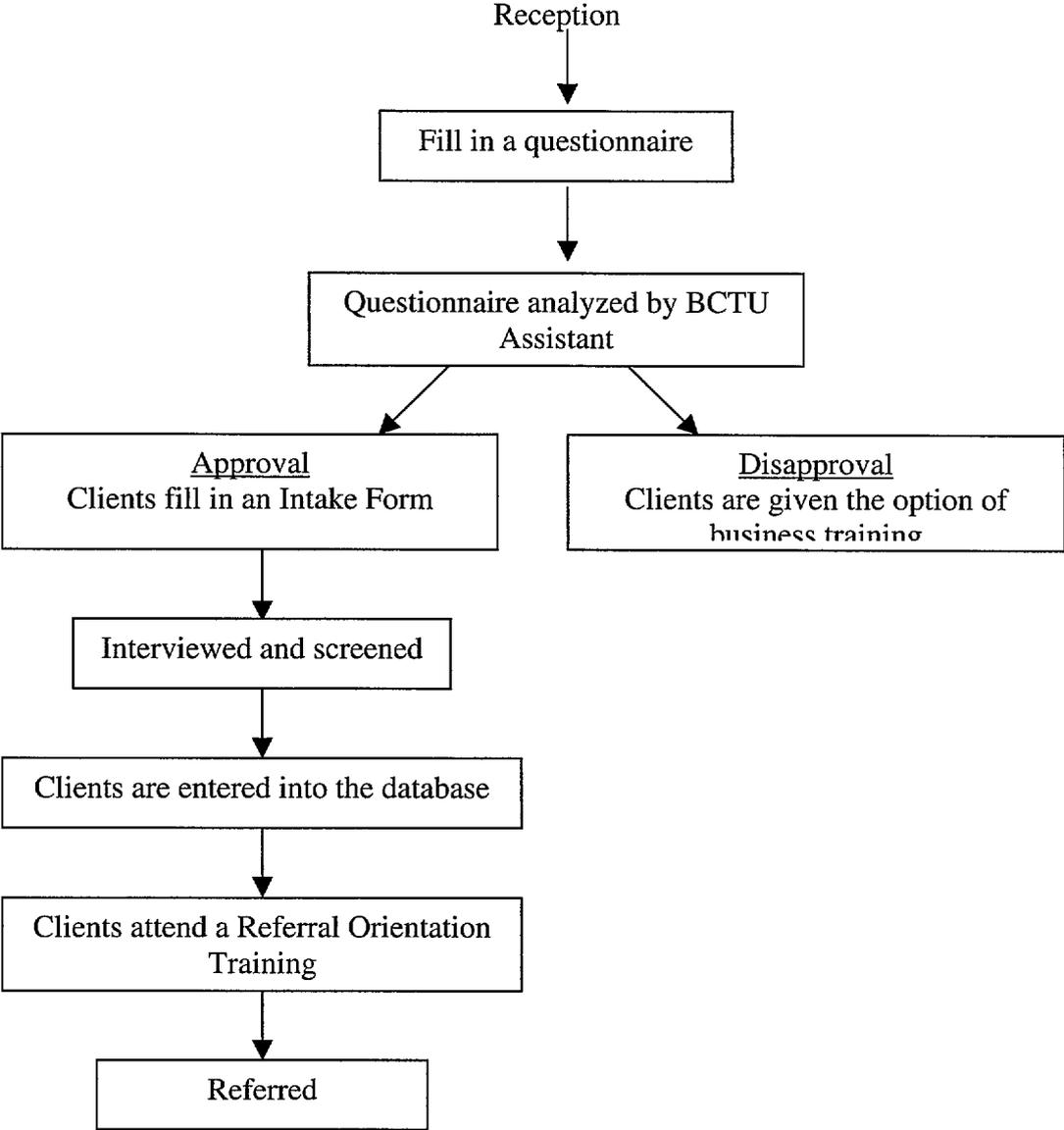
**Job Referral System**

**(Appendix II)**

# Job Referral System

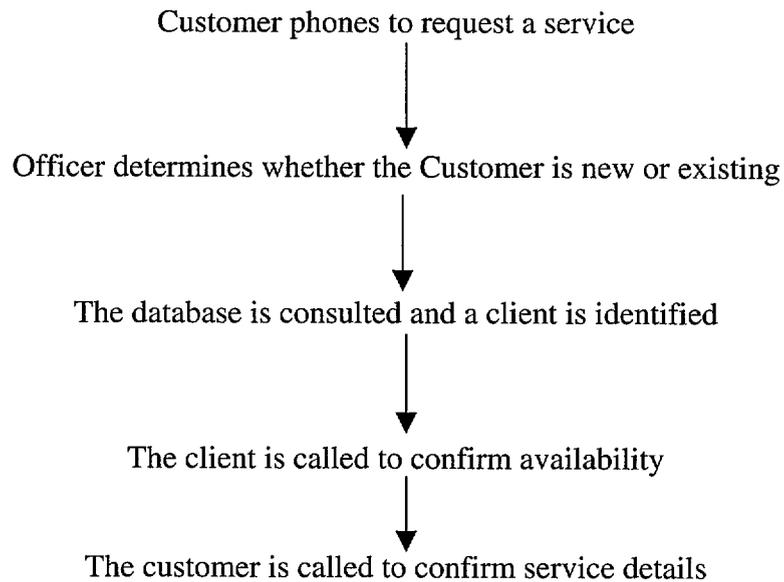
**Procedures**

**1. The Client**

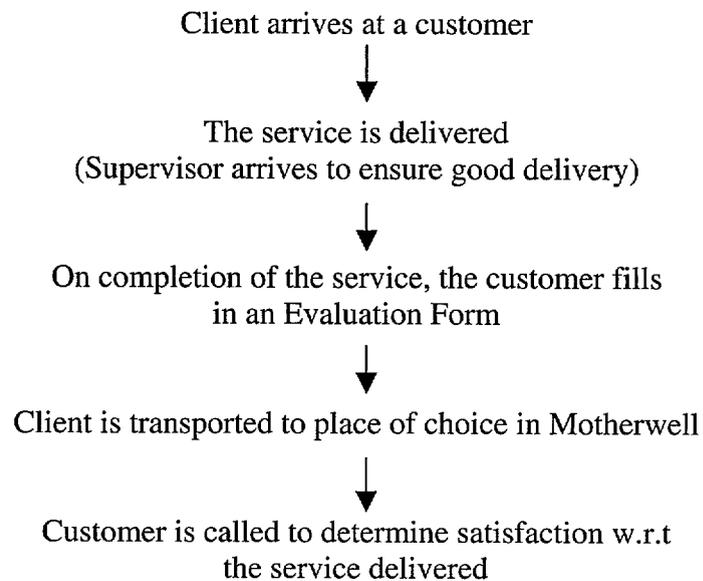


## 2. The Customer

### 2.1. Office Procedures



### 2.2. Field Procedures



## **Job Referral System**

### **Outline of Procedures**

#### **1. The Client**

##### **1.1. Reception**

The Receptionist will give each Applicant a general Questionnaire to fill in and this form will help determine the skills, knowledge, experience and the references of and for the Applicant.

##### **1.2. Fill in a questionnaire**

The Applicants will have a choice to take the Questionnaire home or to fill it in at the office. Once the Questionnaire is completed, the Receptionist will hand it over to the BCTU Assistant.

##### **1.3. Analysis of the Questionnaires**

The BCTU Assistant will determine the viability of the Applicant by analyzing the value and the need for the skill, knowledge and experience.

##### **1.4. Applicant Interview and Screening**

The BCTU Assistant and the Training Manager will decide which Questionnaires are to be Approved or Disapproved:

Approved Applicants: The BCTU Assistant will make appointments with these Applicants and discuss with them in a form of an interview the services that the Applicant can provide.

On site visits will also be made and references called to determine the quality and credibility of the services.

Disapproved Applicants: Applicants are to be given the option of undergoing training to start or improve their businesses. Other CEBI services will also be explained as another option.

