

# *ID Initiative Development* Ghana



Annual Report

2008



Wednesday Market in Nima, Accra, 06/02/2008  
(Photo ID-Ghana)

Previous page: Mrs Abiba Zibrim, a partner of ID-Ghana, during an Onipa Nua group meeting in Nima, Accra, 11/12/2008.  
(Photo: Guillaume Binet/MYOP/www.myop.fr)

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## 1. Introduction

### 1.1. Programme history

Initiative Development Ghana (ID-Ghana) was created by *Initiative Développement*, a French non governmental organisation acting in the field of community development after they had set up HIV/AIDS and micro credit programmes in the deprived communities of Cotonou, Benin. The Ghanaian community living there quickly showed interest in micro credit activities leading *Initiative Développement* to conduct a feasibility study, in the early part of 1998, in the deprived areas of Accra to replicate the success of the micro credit scheme of Cotonou. The report came out with positive conclusions leading to the creation of a credit scheme in Accra: a wide range of the population of Accra did not have access to any financial and training services to develop or raise an income generating activity. Several parts of the city were occupied by poor communities, while many pockets of poverty could also be found in other areas.

In 1998 ID-Ghana was incorporated under the Article No. 179 of the Ghanaian Companies Act 1963 and subsequently registered with the Department of Social Welfare of Ghana as a non governmental organisation. ID-Ghana further defines itself as a non-profit, non-political and non-religious organisation.

In 2005, *Initiative Développement*, which was up to that date still closely monitoring the development of ID-Ghana, decided to hand over the follow-up of this programme to another French NGO, *Entrepreneurs du Monde*, specialized in microfinance (*Initiative Développement* having more of a generalist approach to development).

### 1.2. Intervention zone

ID-Ghana operates two different contexts defined as “market areas” and “residential areas”. The organisation’s network is composed of seven branches strategically disseminated in the city and covering all deprived areas of the capital (see detailed map in appendix 5.1 and description of zones in appendix 5.2).

While the historic area of presence of the organisation is covered by Dansoman branch in the West, Nima-New Town branch is covering most of the Centre-East deprived neighbourhoods. Chorkor and Glefe are in turn covering the South-Western belt of Accra. All these branches are located in residential areas.

In addition to these branches, ID-Ghana is present in three of the most prominent market of the city, that is Agboghloshie, next to Sodom & Gomorrah area (see appendix 5.8), Kaneshie and Madina.

### 1.3. Beneficiaries

The direct beneficiaries of ID-Ghana are the thousands of families living in deprived neighbourhoods of Accra, as well as the micro entrepreneurs of market areas.

These families or individuals wish to start or consolidate an income generating activity. They are on average 40 years old and live in urban districts that usually lack basic infrastructures. They are low income people, the vast majority of whom are involved in the informal economy.

The leading entrepreneurs in such families are often the mothers (women represent 95.8% of our on-going borrowers as of the end of 2008) as the husband, when he is employed, be it in the formal or in the informal sector, is usually far away from the family home.

## 1.4. Partnerships

ID-Ghana is linked with a number of organisations and institutions at national and international levels:

### 1.4.1. Entrepreneurs du Monde



Entrepreneurs du Monde (EdM, or “Entrepreneurs of the world”) is a non-profit organisation founded in 1998, based in France. It operates in developing countries to enable the poorest families to develop a small economic venture by giving them access to credit, savings, and training.

ID-Ghana is a partner of EdM since 2005, when *Initiative Développement* handed over its Ghanaian microfinance programme to EdM.

EdM provides financial and technical support.

### 1.4.2. Ghamfin<sup>1</sup>



Ghamfin started as an informal network of institutions and individuals that operate within Ghana's Microfinance Industry.

This Network emanated from some Ghanaian Microfinance Institutions (MFIs) interested in the development of best practices in the delivery of microfinance services. Their concern and initiative was promoted by a World Bank-sponsored research project, which sought to identify for a wider application, innovative techniques that would be successful in improving the access of micro entrepreneurs to financial services.

This action research project which started with 3 Ghanaian MFIs grew into an informal network of organisations interested in providing effective financial services to the poor. Today, the informal group has been formalised and registered as a company limited by guarantee, the Ghana Microfinance Institutions Network (GHAMFIN).

### 1.4.3. Association of Financial NGOs - ASSFIN



This Association of Financial NGOs has existed informally since 2003 but was formally inaugurated in 2005 as an apex organisation of all financial non-governmental organisations in Ghana.

AssFin aims at regulating financial NGOs and is accredited as a private voluntary organisation in development. It currently has 96 members.

### 1.4.4. MIX Market



Since August 2008, ID-Ghana is registered on the international Web-based microfinance information platform MIX-Market<sup>2</sup>. This platform, launched under its present form in September 2002, gathers the financial and operational data of more than 1,300 MFIs around the world, 14 of which are in Ghana. It aims at providing microfinance stakeholders (MFIs, microfinance investment funds, facilitators, etc.) with information regarding the sector and publishes regular surveys related to the sector.

<sup>1</sup> Text adapted from [www.ghamfin.org](http://www.ghamfin.org)

<sup>2</sup> ID-Ghana's profile is accessible on the following link: <http://www.mixmarket.org/en/demand/demand.show.profile.asp?ett=2850&>

MIX-Market gives a particular importance to the transparency of the data it provides. It rates organisations which joined its database with a certain number of “diamonds” representing the level of transparency of the data provided. Out of a maximum of 5 diamonds, ID-Ghana obtained 4.

## 1.5. Objectives of the year

### 1.5.1. Overall objectives

The objective for 2008 was the consolidation of ID-Ghana as an institution of microfinance well on its way towards operational and institutional sustainability. Simultaneously, the objective was to confirm ID-Ghana as a unique institution for the most vulnerable families in the very disadvantaged neighbourhoods of Accra by reinforcing its place as a reference microfinance operator offering financial (microcredit and micro-savings) and non-financial services (trainings).

This yearly objective fits in ID-Ghana’s general mission to **reduce poverty in some neighbourhoods of Accra and its suburbs**. More specifically, the aim is to **increase the income and savings capacity of the families of the slums of Accra by providing them with a permanent access to loans, savings and trainings**.

### 1.5.2. Key objectives

ID-Ghana has identified four key objectives and related activities:

#### Key objective 1

*ID-Ghana offers a permanent access to productive loans, savings and business trainings.*

- Activity 1.1.: Finalize the replication of the Onipa Nua group lending methodology;
- Activity 1.2.: Review all related procedure manuals and documentations;
- Activity 1.3.: Make our savings products more attractive and improve savings management.

#### Key objective 2

*Reinforce the Social Mission of the organisation and develop an offer of quality non-financial services capable of significantly enhancing the impact of the financial services, either directly or through partnerships with specialised agencies.*

- Activity 2.1.: Develop a Poverty Assessment Tool enabling ID-Ghana to measure the poverty level of its beneficiaries throughout the loan cycles;
- Activity 2.2.: Develop and formalize more social modules for trainings;
- Activity 2.3.: Streamline the referral system from ID-Ghana to our existing network of social organisations;
- Activity 2.4.: Facilitate the access to health and hygiene services for our partners, and more specifically their registration to the National Health Insurance Scheme (NHIS).

#### Key objective 3

*ID Ghana strives towards financial, organisational and institutional sustainability.*

- Activity 3.1.: Decentralise the Loans and Savings MIS and finalise the reorganisation of the chart of accounts;
- Activity 3.2.: Reshuffle the reporting tools;

- Activity 3.3.: Enhance the overall productivity of the organisation;
- Activity 3.4.: Prepare the handover to a Ghanaian top-management team;
- Activity 3.5.: Review the Accounting and Human Resources procedure manuals.

