

URBAN LIVELIHOOD GROUP EMPOWERMENT SCHEME

PROGRESS REPORT FOR THE PERIOD NOVEMBER 2007 TO JULY 2008

SUBMITTED BY:

URBAN AGRICULTURE NETWORK

TO:

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PROGRESS REPORT

1.0 Introduction

The poverty situation in Ghana and particularly Northern Ghana is a major challenge to sustainable development. It permeates all facets of the society, rural and urban alike. Tamale, the regional capital is no exception to this situation. The rate of growth of the city poses a lot of challenges to the people especially the poor and vulnerable whose main stay traditionally has been agriculture. They are faced with the challenge of declining farmlands, inadequate access to extension services, inadequate access to credit and support services due largely to the nature (unorganized and ineffective groups) and size of their operations. The facilitation of their access to savings and credit couple with skill development of these enterprises is a major step towards enhancing their business and the ultimate improvement in their living standards.

The Urban Livelihood Group Empowerment Credit Scheme was therefore established in November 2007 as a strategy to addressing the issues named above. The overall aim of the project is to improve upon food security and livelihoods in general of the poor and vulnerable through the establishment of a sustainable micro-finance scheme for the promotion of small scale farmer and agro-based groups in the Tamale Metropolis. In particular, the specific project objectives include:

1. To increase income levels of approximately 375 individuals by 15% over a period of one year from current levels through the provision of credit and savings services to 15 agro-based processing groups
2. To empower 40 agro-based groups (1000 beneficiaries) through increased access to credit, entrepreneurial education and participation in group activities over three years
3. To facilitate the retrieval of the outstanding loans by communities in the previous ActionAid Credit Scheme in Northern Region West Development Programme Area

4. To enhance the capacity of the organization to deliver appropriate and quality financial services through the establishment of an efficient financial administrative system and the training of staff on credit management.

2.0 Strategies Adapted

The strategies adapted by the scheme to facilitate efficient and effective operation broadly include:

1. Strengthening existing livelihood groups within the working communities through animation and sensitization
2. Mobilizing and animating potential livelihood groups within the working communities and linking them with the scheme
3. Facilitating the development of principles and values by way of bye-laws/constitutions for these livelihood groups
4. Designing simple contractual agreement together with groups to facilitate the credit administration with the groups
5. Establishing gestation and repayment period of the credit with groups' based on groups' activities

These strategies formed the basis for the administration of the credit which commenced in November 2007.

3.0 Activities Carried Through So Far

This report seeks to discuss the progress of work done so far on the scheme as outlined in the introductory statements above with specific reference to:

- Discussion of Systems and Procedures Manual
- Group Mobilization and Animation
- The Credit Portfolio and Disbursement
- Training of groups in basic record keeping
- Credit Repayment – current and outstanding loans

3.1 Discussions of Systems and Procedures Manual

The need to put in place systems and procedures to guide the operations of the scheme was important but even more critical was the understanding of the procedures manual by the key persons who will be engage in its application. A one day session was therefore organized at the conference hall of the URBANET to discuss the manual for its effective and efficient application by those involved. The session was facilitated by **Mr. Rahaman Yakubu** and assisted by **Mr. Razak** all in the accounts office of **AAG, Tamale**. Key participants of the session included:

No.	Name	Status
1	Jibreel Mohammed Basit	Credit Officer-URBANET
2	Abukari Tanko	Accounts Officer-URBANET
3	Mohammed Adam	Administrative Assistant-URNANET
4	Zakaria Abdul-Rashid	Programme Coordinator

3.2 Group Mobilization and Animation

The drive for the mobilization of livelihood groups started quite early in 2006 without reference to providing them with a credit facility but just as an intervention to build a formidable farmer based groups that could in future facilitate its own access to credit and extension services. Several groups including rice processing, shea-butter processing, groundnut processing, vegetable farming and small ruminants rearing had been mobilized over the period. The reintroduction of the credit scheme could only take advantage of the groups that had been very effective over the period to start with and then continue to strengthen the less effective ones as the scheme progresses. The scheme led by the Credit Officer held separate animation sessions with twenty-two (22) different livelihood groups as preparatory events and mainly discussed the following issues among others:

- Criteria for qualification and application for the credit
- Assessment procedures of applicants
- Credit disbursement procedures
- Credit Repayment procedures
- Interest rates

- Outstanding credits and how to deal with it

Though, 22 groups participated in the animation sessions, 18 groups out of the 22 qualified and were ready to start the scheme.

