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ID-GHANA

ACCESS TO SAVINGS, LOANS AND TRAINING
FOR DISADVANTAGED FAMILIES OF ACCRA

2008 PROGRESS

Key points of the partnership

- 75 000 micro-entrepreneurs supported in 2008
- 7 branches across Greater Accra
- More and more diversified services: credit, savings, trainings, access to health coverage

The Ghanaian NGO Initiative Development Ghana (ID-Ghana) was created in 1998 by Initiative Développement, and is a partner of EdM since 2005. In 2007, ID-Ghana launched a group methodology called 'Onipa Nua', in which members commit to pressuring defaulters, without sharing loan liability. As this methodology has given very positive results, it has been replicated in all branches of the programme and accounts for nearly 50% of the outstanding portfolio at the end of 2008.

Meanwhile, starting in 2006, the programme redesigned all the social activities that serve its social mission: ID-Ghana is now in a position to offer all its beneficiaries social and business trainings as well as access to the National Health Insurance Scheme (NHIS). ID-Ghana now holds a relatively unique position in the Ghanaian landscape of microfinance, as it delivers quality financial services to very deprived urban populations along with non-financial services to support them with dignity in their struggle for a stable future.

2008 Achievements

- An efficient methodology
- A stronger social mission
- A fully decentralised MIS

Caring for each other: The future according to ID-Ghana!

'Onipa Nua' methodology (which means "caring for each other" in Twi language) firmly established itself as the key to ID-Ghana's development in 2008. It was documented in a manual for field staff and has become the sole methodology in use in residential areas since 1st, January 2009.

More training, more families covered

As it relies increasingly on the 'Onipa Nua' methodology, the social mission has been strengthened this year. Participation to trainings reached 8,000 and 652 families registered with the National Health Insurance Scheme (almost 15% of our beneficiaries). In addition, new training modules were designed, and they are



now classified according to their theme (social and business) to better meet the needs of families.

An MIS brought closer to the field

The MIS has been fully decentralized, allowing branches to update and to access their data themselves. This difficult and complex project was conducted in close coordination with Poitiers' financial team.



Key figures



	Nb of members	of which nb of borrowers	Nb loans Disbursed	Average loan amount (€)	Outstanding loan amount (€)	PAR* at 30 days	Savings deposits (€)	Operational sustainability**
2005	3.681	4.100	6.276	100	209.250	23.0%	203.770	46.0%
2006	7.442	3.924	5.119	130	258.559	34.0%	154.878	52.3%
2007	5.265	3.808	5.667	140	284.101	19.0%	183.881	75.4%
2008	6.818	3.991	6.440	159	301.557	24.5%	181.107	87.2%

* Portfolio at Risk: share of the loans are late by 30 days or more in the total outstanding portfolio - ** Operational sustainability measures how well the programme's revenues cover operating costs.

NB: As no loans were written off between mid-2005 and March 2007, the Gross Outstanding Portfolio and the PaR at the end of 2006 are overestimated. This situation was settled at the beginning of 2007. Moreover, the existence of many dormant savings accounts with a balance under € 0.66 in 2006 leads to an overestimation of the number of members at the end of 2006. This situation was settled at the beginning of 2008.

End of 2009 objectives

'Onipa Nua', the real vector to expand trainings

As all beneficiaries get together on a weekly basis, the 'Onipa Nua' methodology is the true vector that enables ID-Ghana to root its social mission deeply in its operations. But the link between financial services (collection of repayments and savings) and the latter (mainly training) remains unsatisfactory for the beneficiaries as weekly gatherings can sometimes lack pace. It is crucial that tedious tasks - including filling the group register with repayments details - should cease to be the main activity of the meetings to allow group members to interact more and benefit from ID-Ghana's trainings on social and business topics.

Easier access to a health coverage

Since November 2007, almost 700 families registered with the National Health Insurance



Scheme, leading ID-Ghana pursue the experience. As the cost of this scheme is somewhat high for our target population, ID-Ghana has decided it would partially subsidize the

registration of its beneficiaries starting in 2009, to make it easier.

An interest free loan product

Based on ALIDÉ's experience in Benin, ID-Ghana will add a 'Kick Start' loan product in the 2nd quarter of 2009, which is characterized by the absence of interest rate and processing fees. It aims at helping particularly marginalized micro-entrepreneurs to "catch the train", thanks to one or two 'Kick Start' loan cycles, before gaining access to a more classical 'Onipa Nua' loan.

→ Stronger synergy between a reinforced social mission and financial operations

→ Towards a more inclusive system

→ A step further towards a fully Ghanaian leadership

The transition

ID-Ghana will significantly reinforce its management in 2009 with the arrival of a Finance and Administration Manager and a new Executive Director, both Ghanaian. This transition between an expatriate Programme Manager and a local management is a delicate moment in the process of institutional capacity-building of ID-Ghana, which should take place during the 2nd quarter of 2009. The expatriate programme manager should stay a minimum of 6 months to allow the smoothest possible transition.