#### Key objective 4

*Develop or train a skilful and motivated workforce oriented towards serving the poor.*

- Activity 4.1.: Redefine and reinforce the identity of the organisation;
- Activity 4.2.: Provide training opportunities that allow staff continuous improvement;
- Activity 4.3.: A motivating HR system is in place by December 2008.



*Training session by Training Officer Godknows Kporha (standing) in presence of Francis Twum (right), Credit Officer in Glefe, Accra, 28/03/2008  
(Photo ID-Ghana)*

## 2. Achievements

### 2.1. Executive summary

A lot was achieved in ID-Ghana in 2008 in many domains. First and foremost was the successful replication of the group methodology Onipa Nua but that is not all: the Social Mission, revived from almost nothing in 2007, underwent a considerable reinforcement bound to yield very positive results in 2009, while the operations' management was decentralized to the branches, eventually enabling ID-Ghana to be even closer to its partners.

### 2.2. Financial Services

#### 2.2.1. General overview

The financial services underwent substantial changes during 2008. The replication of the group methodology Onipa Nua<sup>3</sup> in all residential areas is a landmark in the evolution of the institution which paves the way for its development in the years to come. As a result, both Individual Micro Loan and Small<sup>4</sup> Loan products were stopped at the end of the year.

The decentralisation of the MIS from two sub-offices (Sukura and Nima) to each branch has brought sizable advantages to the field teams, as far as their data management is concerned (see sections 2.2.3 and 2.2.4 for more details).

#### 2.2.2. Results review

ID-Ghana reached out to **5,042 micro entrepreneurs**<sup>5</sup> in 2008 and had **3,991 on-going borrowers** as of 31<sup>st</sup>, December.

The organisation was able to perform well in the course of 2008 but its development was significantly hampered by the lack of revolving fund towards the end of the year. The demand for loans was indeed very high but the resources to satisfy such a large demand turned out to be scarce, explaining the decrease observed in our activity over the month of November mostly (see Graph 1 in section 5.4).

The **Onipa Nua** product developed well, growing from only 12% of our portfolio in January to 44% in December. Simultaneously, the Portfolio at Risk at 30 days on this product was maintained at 0.0% throughout. **Front Desk** loans, on offer in our market branches (primarily in Agbogbloshie) maintained their position as an efficient support to the markets' petty traders, with a Portfolio at Risk at 30 days at 3.8% and a repayment ratio of 98.6% at the end of the year. More difficult was the management of the Small Loan product, targeting larger businesses, but we decided to stop offering it in November after considering the lack of performance, particularly in terms of quality (Portfolio at Risk at 30 days of 31.2%). Similarly, the phasing out of our former flagship product, the Individual Micro Loan, was a painful experience. We stopped the disbursement of first loan on 31<sup>st</sup>, July and the disbursement of subsequent loans on 31<sup>st</sup>, December. This decision tremendously increased the number of defaulting cases bringing the Portfolio at Risk at 30 days for Individual Micro Loan to 37.4%. These last two products therefore account for most of the Portfolio at Risk at 30 days of the organisation, which reached 24.5% in December 2008, actually hiding large variations from one product to another, while the write-off ratio was at 5.1%. The repayment ratio on the contrary increased steadily during the year to reach 92.7% in December.

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<sup>3</sup> 'onipa nua' means 'caring for each other' in Twi language, one of the prominent indigenous language spoken in Ghana

<sup>4</sup> "Small Loans" are ID-Ghana's biggest loan, as opposed to "micro loans".

<sup>5</sup> number of micro entrepreneurs having received at least one loan from ID-Ghana between 01/01 and 31/12/2008.



The portfolio size increased a little over the year (+4.8% to 3,991 on-going borrowers) but decreased slightly in value (-2.3% to GH¢ 455,352), reflecting the greater emphasis that ID-Ghana put on smaller businesses requiring smaller capital to be supported over shorter periods. This is also reflected in the outreach, which increased by 20.0% to reach 5,042 micro entrepreneurs.

Last but not least, the development of the Onipa Nua methodology boosted the savings activity<sup>6</sup>. The number of savers increased by 29.5% to 6,818 while the deposits grew by 5.4% to GH¢ 273,472. But the massive arrival of new savers affected the average amount of savings deposits, which fell by 18.6% to GH¢ 39.

### **2.2.3. Methodological overhaul**

The replication of the Onipa Nua group methodology has been the main focus of the Operations department in 2008. From the pilot project initiated in the branch of Glefe in January 2007, ID-Ghana has built a full fledged lending methodology for urban microfinance, based on the ASA approach and fine-tuned to the Ghanaian social context.

With a first set of operational procedures, all branches were trained on this new methodology and initiated its replication in residential areas as of March. On 1<sup>st</sup>, July, granting of first loans through our old individual methodology was stopped, as were all subsequent loans of these products 6 months later.

Regarding the savings, our main objective is to further develop our services to answer the huge needs on the field, but this is hampered by the legal aspect linked with the collection of deposits. By the end of 2008, ID-Ghana was still looking for a solution to abide by the local regulatory framework. Our project to launch a new voluntary savings product in market areas has therefore been delayed.

However, we have made the compulsory savings product proposed through the Onipa Nua methodology more flexible by allowing on-the-spot withdrawals during weekly group meetings. Moreover, the minimum balance to be held in the savings accounts has been brought down to 20% of the outstanding loan balance, rather than 20% of the initial loan capital lent.

Last but not least, the decision was taken to remunerate savings accounts at 10% per annum, as of 1<sup>st</sup>, January 2009.

### **2.2.4. Decentralisation of the Loans and Savings MIS**

A major project was also the one related to the deployment of our loan management software (Loan Performer) in all branches. We used to work with two sub-offices: Sukura (managing data for the branches of Chorkor, Dansoman and Kaneshie) and Nima (for Madina and Nima-New Town). The pilot branches of Agbogbloshie and Glefe already had their own database and encoding on site. The split of the database therefore concerned 5 branches and was performed by Crystal Clear Software (the developing company of Loan Performer based in Uganda) under follow-up and guidance from Entrepreneurs du Monde's Financial System Manager and the local coordination of our LPF Manager in Ghana.

## **2.3. Social mission**

### **2.3.1. General overview**

The Social Mission was somewhat reinforced in 2008. After structuring our trainings curricula into a set of 45 topics divided into a social and a business set, the team was able to reach out to a greater number

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<sup>6</sup> According to the Onipa Nua methodology, the new comers must save for four consecutive weeks at least GH¢ 1 before they can apply for a loan

of partners. The deployment of the Onipa Nua methodology (see section 2.2.3) which enables ID-Ghana trainers to meet each partner once a week during group sessions, was also instrumental in this result. The social follow-up of partners facing particularly difficult situations, as well as the facilitation of the registration of our partners to the National Health Insurance Scheme (NHIS) witnessed a similar expansion.

In terms of social performance, the Poverty Assessment Tool was further developed even though we were not able to test it before the end of the year. Last but not least, we measured for the second consecutive year our social performance with the CERISE-SPI tool and were able to appreciate the position of the organisation as far as its social mission is concerned, and realised that the progress, as mentioned above, had more to do with its reinforcement than its expansion to new areas. 2008 therefore paved the way for a true expansion of the social mission in 2009.

