GROUP BENEFICIARIES AND BENEFITS

Section 1: The importance and Benefits of being part of a business group:
These case studies highlight the importance of belonging to a group to individual beneficiaries as:

- the group may have its own internal resources to provide beneficiaries with a business loan [*Small traders need more credit*];
- the group can draw on the internal savings to provide collateral for CEEIF loans [*Group Savings become the building blocks for Economic Empowerment*];
- the groups can develop their own businesses which can lead to bigger projects [*Value Added through group businesses: Ebenezer Group*]
- sometimes the idea of a group can include Community Based Organisations [*Katete District Women Development Association*]
- groups can develop group proposals for individual businesses which can assist beneficiaries accessing funds for personal businesses [*Titihadizane: Combining individual and group businesses*]
- the business group and micro-financial institutions can work [*Zandamela and ASSOTSI: A relationship that benefits all*]

1. “Small traders need more credit” (Mozambique)

"When my husband was alive and working in South Africa, he forbade me to work because he said I did not need to, since he was able to support his family. He died and I had to work," says Hyacinta[1] .

A death of a spouse can be devastating at an emotional, psychological and resource level. But when your spouse keeps secrets from you, this can complicate the feelings of loss and have other far reaching effects.

"When I went to TEBA (labour recruitment agency for South Africa’s mining sector) I almost fell on my back when I learned that my husband had two other wives, one with a child and the other without children. The compensation had to be divided by the three and I got very little money, but I was strong and moved on," recalls Hyacinta.

Her strength, resilience and ‘eye’ for business have ensured that she has overcome these challenges but even after six years as a well-established informal trader her businesses are still not doing well. First, she struggled to establish a grocery store, within the main market at Moamba, drawing on the limited compensation received from her husband’s estate and the sale of their house. This led her to create a ‘kitchen’ to serve meals for truck drivers along the Maputo-Witbank (South Africa) road.

[1] Please note that names have been changed to ensure that the beneficiaries concerned still maintain their right to privacy

Her business savvy helped her to realize that in order to earn more she needed credit to expand her businesses. She never considered commercial banks as a source of credit due to the rigorous requirements, including the need for collateral or a guarantor, which mostly excludes the informal sector. Added to this:

“The poor cannot go to commercial banks because of the credit guarantees demanded… The stories I hear about debtors of commercial banks scared me to the point of never wanting to borrow money. I’ve always been into business since my husband died, but by my own means," says Hyacinta." Another solution is micro-credit, but it is important that the interest rates and payment deadlines are not tight, otherwise the beneficiaries are discouraged," Hyacinta continues.

However, recently she joined a local savings and loans co-operative, Association of Workers of the Informal Sector (ASSOTSI). There are many advantages of being part of a group including peer support and mentoring but ASSOTSI is part of the Corridor Economic Empowerment Project (CEEP) project and has received business training as well. Some groups have embraced this training to help their members through savings and credit schemes. Monthly or quarterly fees not only help pay for the administrative support for these associations but also form the basis for savings which can be used as loans for members. Through these funds, Hyacinta has accessed to a loan of 20 000 Meticais ($660).

With the borrowed money, the businesswoman strengthened her "stock" of foodstuff in Moamba store, having now almost a permanent availability of goods for sale. With the increase in stock came the increase in profits and she is able to observe the personal benefits including paying the tuition fees for her daughter in a private university. This has enabled her daughter to complete a bank training course and find employment within a banking agency, in Ressano Garcia.

The entrepreneur states that her business experience made her realize that economic independence allows women to have their lives and destiny on their own hands and Hyacinta uses her own life as an example of that. After enjoying the benefits of economic independence, the entrepreneur claimed that she will never let a man prohibit her from continuing her commercial activity, because she does not want to lose her independence.

The benefits from funding solutions offered by the group helped her to realize that a similar model can be implemented within her family. Together they have established a "xitique", a scheme revolving loan that Mozambican families make use of in order to save money and draw upon in emergencies as and for other purposes.

2. Zandemela and ASSOTSI: How partnerships can be beneficial for all – (Mozambique)

The Corridor Economic Empowerment Innovation Fund (CEEIF) forms a crucial arm or basis for the empowerment of beneficiaries. The business trainings ensure the transferee of business management skills and beneficiaries are prepared to develop business proposals for new or existing businesses. In this way the economic empowerment is comprehensive – skills and resources.