And many other challenges

In addition to the four projects mentioned above, ID-Ghana will be busy with an external audit in the course of the last quarter. Moreover, the remuneration of our beneficiaries' savings, the deployment of the Poverty Assessment Tool in all of our branches and the opening of a new branch in the Northern suburbs of Accra are a few of the many important projects the organisation has for 2009.



Focus on funding



In 2008, we were supported by the French Ministry of Foreign Affairs, La Poste (French mail), Herbé Foundation, the Robin Hood Foundation, Bardays Private Equity as well as individual donors and sponsors.

Sources of funding will be somewhat different in 2009, as we will receive support from the German Cooperation Services ('Deutscher Entwicklungsdienst' - DED), the French Embassy in Accra through the Fund

for Social Development (FSD) and the " Microfinance Rating and Assessment Initiative", led by the Luxemburgish agency ADA. We will however continue to rely on La Poste's and on individual donors.

These grants will of course come to top up the income drawn from our operations, which should finance up to 76% of total operating expenses or 94% of the expenses excluding the social mission.

A closer look at



The social mission is a concept common to all EdM programmes. If it comes up so often, it's because to EdM, it is the assurance that we are reaching the most vulnerable families, providing them with appropriate service and ensuring that our actions had the desired impact. In ID-Ghana, these three points are naturally translated on the field.



The assurance to reach out to the most vulnerable

With a Poverty Assessment Tool (PAT), ID-Ghana makes sure it reaches out to the most deprived populations in its areas of operations.

Microfinance with a human face

This questionnaire aims to assess the socio-economic status of beneficiaries (including hygiene, education, capital, etc.) and gives a mark to each beneficiary, allocating them to a "poverty level".



Measuring the impact

With this PAT, ID-Ghana is able to statistically measure the impact of its actions on its recipients, by comparing their poverty levels measured at different stages (1st, 3rd, 5th... loan cycle). In addition to this, the organization conducts a yearly internal audit with the Social Performance Tool developed by a team of researchers called CERISE (www.cerise-microfinance.org/).

Provide an adapted, targeted support

The social mission team, comprising of two trainers, a social worker and headed by the Deputy Director, allows ID-Ghana to be more

in tune with the reality of the difficulties faced by our beneficiaries. The team's involvement, parallel to ID-Ghana's financial team, provides a different perspective enabling the organisation to better adjust its services to the needs of families. Moreover, the social team supports the families in dealing with specific problems encountered in their life and can even refer them to one of the 15 specialized social organisations we identified in Accra. ID-Ghana pursues this same social objective by giving access to the social security (NHIS).



Success Story

CHARLOTTE
is producing
more children's
clothing than
ever.



Charlotte, 46, is the mother of three grown children (aged 24, 28, and 33). She came to Accra as a teenager and attended school for several years until she was 20, when she began working as an apprentice cookie baker. She married and, with her husband, moved into Accra's western suburb, Mataheko.

As this neighbourhood was too far from her work, Charlotte had to give up her position at the cookie factory. She started selling door-to-door, but soon realized that, if she could get the proper training, working as a seamstress would be more profitable. She attended a training session and then began specialising in children's clothing.

In the beginning, Charlotte sewed and sold everything herself, but she then started entrusting her clothing to re-sellers. Her business began to blossom. Unfortunately, her husband died and she was forced to move to a different neighbourhood, even further from the city centre: Glefe. Charlotte kept building her business in this new neighbourhood. She soon decided that a more sophisticated sewing machine would enable her to work faster, but her savings were too slim to make the purchase. In a turn of good luck, while chatting with a neighbour, Charlotte heard about our partner in Ghana, Initiative Développement, which had just established a loan and counselling branch in the neighbourhood. Charlotte requested and obtained an initial loan of 100 Ghana cedis (70 €) in January 2007. With this money, she bought a second-hand sewing machine that has allowed her to create more

varied and sophisticated clothing that can be sold at a higher price.

Over the course of 3 additional loans of between 180 and 200 Ghana cedis (126 to 140 €), Charlotte was able to progressively increase her stock of raw materials and, consequently, her output. Today she earns roughly 150 Ghana cedis per month (105 €) and has begun to build up her savings: she has put aside 64 Ghana cedis (45 €). She has even bought a little patch of land!



Charlotte is very grateful to ID-Ghana: "Without this team, I would never have had the capital I needed to grow my business! I am also very satisfied with the meetings and trainings: in particular, IDGhana convinced me of how important national health insurance is and they helped me to register for it in February 2008. I think I'll be able to build a house on my little patch of land sometime in the future, maybe even with a separate workshop."