##### **1.5. Client Information entered onto the database**

Clients are billed R50.00 per annum to have their services registered onto the database. (This amount is to be paid to the FSU in two installments). The database is to be updated on a weekly basis

##### **1.6. Referral Orientation Training**

It is compulsory for Clients to attend a Job Referral Orientation Program that will prepare them to deliver exceptional services to the customers.

The following topics are to be covered:

- Introduction to the Job Referral System
- Introduction to the Corporate Sector
- Communication
- Presentation and Professionalism
- Customer Satisfaction
- (Business English)

### **1.7. Clients are Referred**

Clients are to await for a call from the CEBI offices for the Referral request to come through

Clients that have not received jobs after three months will be contacted by phone or post to ensure them that they are still on the database and that they have not been forgotten.

## **2. The Customer**

### **2.1 Office Procedures**

#### **2.1.1. Customer phones to request a service**

The Officer first determines whether the customer is new or an existing customer and the following should be done:

##### New Customer:

- The JRS procedures should be explained in detail
- All relevant details should be taken and entered onto the database
- The service requested is to be noted and any special requests
- A letter should be sent out to the customer explaining in detail the JRS and confirming the customer's contact details

Existing Customer: - The contact details are looked up on the database and the service requested is noted

#### **2.1.2. The database is consulted and a client identified**

The service is specified on the database and the clients are analyzed to determine the right client for the service: depending on the level of skill, knowledge and experience. Two clients are identified in case the first client is not available to deliver the service.

### **2.1.3 The client is called to confirm availability**

The prospective client is called to determine whether they are available to deliver the services:

Available: the Officer then gives the Client the relevant information and instructions from the Customer

Not Available: The next Client is contacted and the same procedure is followed as stated above

### **2.1.4 The customer is contacted to confirm service delivery details**

The Officer contacts the Customer and confirms relevant details with regards to the delivery of the service (date, time, venue, payment, CEBI forms etc.)

## **2.2. Field Procedures**

### **2.2.1. Client arrives at a customer**

The Client arrives at a Customer and identifies him/herself as a Client from CEBI. The Client is to discuss the service that needs to be done in detail with the Customer and ensure that the instructions are fully understood.

### **2.2.2. The service is delivered**

The Client delivers the service effectively and efficiently. If requested by the Customer, a Supervisor will arrive to ensure that all is well and that the Client and the Customer are satisfied.

The Supervisor will keep a report of all jobs visited and will include Client and Customer details. The reports are to be handed in to the CEBI offices on a weekly basis.

### **2.2.3. Completion of the service**

On completion of the service, the Client is to give the Customer an Evaluation Form to fill in. This form is then handed in at the CEBI offices the day after the service was delivered.

Payment?

### **2.2.4. Client is transported**

Depending on the needs of the Client, transport will be available to return the client to Motherwell.

#### **2.2.5. Customer satisfaction**

The CEBI Officer is to contact the Customer the day after the completion of the service delivered to determine the level of satisfaction or dissatisfaction with the service. Customer comments are to be noted on the database

**COMMUNITY ENTREPRENEURSHIP AND BUSINESS  
INITIATIVE**

**(CEBI)**

**STRATEGIC PLAN 1999-2003**

(Appendix III)

## **CEBI STRATEGIC PLAN 1999 -2003**

### **1. INTRODUCTION**

The CEBI 1999 –2003 strategic plan was developed taking into consideration the following factors:

- the program is targeted to operate in at most two township areas as a point of departure, for at least the first three year period.
- the need to involve local and other relevant stakeholders, most importantly local business structures was of critical importance for purposes of entrenching legitimacy of the program and in coming closer to the real needs of the local businesspeople.
- the program is to bandwagon on the CHF's housing program in terms of jurisdiction. None of the core management staff have a detailed background of political, economic and social dynamics of the Motherwell area, hence this strategic approach to introducing the CEBI program.

### **II. DEVELOPING THE STRATEGIC PLAN**

The strategic planning process started with the Executive Director consulting with local (Motherwell) business stakeholders and local government structures with the view to introducing the program's overall objective and convincing them about the importance of their participation in the CEBI strategic planning process. This consultation also entailed the explanation of the broad intended interventions viz. business linkages, business skills training and financial services to such audience.