The CEEIF is a unique aspect of the project in both design and implementation. For Mozambique, the ILO/CEEP has partnered with an innovative and creative Micro Financing Institution called *Zandamela Microcrédito*. These MFI partners are best to manage the CEEIF as they have experience working with the informal sector.

"It is very positive that the initiative is aimed at informal vendors, women and men who can generate employment" said Mr Raimundo Machonisse, the manager of Zandamela. Underlying this comment is the realisation that the informal sector is central to promoting employment and thus socio-economic growth within these areas and communities.

This shared commitment to the project is further concretised through the matching grant that is made by CEEP and the MFI. Together CEEP and Zandamela have contributed matching grants (dollar for dollar) into the Mozambique CEEIF, which resulted in a fund of $280 000 being accessible as loans to the beneficiaries based on the business proposal developed.

While the CEEIF is housed within the MFI, it is managed by the Project Advisory Committee Loans Committee (Loans Committee). This committee is advised and reports to the Project Advisory Committee (PAC). The PAC forms a platform for dialogues between government (in this case the Ministry of Labour), and the Informal Sector (in this case beneficiaries who are part of the Association of Workers of the Informal Sector (ASSOTSI)). The loans committee not only assesses the beneficiaries' proposals but also managers the fund. Through the development of PAC ratified policies the Loans Committee ensures that the funds are distributed as discussed and the funds are managed properly. This is ensured by the chairperson of the loans committee being a signatory on the CEEIF account.

Policies are developed for the loans committee including setting the limits of the loans that are accessible, in Mozambique this there is a minimum ceiling of 20,000 metical ($660) and the maximum of 100,000 Meticais ($3300). Most importantly the Loans Committee also sets the interest rates. The loans committee has set the interest rate at 42%, which helps the fund to grow quickly thereby providing other beneficiaries access to the funds. Recently, there have been discussions within the Loans Committee to reduce this interest rate as some of the beneficiaries find it rather high. In spite of this the repayments have been good for the project within Mozambique with a 100% repayment rate.

These strong partnerships have seen good levels of utilisation of the fund, with money moving in and out of the CEEIF. As of the end of April 2014, $110 000 had been dispersed to beneficiaries and through the repayments the fund had grown by $60 000. These activities have ensured that 620 new jobs have been created.

Key to this success has been the role of the groups and associations. These groups and associations stand as guarantor for the loans approved and are also form part of collecting these loans. Zandamela has realised the potential of the groups through some other innovate changes.

For the MFI, one of the goals is to contribute to the socio-economic development of the communities and areas participating in the project and to make money. Under agreement with the ILO and the Loans Committee it has been agreed that 2% of the fund would assist the MFI with their administrative costs as well as providing support and mentoring to beneficiaries to develop and implement successful business places. Zandamela employs 9 people to assist with the management of this fund which includes a Credit manager and one employee assisting in each one of the eight geographical points selected under the initiative. These employees have become central in ensuring good quality proposals are sent through to the loans committee, which aids the MFI disbursement rates and subsequently the growth of the fund.

However it is the manner in which Zandamela works with the associations that make them unique to this project. The 2% that is used for administrative costs is divided by the four (4) partner associations in the initiative based on the size of the groups within the selected communities. Zandamela has realised that the associations themselves can form valuable resources in ensuring repayment of the loans. These groups however need resources to complete their tasks and to that end Zandamela provides cell phones, airtime and a budget for transportation costs for the associations' leaders from these funds. Therefore, communication among the leadership with beneficiaries and with Zandamela Microcredit is good and, jointly, they take timely decisions aimed at minimizing the risks inherent to the loans that were made. These partnerships have ensured the good repayment rates, and Zandamela has even incentivised this process by paying the associations 10% of the loans collected if they are able to collect all the loans on time. Needless to say that these steps have ensured 100% repayment rates to date.

"The thing that most interested *Zandamela Microcredito* is the fact that the initiative is a sustainable project that supports the creation of economic opportunities for small entrepreneurs and their families by enhancing the growth of businesses developed by the beneficiaries themselves. The institution I represent has participated in initiatives for economic empowerment in the past, but the Corridor Empowerment Project is very different", noted Mr Machonisse.