### **2.3.2. Results review**

A coherent curriculum of 21 business and 24 social modules was designed in 2008 which enabled the social mission team to deliver approximately<sup>7</sup> 19,000 participations to trainings<sup>8</sup> (see section 5.5 for full reporting details). Overall, 10 business topics and 9 social topics were actually delivered, “Costing and Pricing” and “National health Insurance Scheme benefits” being by far the two topics delivered the most.

Parallel to that, the Social Worker completed the follow-up of some 68 partners (see also section 5.5) with serious social problems (e.g. a partner who lost her business in a market fire disaster, one whose shop was broken into, one who was stripped from her assets after a divorce, etc.) She was able to support them and in some cases to refer them to some specialized NGOs (like FIDA, active in the women’s rights sector) that she had identified in 2007 as resource institutions.

The National Health Insurance Scheme registration facilitation was developed on the basis of the pilot started in November 2007 and enabled the Social Mission team to have 652 families enrolling with the scheme (see also appendix 5.5 for detail of monthly figures). ID-Ghana was initially gathering interested families who were subsequently registered by a Health Ministry officer that the organisation brought on field. Since the last quarter of 2008, ID-Ghana is now gathering all elements necessary to registration on its own and hands it over to the NHIS district office. Once the NHIS cards ready, they are distributed to the partners by the organisation.

### **2.3.3. Social Performance Assessment: CERISE’s SPI tool**

The tool was administered in ID-Ghana in October 2008 to assess the performance of the organisation and compare it with the first assessment of June 2007. The SPI survey was done more smoothly and speedily this year, thanks to the experience gathered by the social mission team the previous year. It was also more detailed and reliable, given the more comprehensive approach used this time.

The overall SPI score for 2008 is **45.2%** against 44.9% in 2007, signifying little or no change in performance generally. The report more particularly highlighted the capacity of ID-Ghana to target vulnerable populations even though the set of tools (e.g. micro insurance) and services (e.g. remittance facility) the institution provides is not evaluated to be developed enough to allow the institution to get a higher mark.

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<sup>7</sup> The reporting was reviewed in Apr-08 and data of January as well as part of the data of February are not available; hence the approximation.

<sup>8</sup> One participation to training corresponds here to “one person receiving training on one topic during a particular session”. Trainings happening normally twice a month for each partner in each branch, some individuals can participate up to 24 sessions per year.

### 2.3.4. Development of the Poverty Assessment Tool

The development of a Poverty Assessment Tool (PAT) mobilized a lot the social team who pilot-tested a first questionnaire in August before making substantial adjustments to a second version pilot-tested in December. This leaves the project in a well-advanced state for 2009, when the implementation will be done in all branches and the on-going encoding and analysis will take place thanks to the online WebPAT encoding tool developed by our partner *Entrepreneurs du Monde*. The assessment of families will happen approximately every year, at the time of application for first, fourth, sixth, eighth, etc. loan.

## 2.4. Sustainability

### 2.4.1. Technical sustainability

The technical sustainability of the organisation was enhanced a lot in 2008 on many fronts.

In terms of documentation, one manual for Onipa Nua operations, as well as a manual for market (Front Desk) operations were written. The Accounting manual was also developed but will need to be completed and detailed further in 2009, like the Internal Audit manual. Last but not least, a Staff Manual was compiled and will be validated by the Staff Union in 2009. This latter document is a very comprehensive tool encompassing all HR procedures (leave, promotion, etc.), as well as afferent forms. Another procedure was built and implemented for the back-up of institution's data. The reporting system was also reviewed leading to the design of a new format for operations and social mission. Lastly, a number of forms were reviewed and standardised in most departments, like finance and administration, human resources, operations, internal audit and information technology. And a procedure on the back-up of the institution's data was implemented.

### 2.4.2. Financial sustainability

With **83.1%** of financial sustainability, ID-Ghana made good progress in 2008 on this front (+8.8% compared to 2007). However, we might expect in 2009 a change in this trend, as the growth of income will be hampered by the shortage of loan fund combined with the complete phase-out of our old products (see section 2.2.3 for details), potentially deterring some partners from us. The 2009 budget will also have to absorb the cost of two new senior positions (see section 3.2 for details).



*Visit of HE French Ambassador Francis Hurtut (right) with Executive Director Romain Tevels (center) and Branch Manager Benjamin Sackey (left) in Agbogbloshie, Accra, 25/11/2008  
(Photo French Embassy in Accra)*

### 3. Resources

#### 3.1. Summary

The human resources were decisively reinforced in 2008 with the arrival of a new Field Operations Manager and a new Executive Director. This allowed the Deputy Director to focus his energy on the Social Mission which he is responsible for, and enabled a much smoother management than the previous year.

In terms of equipments, ID-Ghana was also better off in 2008, particularly as regards computer equipment. However, the institution is still operating with the bare essentials and will need to plan a certain number of investments in 2009, so as not to fall short of quality tools to develop its operations. The sometimes extreme working conditions (dusty environment, corrosive atmosphere for machines in branches close to the sea, important power fluctuations, etc. can prematurely harm material).

#### 3.2. Human Resources

ID-Ghana had 41 employees at the end of 2008, 13 of which are employed at the Head Office in Asylum Down, Accra. 28 are field staff attached to the Operations Department mostly, as well as the Social Mission Department. A detailed organisational chart is available in appendix 5.3.

Five people left ID-Ghana in the course of the year: one was dismissed for fraud, 3 chose to pursue their careers with other employers and one to resume her studies. This brought the attrition<sup>9</sup> rate of the organisation for 2008 to 12.2%, which is relatively high though not alarming. All in all, the staff of ID-Ghana is rather stable and includes a sizable number of collaborators having 5, 6, 7 or even 10 years of seniority.

#### 3.3. Equipments and investments

ID-Ghana has its head office in Asylum Down and operates its 7 branches from 7 premises located in the heart of our area of activity (see map in section 5.1). All branches have a dedicated space for training as well as a computer and printer in order to maintain the partner's database. Similarly in Head Office, each collaborator has a computer at disposal and all share a large capacity printer. A generator enables the staff to operate normally even in the event of power cut.

A total of 6 motorbikes are in use for 4 of the branches, the driver and the Field Operations Manager. Some staffs also use their own vehicle (either car, motorbike or bicycle) for work purposes. Additionally, ID-Ghana owns a pick-up vehicle.

#### 3.4. Financial resources

The total level of operating expenses of ID-Ghana reached **GH¢ 365,257** in 2008, while the operating income reached **GH¢ 351,040**<sup>10</sup> and the financial charges GH¢ 58,160 (see section 5.6 for comprehensive details on the financial statements).

ID-Ghana also took a loan of **€ 34,016** (evaluated at GH¢ 56,136 in the institution's balance sheet) from *Entrepreneurs du Monde* (France) at 3% per annum, over a duration of one year, renewable.

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<sup>9</sup> Attrition rate (or churn rate) measures the number of employees moving out of the organisation over a period of one year.