Whilst it would have been ideal to meet each business grouping/structure membership there was very limited time to do so. It was then agreed that each structure would discuss pertinent issues affecting their members' businesses and send, at most, two representatives to contribute to the strategic planning session having been armed with such information.

The current CEBI management team agreed on a strategic planning process that would engage the other stakeholders only during the first day. The following two days were spent on analyzing information from the first day and crafting a strategy to implement the program. Nineteen participants represented ten business structures at the strategic planning workshop.

The positions taken in drafting this CEBI implementation strategy were as follows:

- the same six strategies will apply throughout the 3 years of CEBI.

- the objectives will be reviewed annually based on previous period's performance and against the outputs and results identified for the CEBI program.
- the objectives spelt out in this document are for year 2001.

### III. COMMENTS ON THE TOPICS COVERED

#### a. Vision

The team crafted the vision taking into consideration that the program is meant to be replicated to other areas in future and is founded on the fact that it has to be driven by enterprise/entrepreneurship within a community development context. The holistic nature of the intervention is captured as well. The indicators for measurement: standard of living, access to employment and business opportunities, are mentioned specifically.

#### b. Situation Analysis

The picture created by the participants revealed some of the dynamics that the CEBI program may have taken for granted, which have direct relevance to its implementation.

#### c. SWOT Analysis

The SWOT Analysis presented lots of challenges for the CEBI program to use as basis to build upon opportunities that are presented by its negative and positive aspects.

#### d. Needs Analysis

It is worth noting that these were needs as expressed by the group participating in the workshop and they are informed by the extent to which they judge themselves in terms of their skills deficiency and potential. There is more to uncover as soon as the program gets implemented. Also this is influenced by limited level of exposure of this community to other business development opportunities/activities and education level.

#### e. Strategies, Objective and Action Plans

These may warrant minor changes in the 2001 work plan, which has been largely affected by the delayed engagement of staff.

It is the feeling of the CEBI management team that the **EXIT STRATEGY** can only be developed at end year 2 of implementing the program as this is to be informed by lessons from experience.

#### Section A: Vision

**CEBI is a center of excellence dedicated to providing a customer responsive menu of consistently high quality financial services, business training and linkages. Together with the community, we shall promote economic growth and development so as to increase the standards of living and access to employment and business opportunities.**

**OUTPUTS BY YEAR 2003**

- 1000 new accounts opened by township residents in formal financial institutions
- 200 township SMEs accessing business loans for the first time
- 1000 community members provided with skills training
- 200 SME businesses expanded
- 20 new cooperative type / employee- owned businesses established
- 100 new individually owned businesses established
- 10 public sector contracts
- 300 township residents placed in jobs through referral center
- 5 business trade linkages connecting community and non community business partners set up
- 100 marketing and service contracts from big business serviced by community businesses

**Section B: Situational Analysis**

**Political Factors**

Motherwell	1. Political intolerance 2. Ineffective local councilors 3. Empty promises made to community
Metropole	4. Ineffective local councilors
Provincial	5. Political favoritism

**Economic Factors**

Motherwell	1. High unemployment 2. Low levels of income 3. Lack of resources: money, land and skills 4. No business linkages 5. Minimal support for businesses in communities
Metropole/Provincial	6. Coega potential to stimulate economic activity 7. Good trade relations with USA and Sweden 8. New investments by Boardwalk Casino, SAB and Ford 9. New labor laws 11. Weak SA currency

**Social Factors**

Motherwell	<ol style="list-style-type: none"> <li>1. Different cultures- linking different business cultures i.e. corporate and informal business.</li> <li>2. Community has many strong competing religious affiliations</li> <li>3. High superstition practices</li> <li>4. Generally the youth have at least metric education and adults standard 5</li> <li>5. High birth rate</li> <li>6. High crime rate</li> <li>7. Status conscious and sensitive community / jealousy towards those successful achievers</li> <li>8. High poverty levels</li> <li>9. Corruption rife at political leadership levels</li> </ol>
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**Environmental Factors**