From the outset sustainability has been central to the empowerment model for both the beneficiaries and the stakeholders involved. For PAC, that drives the project, the platform has been established that allows continued discussions between government, employers and employees. Through their continued support the PAC Loans Committee is able to continue to manage the CEEIF. While

CEEP has continued to support and facilitate the establishment and continued progress over this short time there is no time limit on the operating of the PAC, PAC loans committee and the CEEIF.

3. Group savings become the building blocks to Economic Empowerment (Zimbabwe)

"The micro-finance system for this project is unique, in that by encouraging members to first save from their personal finances by pooling their money into one bank account, members have a sense of ownership. The personal savings act as a commitment and surety fee, thus becoming the collateral, and when the group applies for a loan from SEDCO [the Zimbabwean MFI], the money to be disbursed will be three times the initial commitment savings" explains Mr Nevison Singo, Chairman of Dulibadzimu SACCO.

Mr Singo is aware that the cornerstone of the Corridor Economic Empowerment Project (CEEP) is its reliance on co-operatives and business groups, which consist of marginalised and vulnerable members of the community, e.g. sex workers, informal workers and people infected and affected by HIV and AIDS. These groups provide benefices with the entry point from which to receive and explore psycho-social, technical and financial support towards their own economic empowerment.

Meetings are held with members which create a shared sense of responsibility and unity of purpose such that saving is a principle for development shared by all members. This psycho-social support and peer encouragement goes a long way to push or help beneficiaries through the hard times and challenges that they may face when setting up businesses. Through this common vision of group unity members have held HIV-awareness workshops at the workplace, which have been instrumental in breaking down the social barriers attached to stigma and discrimination. The culture of saving, including group savings, has taught many that money without knowledge can be a disaster but that with knowledge, you can be empowered.

However support and skills without resources limits the levels of empowerment that beneficiaries can achieve. In this regard CEEP developed the Innovation Fund (CEEIF) which can be accessed through individuals and groups to expand or start businesses. Housed within micro-finance institutions, this fund is managed by the Participating Advisory Committee Loans Committee. This provides an alternative to traditional financial institutions. The strict conditions and procedures required by traditional financial institutions has limited the success of these "vulnerable" groups accessing loans due to the lack of collateral, security and other documents, SACCOs offers a second chance for dreams to be realised. The SACCOs develop group proposals and combined with the group savings, as the required for collateral applications for funds are usually successful. Where proposals are required to be resubmitted the MFI or trainers would provide further support. These loans are offered at a competitive, low-interest rate.

This is what Mr Singo, had this to say about the programme:
"For my group, Dulibadzimu, which I chair, we managed to raise US$3,200 from our group savings, which was deposited in our ZB bank account in Beitbridge. After our project proposal was approved, we were given US$9,600 in 2013, and as I speak we have already repaid US$6,500 despite the liquidity crisis.'

Dulibadzimu ventured into poultry projects and created employment for another worker. He is paid US$100 dollars for two weeks' work. For him, the spinoffs have been tremendous, as he subsequently used his earnings to complete the extension to his house and has been able to feed his family.

He is not alone, Ms Ella Chirume, who is the Vice Chairperson of Lufuno SACCO, says the culture of saving has revolutionised their perception of business and that it is the only way to become economically independent and sustainable in the long term, as the business support structures are owned and sustained by members:

'As for our group, we managed to raise savings of US$2,970 from US$10 monthly contributions from the members, and as per the ratio of multiplying the savings by three; we received US$8,910 from SEDCO in 2012. We then disbursed individual loans to members and we have since repaid the loan grant from SEDCO in 10 months. Now we are self-reliant and now running our own revolving fund', Ms Chirume says while serving customers.

Overall, SEDCO's micro-finance funding system has brought a new ethos and focus to business enterprise, with beneficiaries saying it is a life-changing intervention that can lift vulnerable communities out of poverty.