<sup>10</sup> Excluding donations



## 4. Perspectives for 2009

ID-Ghana initiated in 2008 a vast process of restructuration which will need to be pursued in 2009 to ensure that the institution is able to face the challenges ahead. The key to a successful year can actually be narrowed down to four key points:

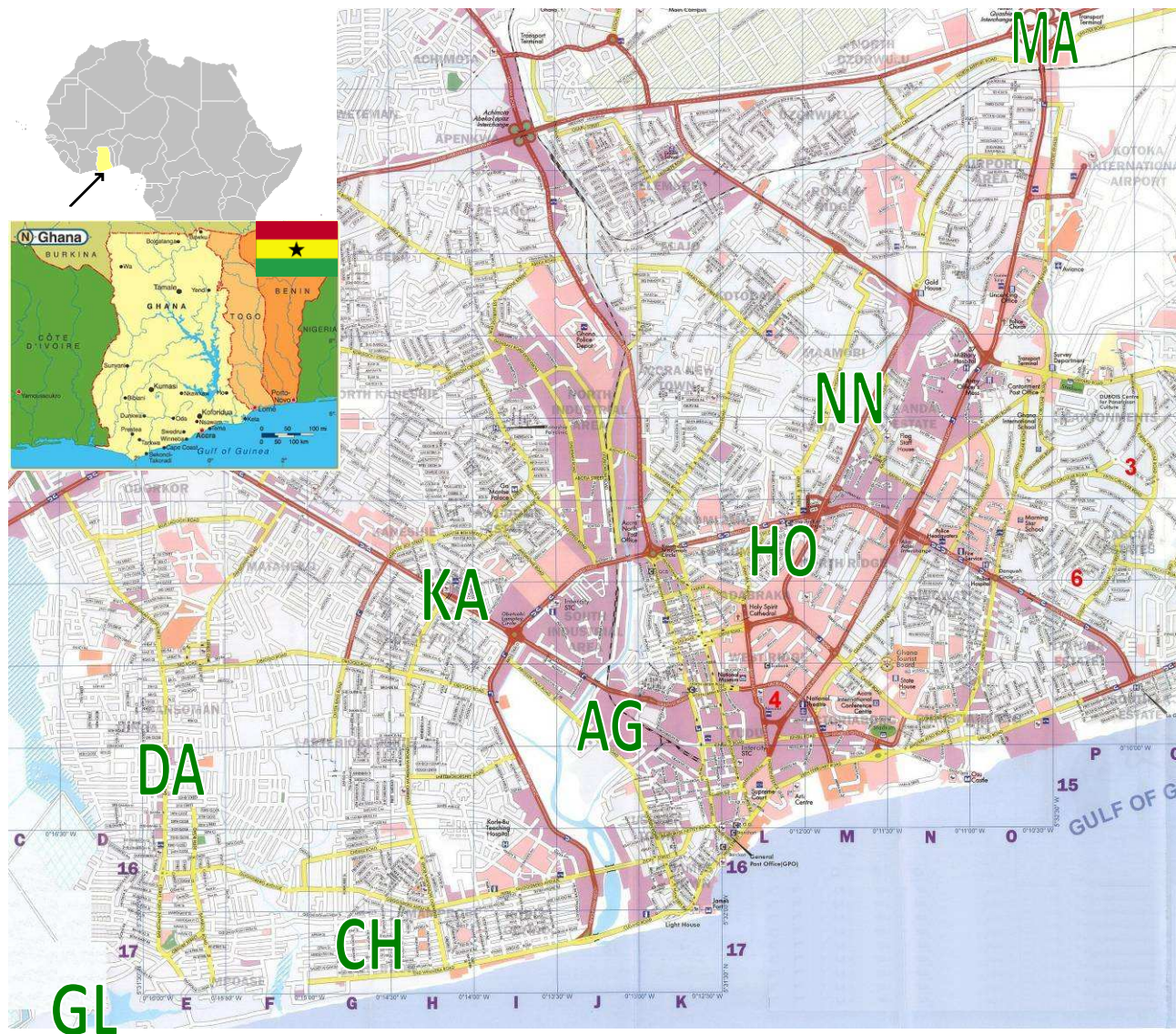
- **Replicating successfully the Onipa Nua methodology:** having tested the methodology for two years, we have been able to fine tune it and to ensure that Onipa Nua is the tool of reference to reach out to our target population in large numbers, with an impeccable quality of portfolio and the desired economic and social impacts. This impact should also be reflected by a better loyalty rate.
- **Reinforcing the institutional sustainability:** With an expatriate director since January 2008 and a strong technical and financial support from its strategic partner *Entrepreneurs du Monde*, ID-Ghana needs to reinforce its institutional sustainability in 2009. Already most operational funds needed for 2009 have been raised locally. Part of these funds, provided by the German Development Services<sup>11</sup>, will enable ID-Ghana to recruit a local Director, as well as a local Finance and Administration Manager, who will both be instrumental in the reinforcement of the institutional sustainability.
- **Financing the growth of financial activities to reach out to sustainability:** the strategy spelt out above will definitely need to be fuelled with adequate funding in order to allow the growth to unleash according to plans. Again, the Onipa Nua methodology is capable of letting the organisation reach the critical volume of activity needed to break even by 2011. Finding new sources of capital funding locally and abroad will therefore be a priority for 2009, but also a tough challenge in the light of the global economic crisis. This will be partly tackled through the organisation of a social and financial rating co-financed by the *Microfinance Rating and Assessment Initiative*<sup>12</sup>, bound to build the credibility of ID-Ghana, as a reference microfinance institution.
- **Keeping the focus on Social Mission:** With a social mission revived in 2007 and reinforced in 2008, ID-Ghana needs to maintain a strong focus on this crucial aspect of its activities, so as to keep it in tune with the expected growth of the financial activities. The social mission embodies the heart of the values of ID-Ghana and the institution therefore needs to develop innovative and impactful services able to demonstrate the relevance of our approach to urban development. That will be made possible, among other things, thanks to the huge development our NHIS registration facilitation programme will undergo in 2009 and thanks to the creation of a new loan product called 'Kick Start loan' for extremely deprived micro entrepreneurs (this project is financed by the French Embassy in Accra). A key indicator to the relevant development of the social mission will be the loyalty rate, which is expected to increase as partners will tend to stay with ID-Ghana on a long term basis to benefit from its financial and (more importantly) its non-financial services.

<sup>11</sup> Deutscher Entwicklungsdienst (DED): this agency will co-finance over a period of three year the positions of Executive Director and Finance and Administration Manager at ID-Ghana.

<sup>12</sup> The *Microfinance Rating and Assessment Initiative* is a programme led by the Luxemburgish microfinance agency ADA gathering also in collaboration with the Government of Luxembourg, the Microfinance Initiative Liechtenstein, the Swiss Cooperation, ResponsAbility and Oxfam Novib.

## 5. Appendices

### 5.1. Appendix 1: Map of Accra with ID-Ghana intervention zones



AG: Agbogbloshie  
CH: Chorkor

DA: Dansoman  
GL: Glefe

KA: Kaneshie  
MA: Madina

NN: Nima-New Town  
HO: Head Office

## 5.2. Appendix 2: Description of ID-Ghana intervention zones

### Dansoman branch

Sukura, an area within present Dansoman branch, is the place where ID-Ghana originally settled 10 years ago. At the time, the area was considered a deprived suburb of Accra. Some areas like Exhibition and Petroleum have since turned into wealthy areas, while the deprived areas, Russia, Zamala and Mataheko still make ID-Ghana's presence in the area totally relevant.

Branch	Population estimation
Agbobbloshie	288,201
Chorkor	128,849
Dansoman	461,731
Glefe	39,077
Kaneshie	268,548
Madina (market only)	3,687
Nima-New Town	537,270
<b>Total ID-Ghana areas</b>	<b>1,727,364</b>

Today, Dansoman branch is the largest ID-Ghana branch covering all the Eastern part of Accra. Going from over the Kwame Nkrumah Motorway in the North, through Odokor, Sakaman, down to Dansoman, Russia, Zamala and going South to Dansoman Last Stop, Agege and Mpoase. From this point starts the area covered by the Glefe branch..