Motherwell	<ol style="list-style-type: none"> <li>1. Pollution by carbon and tannery factory</li> <li>2. Poor infrastructure- land/water/electricity/sanitation in certain parts of Motherwell</li> </ol>
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**Section B: SWOT Analysis**

Strengths	Weaknesses
<ol style="list-style-type: none"> <li>1. Diversity of skills and experience in SMME development</li> <li>2. Funds committed for 3 years</li> <li>3. Team approach by CEBI staff</li> <li>4. Technical support from partner donors</li> <li>5. Experience in dealing with corporate and other NGOs</li> <li>6. Starting from a position of credibility viz. CHF housing program in Motherwell</li> <li>7. Holistic nature of CEBI concept</li> <li>8. Strong commitment to vision by CEBI staff</li> <li>9. Accessible to target clients and members</li> </ol>	<ol style="list-style-type: none"> <li>1. Bureaucratic culture within the funding partnership</li> <li>2. Weak linkages with Motherwell community leadership and business fraternity- PE &amp; Motherwell</li> </ol>

<b>Opportunities</b>	<b>Threats</b>
<ol style="list-style-type: none"> <li>1. Pressure for companies outsource to SMEs</li> <li>2. Government procurement policy</li> <li>3. Tourism development- promote culture</li> <li>4. Housing development</li> <li>5. High crime rate</li> <li>6. Lack of effective and diversified retail</li> <li>7. Lack of recreation facilities</li> <li>8. Lack of amenity and utility services</li> <li>9. New investment opportunities- Coega, Casino, Ford and SAB</li> <li>10. Big pool of unemployed, semi-skilled labor force</li> <li>11. High birth rate</li> <li>12. Need for feeding schemes</li> <li>13. Commercial banks pursued to cater for township market needs</li> <li>14. High potential to encourage cultural traditions</li> <li>15. Large scope for strategic alliances to develop Motherwell Townships.</li> </ol>	<ol style="list-style-type: none"> <li>1. Lack of security by business people</li> <li>2. Lack of technical / business skills y the general public</li> <li>3. Motherwell perceived as high risk area</li> <li>4. Unfair competition to local business by traders/business from outside</li> <li>5. High crime/violence</li> <li>6. Very low disposable income</li> <li>7. Slow payment from government contracts</li> <li>8. Expensive rental charged for business premises</li> <li>9. Poor infrastructure: sanitation/water/electricity in other parts of Motherwell</li> <li>10. Disorganized local business community</li> <li>11. Community politics counterproductive to development</li> <li>12. Pressure to deliver high development objectives within 3 years, given the social, economic and political background of Motherwell</li> </ol>

**Section C: Training Needs Analysis**

<b>1. Technical Skills</b>
<ol style="list-style-type: none"> <li>1. Flower arrangements</li> <li>2. Interior decorating</li> <li>3. Sewing</li> <li>4. Salon</li> <li>5. Catering</li> <li>6. Agricultural skills</li> <li>7. Plumbing</li> <li>8. Welding</li> <li>9. Handcrafts</li> <li>10. Computer skills</li> <li>11. Farm-worker skills</li> <li>12. Crèche Skills</li> <li>13. Plant care- nursery</li> </ol>

**2. Organizational Development**

1. How to write a proposal
2. Working as a group
3. Role of Executive and Board of Directors

**3. Business Skills**

How to start a business

How to manage a successful business

- Business Planning
- Stock control
- Customer Care
- Selling Skills
- Marketing skills
- Registration of a business/ statutory requirements
- Systems and procedures
- Farm management
- People/staff management

**4. Financial Skills**

1. Financial management and control
2. Bookkeeping and record keeping
3. Budgeting
4. Financial systems

**Section D: Strategies, Objectives and Action Plans**

**Strategy 1: Create business opportunities for the service and manufacturing sectors**

**Objectives**

1.1. Create at least 15 business opportunities for entrepreneurs in the service and the manufacturing sectors.

**Action Plan**

Action Plan	Time Frame	Accountable
1.1.		
1.1.1. To search for and identify opportunities in the public and private sectors	30/11	Brian
1.1.2. To identify viable entrepreneurs in the	15/12	Brian

service and manufacturing sectors for possible business opportunities		
1.1.3. To train and prepare identified entrepreneurs	Ongoing	Chantel
1.1.4. To facilitate business linkages	Ongoing	Brian
1.1.5. To manage post linkage relationships	Ongoing	Brian

