

MICROCREDIT IN SODOM AND GOMORRAH

Graphic Road is the boulevard of broken dreams. But in some places, hidden under the rubbish, there is no more boulevard. And in this cemetery of social condition, many have stopped dreaming long ago. They surrendered. After a long journey, they found there their final destination and lost all hope of finding something better in another neighborhood, or lost the strength to return to their village in the North. We are in Old Fadama, better known as Sodom and Gomorrah, in the district of Agbogbloshie, located near the Korle lagoon waters, polluted by industrial wastes exhaling pestilence and putrid miasma. In this smoky shantytown, one of the most polluted in the world according to the *International Development Research Center*, four or five tens of thousands of poor people, illegal residents are crammed.

But behind the appearance of this sordid misery, under the rusted metal roofs, in the narrow streets, amid the rubble piled and amongst a ghostly grayish human crowd that suggests an ambiance of besieged city, flushes an intense vitality and a gist of organization. The roles are given, the places allocated. Poor people struggling to break out of their status of pariah, try to reweave the social networks, manage to "make it". Thanks to microcredit.

Twice a week, Cedric Sassu winds crowded alleys of the market, avoids pots of fried plantains, enters kiosks made of wood planks and old cartons to recover repayments of loans that the microcredit branch has granted few months earlier to petty traders. The operation takes place without pain, sometimes even in a good mood. Cedric counts the bank notes, full of the dirt they accumulated during the numerous transactions they were part of, writes down on the repayment card the amount repaid, notes the remaining balance of the loan and gives a receipt. One does not lend to the rich only. Initiative-Développement, a French NGO, established in Accra this credit scheme for the Poor, simple to operate. Following a short assessment of the living conditions of the residents, the NGO grants small loans, starting from 30 GH cedis (30 euros) and payable every two weeks over two to three months. Only requirements: having an address (which excludes street hawkers) and a guarantor. Most often a picture of a friend or a relative sitting next to the recipient of the loan is taken; the picture is then put into the file and used as guarantee. The interest rate is high because of inflation, but a painless savings scheme is cleverly linked to the credit: a third of the money refunded goes into a savings account, so that at the end of the loan, the borrower has built up a small capital to buy an oven, a refrigerator or a few metal sheets for the roof of her shop.

In Accra, nearly seven thousand families are affiliated with this system. It is competing harshly with *Susu*, the popular doorstep savings system working like a small bank that does not remunerate deposits collected in the markets but on contrary charges 3% for the custody of the money. With the funds thus gathered, the *Susu* offers to other shopkeepers short term loans at very high rates. *Susu Collectors* are many in Accra and five hundred of them have formed an association that determines the rules and regulations for its members.

The loans of Initiative-Development are from all points of view the most interesting. The credit repayment rate eloquently summarize the success of the project: 96%. The secret of this success is to grant loans to women and play on group solidarity. When I visited them, a hairdresser was in the course of her fourth loan cycle with Cedric; with 200 GH cedis, she had bought a dryer and decorated her salon. To avoid irregular deliveries and abrupt changes in prices by traders, a yam seller had increased her stock and was protecting it with a large plastic sheet. Another one was selling soap and beauty products in front of me and pleaded her case with conviction to get a new loan, explaining that she should not be penalized even if she had happened once, just once, not to repay her installment: her husband that time took the money to invite his friends to a chop bar to celebrate the victory of the *Black Stars*. The credit officer, his specs on his nose and his bag on his shoulder, looks like a conscientious government servant. He goes to join other

young members of the NGO in the branch office at the heart of the market. In the branch of Russia, a group of women seated under a straw roof, listen to a trainer who, using posters, is giving advice on how to enhance sales, to greet customers or to keep one's kiosk clean...

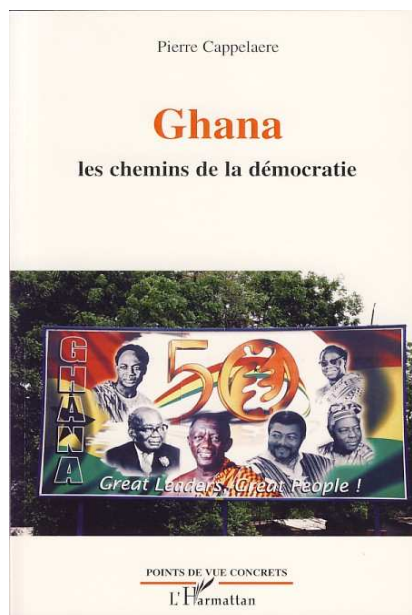
Sodom and Gomorrah, spontaneously created in 1979 by desperate migrants on an unfit site, is to be destroyed. The development of the Korle drain, the source of pollution in this part of the capital, offers no other option than the human "decongestion" and the relocation of squatters on a new ground in Adjin Kotoko, 5 km away. The mayor and three concerned ministries take this relocation on their stride. The government has consulted with local community leaders to hear their views: they agreed to leave. There will be no forced eviction. Construction work will begin with the market and health centers to recreate as fast as possible the business activity and

attract people. A consulting firm has prepared the development plan for 50,000 low-cost housing, from 5,000 to 10,000 dollars for two rooms. Certainly far too expensive for squatters, but through well rooted microcredit schemes and savings collections which are now traded between communities under the form of vouchers, some solutions are already emerging. Although one question remains: if the relocation plan turns out to be successful, what will the government do to halt the lurking emigration and stop a new slum being built there or next door?

About the Author:

Diplomat, specialist in development economics, Pierre Cappelaere has extensively travelled in Africa for over thirty years. He occupied a privileged observer position in Ghana between 2005 and 2007. He wrote several books including Kenya, safari, ethnics et politique (Kenya, safari, ethnics and politics) published also by L'Harmattan.

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