### Kaneshie branch

Kaneshie branch covers a wide area in the North-Eastern part of Accra. The Branch was first established in Zongo, one of the most deprived areas of Accra. The branch office later moved to Kaneshie market (the second biggest market in Accra) in 2006. The Branch is extending from Lartebiokorshie to the North of the Kwame Nkrumah Motorway in Lapaz and further to communities like Israel and Alhaji.

It is a very heterogeneous area, with some market places (like the giant Kaneshie market), some deprived areas (like Zongo, Abossey Okai or some part of Dakuman) and some wealthier residential areas (mostly Bubuashie, North Kaneshie and Abeka).

### Agbobbloshie branch

ID-Ghana settled in Agbobbloshie in 2002. The main reason for setting a branch in the area was Sodom and Gomorrah, the largest slum in Accra, surrounded by many markets. In fact this central part of Accra gathers the largest amount of markets of the country: from Makola to Tudu going through the EFO market or the yam market, everything can be bought and sold in the area.

### Chorkor branch

ID-Ghana also settled in Chorkor Branch in 2002. The organisation initially moved in this area so as to provide assistance to the local fish mongers community. But with time, the staff of Chorkor realized that fish mongers were having very bad repayment behaviours. ID-Ghana therefore decided to broaden the branch's client base to other petty businesses. The branch later expanded to Labadi in South-East Accra.

### Nima-New Town branch

Nima-New Town branch is the result of the merger of two former branches of ID-Ghana: Nima East and New Town, respectively opened in 2003 and 2004. It forms the largest deprived community in Accra and can be divided into two main distinct areas:

- Nima and Mamobi;
- The suburb: that is, Kotobabi, Alajo, New Town.



Nima is in the heart of Accra, the area can be considered as a city within the city. Historically, migrants from the North came to settle there as early as the 1910's and formed with time a homogenous settlement of working-class individuals employed in the numerous industries of the capital.

From 1983 onwards, Ghana initiated several Structural Adjustment Programmes and the area underwent drastic changes, as thousands of workers lost their salaried jobs (they used to be called *redeployed workers*). As a result, women gradually emerged as a vital source of income for the families. Today ID-Ghana is working a lot with women of these areas to help them build their income generating activities.

#### Madina branch

Madina is a new residential area where people started settling around 15 years ago. The area is therefore developing fast. ID-Ghana opened there in 2007 and primarily works in the Madina market.

#### Glefe branch

ID-Ghana opened a branch in Glefe in January 2007 to test its new Onipa Nua<sup>13</sup> group methodology. The programme was the first financial organisation to penetrate the area and therefore found out that the inhabitants were not financially educated. The area is located in the South-Western end of Accra, but is often left out of the commercial maps of the city. In fact, the area is not registered by the government, who tried for so many years to relocate its inhabitants. Nevertheless, Glefe now benefits from electricity supply, water and medical care facilities.

Being close to the sea, the inhabitants are regularly facing the ocean's turbulent temper and as a result are often the victims of floods.

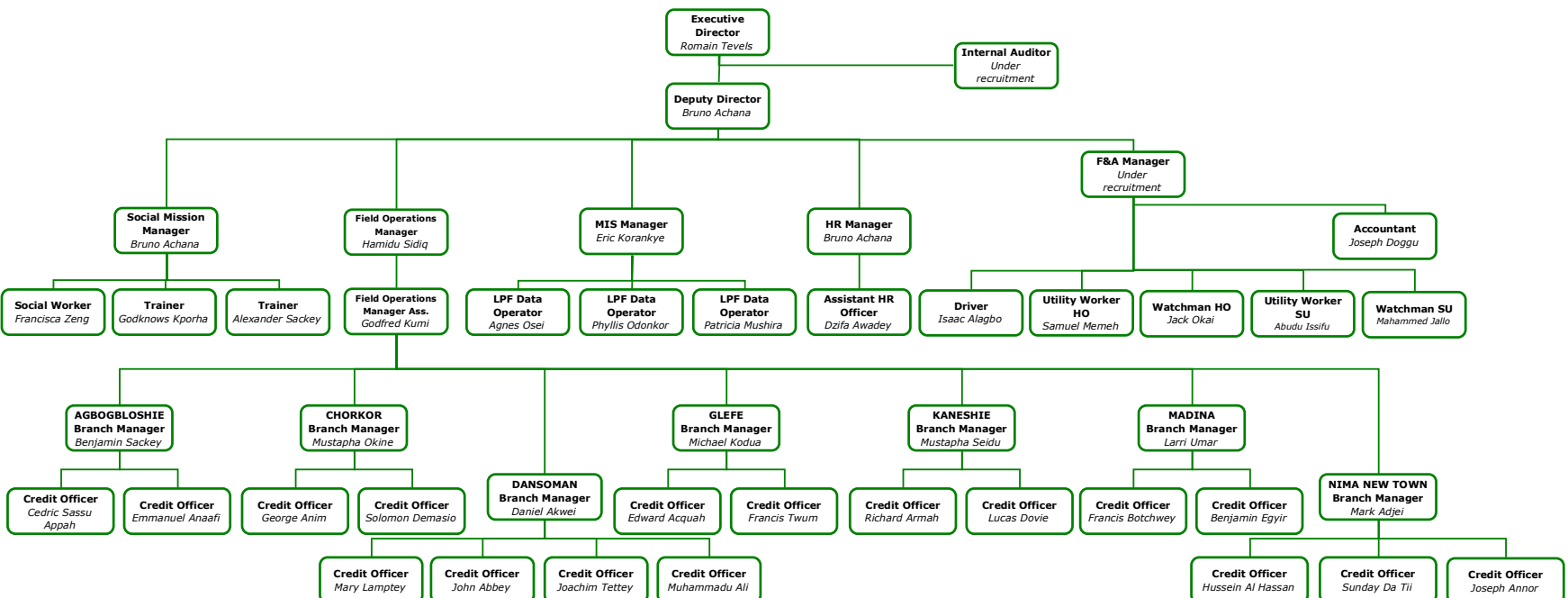


*Dynamics Onipa Nua group with ID-Ghana team and Mr. Kay Andraschko (back row) and Mr. Peter Schüssler (front row, third from the right), respectively Country Director and Coordinator Sustainable Economic Development of the German Cooperation services (DED) in Glefe, Accra, 02/12/2008 (Photo ID-Ghana)*

<sup>13</sup> 'onipa nua' means 'caring for each other' in Twi language, one of the prominent indigenous language spoken in Ghana