3.3 The Portfolio and Disbursement

The total value of the portfolio stands at Four Hundred and Seventy Thousand Nine Hundred Ghana Cedis (GH 470,900.00). The scheme at start proposed to disburse credit to a total of 15 livelihood groups with a client base of 375 persons, but eventually reached out to 18 groups of 475 individuals. The mobilization of the groups started in November and by the second week of December 2007, 12 groups had received credits of different amounts. The rest of the 6 groups took the credit in January 2008. The amount of credit taken by individuals ranged between GH 60 and GH 200.

3.4 Credit Repayments:

3.4.1 Current Loan Portfolio

The scheme established two different repayment periods within the first loan circle in consultation with the various livelihood groups involved. The repayment periods ranged between one to six months and one to twelve months and each period decided on was at the request of the specific livelihood groups. Specifically, eleven (11) groups are paying within a period of one year while seven (7) groups would end payments in six months. As of now all the seven groups who took the credit and are paying in six months have completed their first circle by the end of June 2008. By the second week of July 2008 all the seven groups have taken their second cycle loans. All the seven groups ended their first cycle payments without any problem or default except Gubikatimali at Kunyevilla whose member has been expelled for the difficulties she put the credit officer before he could retrieve the monies she owed. The rest of the eleven groups who went in for a one year repayment period will finish their cycle in December 2008. For now many of the fund has been disbursed to the groups who ended the cycles. Twelve percent (12%) of the portfolio is in the scheme account due to the disbursement.

Summary

Amount of Loan disbursed	Interest Income	Repayment so far	Outstanding loans	Total Clients
GH¢ 4,7090.00	GH¢ 9,418.00	GH ¢7162.22	GH ¢49345.78	475

3.4.2 Outstanding Loan Portfolio

The 18 livelihood groups currently on the scheme have a number of clients who have outstanding credits from the pass AAG credit scheme. These clients agreed during the animation stages to pay back their outstanding credit from the old scheme within a two circle periods of the current scheme if they get access to the scheme. These clients had voluntarily indicated the various amounts they owe in their application forms and have shown commitments towards payments. Out of the 18 livelihood groups benefiting from the current scheme 10 of the groups have members who have outstanding credits amounting to GH¢ 3,354.10 with the old scheme and 14% of it has so far been recovered.

4.0 Looking Ahead

The scheme is progressing steadily and presents an appreciable amount of hope into the coming years given the level of commitments by the clients:

- To use the loan to operate their businesses
- by sticking to repayment schedules agreed with them
- by honoring their commitment to pay little by little the old debt owed

The level of awareness amongst the communities about the scheme and the principles guiding its operations is momentarily gaining roots and that is evidenced by the number of applications by different groups that have been received by the credit office. So far the office has received 17 different applications from different livelihood groups. More importantly the scheme over the last three months have had series of meetings with especially farmer groups at their request to discuss the possibilities of gaining access to the scheme to go into this years cropping season.

5.0 Upcoming Challenges and Lessons learnt

The operations of the scheme like any other human endeavor have its own challenges. These challenges can be classified into five broad categories:

1. The capacity of the credit office to effectively monitor and advice groups is being overstretched and could be worsening in future given the level of development taking place. The client base is widening and that will require additional efforts to contain it.
2. Another important challenge is at the level of the groups and individual clients. Majority of the clients have not had any formal education and as such their level of appreciation of building their groups into very vibrant ones not just for the credit is still been seriously challenge.
3. Also important to note is about the challenge faced by shea-butter processing groups with regard to marketing. The enthusiasm by the women to pay back their credit is very high though, repayment would be very challenging if the current marketing situation continues into the future. Some of the groups process the shea-butter sell to agents or market queens and have to wait for two to three months before they get paid.
4. The credit office has a number of times been confronted with the issue of the communities savings that were collected by the organizations who were responsible for implementing the first scheme. When ever communities bring out the issue they are normally referred to CAD and Maata N Tudu, but the issues still come.
5. A member of one of the scheme's groups has passed away in May 2008. The woman took a loan of GH¢150.00 and was able to make five months payment before she died. Urbanet took a decision to forgive her the rest of the monies since the death was not her making and she would have paid if she was alive.

There were some key lessons learnt during the period: these include:

1. The research study that was done and the report disseminated in the communities has been the key to the commitment shown by the groups to repay the old loans. The courage to even indicate their debt and to further make payments after taking the credit from us is an interesting development and shows how openness and involvement of beneficiaries is important
2. The second important lesson worth sharing is that once credit is taken and used for the purpose for which it has been taken it pays.