4. Value Added through Group Businesses: Ebenezer Group (Zimbabwe)

"A healthy diet is regarded as the primary defence against the rapid degeneration of the immune system. Thus, we decided to revive the uptake of traditional food crops indigenous to Africa that are highly nutritious, such as finger millet, bulrush millet, cowpea and pumpkins, to contribute to a diet which would promote good health in HIV-positive people" Ms Farisai Mhandu, chairperson of Ebenezer SACCO.

Founded in 2010, the Ebenezer SACCO started out as HIV and AIDS support group. Located along the Nyamapanda transport route, the Ebenezer group subsequently evolved into a reputable business support group for vulnerable communities. As a result of its visibility and contribution to society, Ebenezer came to the attention of the ILO and was assisted with increasing its economic power through trainings aimed at improving their business and social skills. Through these interactions the groups was transformed into a registered savings and credit co-operative.

This was the beginning of a journey of the success that defines this group, of 42 women, one that has become the hub of traditional food in Mashonaland East and is based at the fast-growing Juru location. The SACCO has positioned itself to fulfil a niche market, of growing traditional foods and celebrates its culture through delicious traditional recipes. This provides the platform to spreading the messages of health and hope to people infected and affected by HIV and AIDS. The focus on traditional foods becomes an entry point to engage women and school going children on issues of culture and HIV and AIDS.

Ebenezer received US$13,500 from the Corridor Economic Empowerment Innovation Fund (CEEIF) that was used to purchase a grinding mill, machinery and other equipment. Some money was also used to pay to rent business premises. Since then, Ebenezer SACCO has established a thriving business enterprise involved in grinding mealie meal and processing agricultural produce through value addition.

"The ILO workshops gave us skills for life transformation and we are using this knowledge to our benefit. We are now more organised, can produce products of high quality and are empowered with financial management skills. The result of this is that we have become an authority in value-addition in our rural community and we are the most sought after by clients on agricultural products such as peanut butter, cowpeas, sun-dried vegetables and sunflower oil. We have become self -reliant as result of this programme" Ms Winnie Taisi, founding member of Ebenezer reflects.

The group produces different types of traditional recipes using ingredients such as sorghum, millet, cow peas, maize and for dishes including local brown rice with peanut butter, numerous relishes, goat stew, okra, nhop*i* (pumpkin cooked with peanut butter) mushrooms, boiled pumpkin and cowpea fritters. "We supply traditional food to the local clinic and have many clients coming from as far as Harare, and we normally record high sales of as much as US$200 on a particular event, when there are agricultural field days and other functions in the districts" comments Ms Mhandu.

Ebenezer has also created employment for locals through the success of its business enterprise. For example, 24-year-old Mr Enock Mukata is employed as an operator in the mill and is happy to be gainfully employed in the Ebenezer SACCO firm.

Christine Kupara, an Ebenezer member concludes:

'We now have access to appropriate information of HIV prevention and now we can manage the epidemic well. The group is a platform to discuss our situation and solutions through our shared understanding. Teamwork has been the glue that holds the group together because we have unity of purpose, and we even hold HIV-awareness programmes, not only for our members but also for the community'.

5. **Katete District Women Develop Association (Zambia)**:

Katete Town is home to *Katete District Women Development Association (KDWDA).* It is a rural Border Town in Eastern Province of Zambia which is 490 km away from Lusaka. It straddles two roads, the *Great East Road* which connects Zambia to Malawi and the *Zambia-Mozambique Road* which links the two countries. It sits within the *Nacala Corridor Triangle* which is a business and trade link for Zambia, Mozambique and Malawi. Inhabitants of Katete are generally poor and livelihood revolves around subsistence agriculture and informal trading.

The Triangle is bustling with activities day and night as traders negotiate selling and purchase prices as loud music permeates the air. It is here that tired long-haul truck drivers stay overnight seeking a reprieve from the distance at makeshift restaurants and nightclubs.

The Ministry of Health describes Katete town as epicentre for spread of HIV in this large District. Gender inequalities and economic disempowerment are seen as two primary factors that spur the epidemic on in this area.

It was within this context that the community based organisation, the Katete District Women Development Association was formed, in 1992. With a vision of economic*, social and legal empowerment of women*, the group developed a wide following with **3,358** members (**3,106** are females and **256** are males). KDWDA sought to achieve this vision through activities such as integrated agriculture, including household food security and agro processing, entrepreneurship, advocacy for women and child rights, HIV and AIDS prevention and mitigation and capacity enhancement of groups affiliated to it. However, many felt that the activities were limited in their impact with some even feeling stuck.