### 5.3. Appendix 3: Organisational chart of ID-Ghana as of 31<sup>st</sup>, December 2008



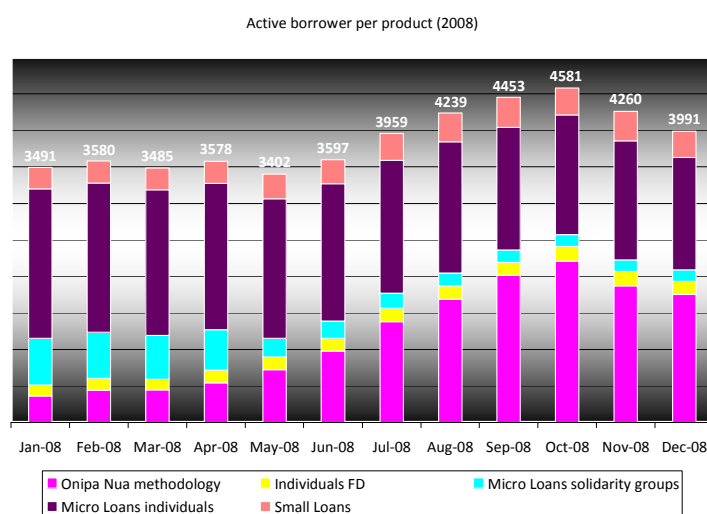
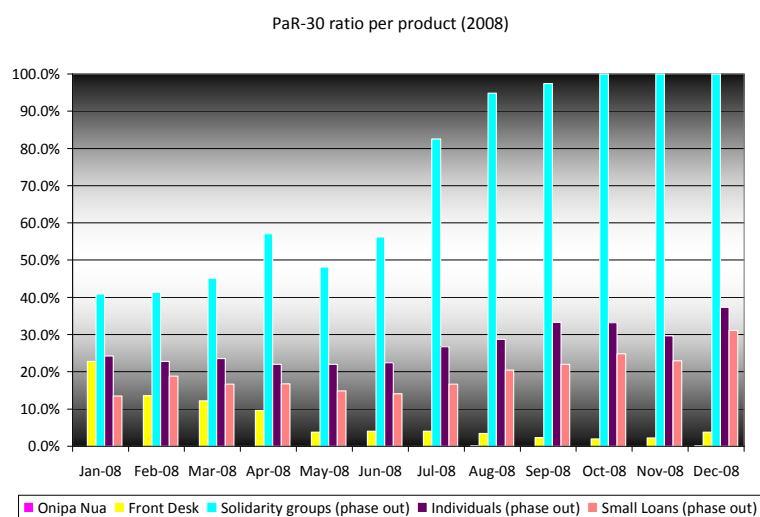
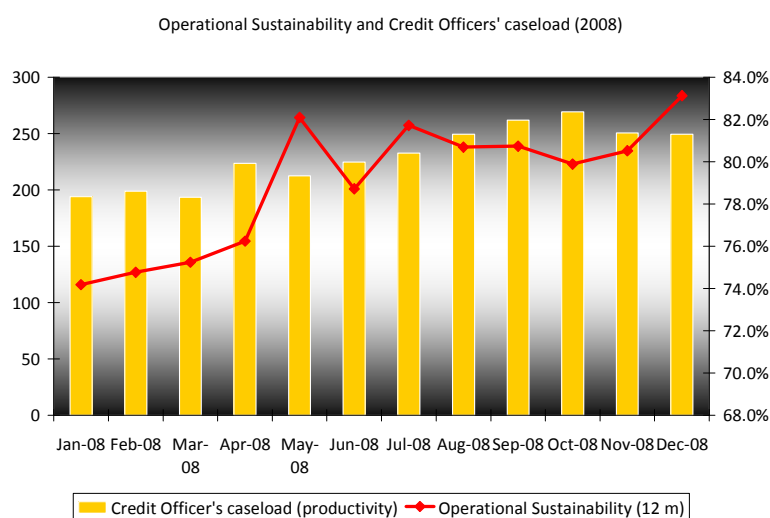
## 5.4. Appendix 4: Financial services activity results

### Portfolio report



## Portfolio report 2008

		Jan-08	Feb-08	Mar-08	Apr-08	May-08	Jun-08	Jul-08	Aug-08	Sep-08	Oct-08	Nov-08	Dec-08
LOANS ACTIVITY INDICATORS	Number of active borrowers	3,492	3,580	3,485	3,578	3,402	3,597	3,959	4,239	4,453	4,581	4,260	3,991
	Onipa Nua methodology	362	442	446	543	723	978	1,382	1,686	2,013	2,207	1,871	1,755
	Individuals FD	151	163	145	174	175	172	181	184	180	205	197	176
	Micro Loans solidarity groups	640	632	600	552	256	240	208	176	168	160	160	160
	Micro Loans individuals	2,048	2,041	1,994	2,005	1,911	1,879	1,820	1,797	1,681	1,640	1,627	1,538
	Small Loans	291	302	300	304	337	328	368	396	411	369	405	362
	Gross outstanding portfolio (GHC)	370,507	410,408	409,520	444,390	446,887	459,356	499,814	521,932	524,583	544,955	539,715	455,352
	Gross outstanding portfolio (US\$)	391,759	430,159	431,673	456,410	443,781	458,207	489,799	485,320	484,213	471,769	493,178	388,174
	Number of loans disbursed	272	587	368	566	524	616	750	644	677	752	397	287
	Cumulative loans disbursed (12m)	5,747	5,887	5,782	5,843	5,864	6,058	6,352	6,322	6,538	6,708	6,327	6,440
	Amount disbursed (GHC)	76,400	139,320	94,220	136,780	133,110	126,970	164,840	152,800	140,950	176,100	134,280	50,780
	Amount disbursed (US\$)	80,782	146,025	99,317	140,480	132,185	126,652	161,537	142,082	130,103	152,450	122,702	43,288
QUALITY	Average amount of the loans disbursed (GHC)	281	237	256	242	254	206	220	237	208	234	338	177
	Average amount of the loans disbursed (US\$)	297	249	270	248	252	206	215	221	192	203	309	151
	Outreach (12 m)	4,178	4,202	4,117	4,083	4,173	4,433	4,725	4,952	5,101	5,223	5,048	5,042
	Partners retention ratio	56.5%	59.1%	58.7%	60.5%	57.9%	56.8%	57.0%	56.0%	56.0%	54.0%	49.4%	49.9%
	Portfolio at risk (30 days)	21.5%	21.1%	21.1%	19.6%	16.9%	15.5%	16.3%	17.7%	18.5%	19.3%	19.5%	24.5%
	Repayment ratio	83.0%	83.8%	86.8%	88.8%	88.9%	90.5%	89.8%	88.3%	91.2%	91.1%	93.2%	92.7%
	Amount written off (GHC)	0	0	0	0	21,163	0	0	0	0	0	53	0
	Amount written off (US\$)	0	0	0	0	21,016	0	0	0	0	0	48	0
SAVINGS	Loan write-off ratio (12 m)	11.4%	11.1%	0.0%	0.0%	5.5%	5.3%	5.1%	4.9%	4.8%	4.6%	4.5%	4.5%
	Total saving balance (GHC)	269,566	261,585	269,144	274,927	269,643	269,687	282,072	285,995	295,258	296,514	280,756	273,472
	Total saving balance (US\$)	285,028	274,174	283,704	282,363	267,768	269,012	276,420	265,934	272,536	256,692	256,547	233,127
	Average balance by saver (GHC)	51	50	51	52	45	42	41	39	39	40	39	40
	Average balance by saver (US\$)	54	52	54	54	45	42	40	36	36	35	36	34
	Total number of savers	5,278	5,277	5,235	5,252	5,999	6,432	6,888	7,389	7,519	7,351	7,141	6,818
EFFICIENCY	Number of compulsory savers	5,055	5,069	5,028	5,173	5,894	6,340	6,775	7,267	7,399	7,164	7,018	6,702
	Number of voluntary savers	88	93	91	113	128	139	169	179	184	187	190	185
	Number of Credit officers	18	18	18	16	16	16	17	17	17	17	17	16
	Credit Officer's caseload (productivity)	194	199	194	224	213	225	233	249	262	269	251	249
EX.	Operational Sustainability (12 m)	74.2%	74.8%	75.2%	76.2%	82.1%	78.7%	81.7%	80.7%	80.7%	79.9%	80.5%	87.2%
	Exchange Rate GHC / US\$ (source: InforEuro website)	1.0574	1.0481	1.0541	1.0270	0.9930	0.9975	0.9800	0.9299	0.9230	0.8657	0.9138	0.8525
	Exchange Rate € / GHC (source: InforEuro website)	1.3895	1.4130	1.4345	1.5380	1.5680	1.5590	1.6070	1.6765	1.6003	1.6575	1.4265	1.5133
	Exchange Rate € / US\$ (source: InforEuro website)	1.4692	1.4810	1.5121	1.5796	1.5571	1.5551	1.5748	1.5589	1.4771	1.4349	1.3035	1.2900