**Strategy 2: To provide general business training**

**Objectives**

2.1. To provide specialized training for 60 established businesses
2.2. To create 50 new individually-owned businesses
2.3. To provide general business and technical skills training to 400 people
2.4. To create 5 cooperative or employee controlled new businesses
2.5. To set up and maintain a CEBI business clientele data base

**Action Plan**

<b>Action Plan</b>	<b>Time Frame</b>	<b>Accountable</b>
2.1.		
2.1.1. To obtain Motherwell membership lists from business associations	7/11	Chantel
2.1.2. To establish contact with the identified businesses and to compile a training needs analysis	14/11	Chantel
2.1.3. Present the training program options	21/11	Chantel
2.1.4. To prepare training programs	Ongoing	Chantel
2.1.5. Conduct training programs	Ongoing	Chantel
2.1.6. Identify and strike a functional relationship with strategic partners to conduct training	14/11	Chantel
2.2.1. Conduct general training programs	Ongoing	Chantel
2.3 – 2.4 as in 2.2.1		Chantel
2.5.1 Establish client information needs from BCTU and FSU	17/11	Chantel
2.5.2 Develop the data base	21/11	Chantel
2.5.3 Maintain data base	Ongoing	Chantel
	Ongoing	Chantel

**Strategy 3: To establish and maintain strategic alliances**

**Objectives**

- 3.1. To establish and maintain at least one functional strategic alliance with :
- A. Business
  - B. NGO
  - C. Government
  - D. Financial Institution

**Action Plans**

Action Plan	Time Frame	Accountable
3.1.		
3.1.1. To present CEBI program to business, ngo's, government and financial institutions	14/11	Pumlani
3.1.2. To actively participate in strategic partner activities that have a potential positive impact on CEBI activities	Ongoing	Pumlani

**Strategy 4: To provide and facilitate access to finance for CEBI members**

**Objectives**

- 4.1. To facilitate at least 300 new bank accounts  
 4.2. To establish and implement a loan fund to assist at least 150 CEBI members  
 4.3. To facilitate access to finance for at least 20% of CEBI clients requiring such support  
 4.4. To establish CEBI membership savings club for at least 100 entrepreneurs

**Action Plans**

Action Plan	Time Frame	Accountable
4.1.		
4.1.1. To identify and strike functional relationships with strategic partners in the banking sector	14/11	John
4.1.2. To link CEBI clients to identified partners	Ongoing	John
4.2.		
4.2.1. To structure the loan fund	21/11	John
4.2.2. To implement the loan fund	Ongoing	John
4.3.		
4.3.1. Catered for in 4.1.1. and 4.1.2.	Ongoing	John

4.4.		
4.4.1. To develop a policy and operating guidelines for CEBI membership club	31/03/2001	John
4.4.2. To market the CEBI membership club	Ongoing	John

**Strategy 5: To establish an employment referral center**

**Objectives**

5.1. To place at least 50 Motherwell residents in temporary or permanent formal sector jobs

**Action Plans**

Action Plan	Time Frame	Accountable
5.1.		
5.1.1 Contact relevant referral stakeholders	14/11	Chantel
5.1.2 To develop a job referral system	15/02	Chantel
5.1.3 To develop and maintain a workseeker database	Ongoing	Chantel
5.1.4 To market the referral system to potential employers	Ongoing	CEBEC
5.1.5 To facilitate placements	Ongoing	Chantel

**Strategy 6: To market the CEBI program**

**Objectives**

6.1. To market the CEBI program to the public and all relevant stakeholders

**Action Plans**

Action Plan	Time Frame	Accountable
6.1.		
6.1.1. To draw up a marketing strategy	14/07	Pumlani
6.1.2. To implement the strategy	Ongoing	Pumlani
6.1.3. To launch the CEBI program	21/11	Pumlani
6.1.4 To establish the CEBI Advisory Committee	31/ 01 2001	Pumlani

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