This is evidenced by a particular vegetable farmer group that took the credit, went into just one cropping season and paid back the full credit immediately they started harvesting one of the crops. The farmers, even though reside at Changli, a community in Tamale Metropolis, managed to secure a four hectare land purposely for vegetable production at Dipali, a community in the Savelugu, Nanton District where the White Volta River passes. The field lies close to the river bank and also to the field where government is constructing the irrigation facilities. The land was used to cultivate four different vegetables namely; Garden eggs, Tomatoes, local and the green pepper.

The farmers were able to pay off the full loan when they started harvesting the garden eggs alone. According to Mr. Dawuda Adam, who is the secretary to the group, the sale of the other crops particularly, the Tomatoes and the green pepper went a lot to improve their situations as they could provide food at their homes and were also able to pay their children school fees and registered the National Health Insurance Scheme (NHIS). He indicated that before they received the credit from Urban Agriculture Network (URBANET) none of the group members had anything or work doing even those with wives. He mentioned that they acquired the skills from the Tano irrigation farms where they were serving as farm boys to many farmers for three years each.

They decided to return to Tamale to also build on the ideas and skills they have acquired but only to encounter frustrations, lack of support and access to credit until someone referred them to URBANET.

Up till now, the farmers still harvest the local pepper every week, the latest being Wednesday 24th July 2008. Each harvest sells at least GH¢ 80.00 and the sales are sometimes paid into the group account to enable them start the servicing of their second loan in August 26th 2008, which they took immediately they finished paying the first loan. The second loan of GH ¢ 2,500.00 they took in May this year, was used to cultivate a 20 hectare rice farm at Kanjayili, a community in East Gonja District.



A rice farm supported by URBANET with credit

The rice farm is marvelous and anyone who visits the farm will like to associate him or herself with the farmers.

According to both Mr. Issahaku Adam, the Chairman of the group and Mr. Dawuda Adam, the Secretary, if the rice farm is not affected by this year's bush fires, because as at the time the credit officer visited the farm, the whole field was engulfed with water. The group will not take loan from URBANET because their situation will be completely changed by the harvest they will be getting from the farm.

3. Another lesson worth sharing has to do with the enthusiasm with which the groups apply for and pay the loan. All the seven groups which apply for the six (6) months repayment period completed payment for their loans by the end of June, 2008 and by the second week of July 2008 all the group got their second badge of loans.

The enthusiasm can be attributed to the groups' willingness and desire to continue working with Urbanet. A secretary to one of the groups in Kunyevilla, Gubi katimali, Zenabu Iddrisu indicated that considering the enormous benefits they derive from Urbanet's credit scheme, they could not tolerate the behavior of some of the members which have the tendencies of spoiling the relationship they have with Urbanet. She recommended that one of the members whose behavior was not in the interest of the entire group be expelled to forestall a situation where the group would be denied the opportunities they have been getting from Urbanet. The member was expelled from the group.

Bangsim Nyagsa women group, one of the beneficiary groups in Tuttingli has tasked their secretary to pay a visit to Urbanet offices ones every two months. According to Ayishetu Abdulia (magazia), the visits will afford the group the opportunity to build a strong and formidable relationship with the organisation.

Many of the beneficiaries of the scheme have attested to the fact that Urbanet credit scheme is very easy to operate with when you consider the interest rate with the prevailing rates by other micro finance institutions and the relax repayment period of six months and one year to choose from. This a beneficiary, Abukari Fuseini who is also the secretary to Wunzooya women group in Nyohini said cannot be found in the whole of the Tamale Metropolis since their group has an experience with about four micro finance institutions whose interest rate and repayment periods can not be managed by the poor in whose name those organizations work with. "I want to thank Actionaid and Urbanet for bringing back the credit scheme"said Abukari Fuseini.

4. A number of calls have been made by the groups for Urbanet to introduce savings or deposits mobilization along side the credit. The idea is very good and need support since it will put Urbanet in the position to meet continual demand for loans by new and existing clients. Aside increasing the number of clients, savings mobilization can improve clients' satisfaction and retention; it can improve loan repayment and stabilizes sources of fund.

6.0 Conclusion

The Urban Livelihood Empowerment Credit Scheme which was established in November 2007 has been operational with a total of 475 clients amounting to a total loan portfolio of Four Hundred and Seventy Thousand, Nine Hundred Ghana Cedis (GH 470,900.00). Its potential client base keeps widening by day and gaining popularity within the Northern West Development Programme Area. It has a potential of not only improving upon livelihoods of the communities but also galvanizing the debt owed by communities and using to expand the credit so that a lot more people can benefit from it.

Even though there has been some appreciable level of achievements made so far and confidently so into the near future, it is important to note that the scheme has only been in place for about six months and may not be adequately conclusive to say we have arrived. There is therefore the need for extreme care and hard work.