**Graph 1: Number of active borrower per product in 2008****Graph 2: Portfolio at risk ratio at 30 days and Repayment ratio in 2008****Graph 3: Operational Sustainability and Credit Officers' caseload in 2008**

## 5.5. Appendix 5: Non financial services activity results



# NON-FINANCIAL REPORTING

Development Ghana														
CONSOLIDATED		Jan-08	Feb-08	Mar-08	Apr-08	May-08	Jun-08	Jul-08	Aug-08	Sep-08	Oct-08	Nov-08	Dec-08	Total
TRAININGS	Number of trained people	0	674	1138	1334	1703	1978	1365	2416	1740	2650	1691	1240	17929
	Number of business trainings (attendance)	0	336	548	658	848	1001	800	1208	870	1325	847	620	9061
	BA1 - The Purpose of Business							241	71					312
	BA2 - Business Opportunity Identification								70		210			280
	BA3 - Business Start-up				198				178		147			523
	BA4 - Entrepreneurship					369								369
	BA5 - Self-employment												577	577
	BA6 - Group Dynamics			20		71	272	185	678	118	179	34	18	1575
	BB1 - Record Keeping						8			250				258
	BB2 - Costing and Pricing			528	460	408	340	129	145	83	141	310	25	2569
	BB3 - Domestic vs. Business Accounts											360		360
	BC1 - Importance of Saving						381	245	66	419	144			1255
	BD1 - Marketing/Effective Selling		336								416	143		895
	BD4 - Time Management										88			88
	Number of Social (attendance)	0	338	590	676	855	977	565	1208	870	1325	844	620	8868
	SA2 - Malaria Prevention & Management				137			222						359
	SA3 - Diarrhoea Prevention & Management				198									198
	SA4 - Cholera					369								369
	SA7 - Health Insurance (NHIS)		114	431	341	486	597	343	892	870	464	134	43	4715
	SB2 - Child Abuse		224										577	801
	SC1 - Girl Child Education								316					316
	SC3 - Abortion						380				88	570		1038
	SD1 - Indecent Dressing			159							563			722
	SE2 - Conflict Management										210	140		350
SOCIAL	Number people met in social permanencies			12	10	10	11	6	10	6	8	7		80
	Number of external referrals	0	0	0	0	0	0	1	0	4	0	2	0	7
INS.	Total NHIS registrations facilitated	0	42	0	137	87	64	0	40	104	91	38	49	652

January data as well as part of February data are missing in this reporting



## 5.6. Appendix 6: Financial Statements of ID-Ghana for 2008

Balance Sheet			Profit and Loss		
ASSETS			INCOME		
	2008	2007		2008	2007
<b>CASH &amp; BANK</b>			Interest Received on Loans	307,187	217,242
Cash accounts	18,632	3,511	Recovery of Loans Written Off	1,659	2,922
Running expenses bank account	106,064	110,080	Loan Commissions & penalties	40,584	34,008
<b>TOTAL CASH &amp; BANK</b>	<b>124,696</b>	<b>113,591</b>	Other Non-operating Income	1,573	377
			<b>Total Income</b>	<b>351,040</b>	<b>254,548</b>
<b>CURRENT ASSETS</b>			Provision for Loan Loss & Fraud	-55,082	-21,197
Salary Advance	0	100	Other operating charges	-1,947	-2,560
Accounts Receivables	319	4,159	<b>Total Financial charges</b>	<b>-58,160</b>	<b>-23,757</b>
Shortage Receivable	2,671	2,236			
Stationery Stock	1,171	0	<b>NET MARGIN</b>	<b>294,011</b>	<b>230,791</b>
Rent Prepaid	27,551	8,461			
<b>TOTAL CURRENT ASSETS</b>	<b>31,712</b>	<b>14,956</b>			
			EXPENDITURE		
<b>OPERATION ACCOUNTS</b>				2008	2007
Outstanding Loan	458,294	401,165	Staff expenses	-275,814	-238,557
Loan Loss Reserve	-94,500	-58,970	Rental expenses	-14,123	-14,897
Staff Loan	9,563	915	Running expenses	-58,800	-37,963
<b>TOTAL OPERATION ACCOUNTS</b>	<b>373,357</b>	<b>343,110</b>	Audit and other professional fees	-4,503	-17,037
			Depreciation expenses	-11,197	-12,625
<b>NON CURRENT ASSETS</b>			Financial charges	-737	-709
Fixed Assets value	73,341	65,955	Exceptional charges	-83	-24,302
Fixed Assets Accumulated Depreciation	-55,772	-44,573	<b>Total Expenses</b>	<b>-365,257</b>	<b>-346,090</b>
Software Development	1,997	0			
<b>TOTAL NON CURRENT ASSETS</b>	<b>19,566</b>	<b>21,382</b>	<b>OPERATING DEFICIT</b>	<b>-71,246</b>	<b>-115,299</b>
<b>TOTAL ASSETS</b>	<b>549,331</b>	<b>493,039</b>	Capital Grant Drawdown	11,197	12,623
			Income Grant for Running Expenses	60,049	172,320
			<b>Total Income Grant</b>	<b>71,246</b>	<b>184,943</b>
			<b>BENEFIT/LOSS (excluding Grant)</b>	<b>0</b>	<b>69,644</b>
LIABILITIES					
	2008	2007			
<b>OPERATION ACCOUNTS</b>					
Savings deposits	275,178	259,459			
<b>TOTAL OPERATION ACCOUNTS</b>	<b>275,178</b>	<b>259,459</b>			
<b>LIABILITIES</b>					
Provision for ESB	23,650	14,081			
Other Liabilities	7,409	1,775			
Deferred Grant Income	36,709	79,299			
Loan Fund - EdM Loan	56,136	0			
<b>TOTAL LIABILITIES</b>	<b>123,903</b>	<b>95,155</b>			
<b>EQUITY</b>					
Loan Fund Grant	13,642	0			
Capital Grants -Current Period	76,369	66,987			
Recovery Capital Grant	-56,804	-45,605			
Fund Grant for Previous Period	81,000	81,000			
Retained Earnings (Loss) Previous Period	36,043	-33,601			
<b>Net result of the period</b>	<b>0</b>	<b>69,644</b>			
<b>TOTAL EQUITY</b>	<b>150,250</b>	<b>138,425</b>			
<b>TOTAL LIABILITIES</b>	<b>549,331</b>	<b>493,039</b>			

ID-Ghana Accounts were audited by Deloitte and Touche in Accra, Ghana

## 5.7. Appendix 7: The success story of Margaret Donkor<sup>14</sup>

Margaret is a 52 year old widow who hails from Ajumako Besiase. She has 4 children aged 35, 30, 28 and 21 years. The first four of her children are working while the youngest is in teacher training college.

Margaret migrated to Accra at an early age in search of a job. Upon her arrival, she started selling tiger nuts until she met her late husband. After marriage she moved from her place of Abode in Mataheko to join her husband in Mamobi (next to Nima) where she has since lived.