In 2012, the *Corridor Economic Empowerment Project (CEEP)* began working with the group with a focus on economic empowerment and HIV and AIDS vulnerability. The project, together with KDWDA's management selected 219 members in the hotspot to receive business and HIV and AIDS trainings.

"Business training brought significant change to KDWDA members. We were running businesses before but we could not progress due to lack of knowledge and skills. We now know what it means to run businesses" says Ms Phiri, KDWDA Programme Manager

The project not only provided the trainings to these members but also provided this group with access to resources to expand or start businesses, through the Corridor Economic Empowerment Innovation Fund (CEEIF). Four members have accessed the fund, to date, and have focused on poultry and agro-businesses. This support also ensured that this group was able to procure 1,355 bags of groundnuts for edible oil production. It facilitated production and selling of 5,135 litres of cooking oil and 1,650 broiler chickens. KDWDA contacted the *Zambia Bureau of Standards* to have its cooking oil called *AZIMAI* (meaning women) patented. The training also provided the group with the knowledge and skill to expand the 'home-grown' saving and lending schemes to other members of the group.

These trainings also provided information and skills on how persons can reduce their HIV and AIDS vulnerability through economic empowerment and gender equality. The HIV and AIDS component engaged 753 members on prevention and mitigation training. This formed the basis through which another 14 441 people were reached with HIV and AIDS education and sensitization drawing on group meetings, community events and school-based programmes. Traditional and civic leaders, government and law-enforcement stakeholders were also sensitised on human rights

The CEEP support has changed the organisation and the future looks bright:

"Business, HIV and AIDS and Organisational Development support received from ILO is eye-opener. We have now began processes of changing KDWDA from a small-time association to a business enterprise that can truly satisfy aspirations of women" concludes Ms Phiri, Programme Manager

6. Tithandizane: Combining individuals and groups businesses
(Malawi)

"Previously, Tithandizane[2] was a collection of people failing to cope with losing breadwinners and fending for orphaned children. Now they are independent, enterprising and helping themselves to do well and steer clear of HIV infections which are widespread along the Malawi-Zambia corridor," says Mr Chiwambala, MUFIS general secretary.

Tithandizane is affiliated to the Malawi Union for the Informal Sector (MUFIS) through which the organized its members accessed business training and credit from the Corridor Economic Empowerment Project (CEEP). The group began from the desire to care for those affected and infected with HIV and AIDS, in Mchinji, Central Malawi.

Group secretary Monica says: "HIV and AIDS remains a big burden in Mchinji because we are situated near a road linking to Mwami border. The drivers, business people and other mobile people plying on the roads often lure poor locals into risky sexual relationships, leaving us with numerous widows and orphans,".

Four years on, the group has become more than just a collection of widows trying to cope with solitude, lack of basic needs and raising orphans singlehandedly. Having received business trainings, the group applied for a K3.8 million ($12 540) loan for procurement of dairy cows envisioned to improve the

[2] A Chichewa catchphrase for 'let's help each other.'

food security, income and livelihood of widows, orphans and other vulnerable members affected by HIV and Aids.

The training assisted these beneficiaries in exploring a group business venture. The 35 members, including 25 women, are in the process of developing a dairy farm. At present they have acquired land, a farming structure and two cows. Members contribute K200 ($0.46) per month which goes toward buying food and drugs for the two cows. This also will form the basis to expand the group business and acquire more cows and space.

Following difficulties to find the right cows, they swiftly shifted from the dairy dream and injected the remaining capital in family businesses, putting into practice the spirit of diversity acquired from the trainings they underwent before accessing the loans.

According to chairperson, members of the union got a uniform loan of K68 500 ($157) each which some of them used to start new businesses and other invested in their existing ventures.

In the words of the beneficiaries, the fruits of the financial injection boom for all to hear: those who had no capital are running businesses; from the proceeds of the businesses, the poor who were struggling to pay home rentals are building houses; those who were perpetually food insecure can now afford three meals a day; those who could not afford transport to the nearest clinic can now afford drugs and better healthcare.