*Margaret with Sunday Daa Tii, our Credit Officer at Nima-New Town branch*

At a point in time, Margaret stopped selling tiger nuts because she was not making much profit from it. Instead, she went into preparing and selling doughnuts. When she needed money to expand her business, her friend told her about ID-Ghana and led her to the Nima office. Within a matter of two weeks she received her first loan of GH¢ 100 in July 2005. She continued to take more loans in the following order: GH¢ 100 in January 2006; GH¢ 150 in July 2006; GH¢ 150 in March 2007; GH¢ 150 in August 2007; GH¢ 200 in January 2008 and GH¢ 300, her seventh loan, on 11<sup>th</sup>, July 2008.

Margaret has been able to expand her business from a one-person operation to a point where she now employs 8 people in the preparation and sale of her doughnuts. As a result, her weekly sales have risen from GH¢ 140 to GH¢ 780.

Her working day starts at 4:30 am and ends at 12:00 pm.

Her major challenge is the smoke and heat from the fire. This is because she uses firewood for frying the doughnuts. At this stage she can afford gas but she fears a gas accident may happen since her employees are not very familiar with the use of gas.



*Margaret's donuts production, waiting to be fried.*

According to Margaret, she has been able to give her youngest child a better education compared to her first four children, thanks to the success of her business. Her last born is in the teacher training college now and she intends to see her through to university level. She is also able to take care of her two grandchildren in school. The elder one is 16 years and is in JSS 3 while the younger one, 14, is in class 4. Margaret has also been able to buy three plots of land. Furthermore, she has savings of GH¢ 337 with ID-Ghana and some more savings with Ecobank. Her intention is to build a house on at least one of her plots of land in future. Without the tremendous help received from ID-Ghana there is no way she could have reached where she is today. She is indeed very grateful to ID-Ghana.

<sup>14</sup> Interview made on: 23<sup>rd</sup>, October 2008

## 5.8. Appendix 8: Article on ID-Ghana in 'Le Monde'

An article on ID-Ghana was written by French journalist Philippe Bernard and published on 18<sup>th</sup>, December 2008 in the leading French national newspaper 'Le Monde' relating our activities in the slum of Sodom and Gomorrah, covered by our Agbogbloshie branch. (Translation by Romain Tevels)

Le Monde, Thursday, 18<sup>th</sup>, December 2008

# Le Monde

In a slum of Accra, the Ghanaian capital, where some 200 000 people survive, women seek daily salvation in savings, or "susu"

## Micro-credit in "Sodom and Gomorrah"

ACCRA  
SPECIAL ENVOY

This morning, the area of "Sodom and Gomorrah" emerges from the dampness and mud. The day before, heavy rains, experienced as a blessing in this "iron" season, have swept the maze of potholed streets. Some 200 000 people survive in the slum whose nickname owes nothing to chance in this Ghana full of biblical references. Barefoot or in sandals, swarms of children wade in slalom between ruts filled with reddish water. The vast area is like an open-air market, a Court of Miracles, a concentrated zone of miserable habitats. The aromas of spices and grilled banana are mixed with those, less sweet, of the lagoon that borders the neighbourhood and which carries to the ocean waste water from the city. The "Ghanaian miracle", this English-speaking country proud of its 6% of annual growth, a rare symbol of stability in Africa, spreads its branches and Christmas decorations beyond this open-air sewer. Muddy, impecunious, Sodom and Gomorrah does not attract big financial names. The district also has its "bank". No air conditioning or green plants in the local NGO Initiative Development (ID). The counter occupies almost all the small octagonal room located in the covered market. "Deposit your daily "susu "here", invites a simple notice stuck on the front window. Susu means savings in Twi, the most common local language. "Some of our "clients" seek to finance their evening meal. Few financiers are closer to the reality than us", says Romain Tevels, 30, Director of ID-Ghana. This organization linked to the French NGO Entrepreneurs du Monde offers loans of up to 1,000 Ghana cedis (660 euros), with different savings schemes in seven poor neighbourhoods of the capital. Patience Tobizo, an elegant groceries shop handler, humbly personifies one of the



The market of "Sodom and Gomorrah", in Accra, is settled near the Korle lagoon, heavily polluted by industrial waste. GUILLAUME BINET/MYOP FOR « LE MONDE »

success stories of the organization. Like millions of African women, the mother of six children for a long time has supplemented the income of her husband, a carpenter, by selling in the street doughnuts or household goods, set in a bucket on her head. Thanks to a 150 Ghana cedis (99 euro) loan from ID, she could buy the stock of beverages, soap and diapers she now proposes to passersby in a shop coated with Coca-Cola colours. Patience, the well-named, is still waiting for the fridge promised by the brand in exchange for this advertising. She pretends making a profit of 12 Ghana cedis (8 euros) per week after paying back the instalments of a loan given at a monthly rate of 3.25%. When surprised by the high rate, Romain Tevels answered by

referring to the 18% annual inflation rate in Ghana, other services (training, assistance, access to health insurance) that offers the NGOs to the populations and the high cost of managing these loans. "No bank wants to pay someone to retrieve 20 Ghana cedis [13.2 euros] at the far end of a slum." He also draws an argument from the even higher requirements of "susu collectors", traditional bankers but insatiable. If ID has 7,500 savers and 4,600 on-going loans in Accra for a total amount equivalent to 370,000 euros, "it is that we answer to a need" he says. "Nobody else wants to help us" confirms Mary Ugenagar, checking out for a buyer in front of a heap of odoriferous yams. The wholesale trader has just completed to repay the 200

Ghana cedis borrowed which allowed her to buy her goods at a time of low rate. The NGO exclusively finances productive activities and ensures that it does not know any failure to repay. Loans to businesses are made after a period of savings and a serious questionnaire. The money is only paid to groups whose members commit themselves to put pressure on potential defaulters. More than nine out of ten borrowers are women, regarded as significantly more reliable and able to take advantage of minute amounts. "A man does not draw a loan of 100 Ghana cedis. A woman will immediately buy a few tomatoes or onions, would sell them, and earn a living" says Benjamin Sackey, head of Ghana ID in Sodom and Gomorrah. For him, microcredit is

not just about surviving; it also allows a "change of (social) status". Far from Wall Street, the homemakers of the slums of Accra could also soon suffer from the global financial crisis. Already, the scarcity of bank credit and the collapse of remittances from the Diaspora jeopardize the economic take-off of Ghana. The shortage of microcredit is a threat as well. An NGO like ID is suffering from the declining donations from companies and government subsidies. She had to start itself to borrow from banks. The financial hurricane which came from the United States threatens the vital crumbs of microcredit.

Philippe Bernard

## Solidarity loans on the Internet

AN INTERNET connection and a credit card are just enough to lend a few dozen euros to a small business at the other end of the world and ensure its survival. Between humanitarian supermarket and active network of solidarity, two sites, one American (Kiva) and French (Babyloan), proposes to make online a microloan. Do you prefer helping Mathilde, trader of Atakpané (Togo), to create a stockpile of lincloths or Marie-Leonor, who, in Guatemala, began making

stoves tortillas? Between smiling photos, deserving projects and educational videos, candidates have a great range of opportunity to make a solidarity loans. It is not about making an investment because no compensation is offered, but rather to pay a small fee (20 euros or \$ 25 minimum), which aggregates to many others, and will be made available to a microfinance institution. The latter, on field, will lend it (with interest) to Mathilde and Marie-Leonor. "People can put a face on

microfinance" says Franck Renaudin, Director of the NGO Entrepreneurs du Monde. The lender will be regularly informed of the progress of the project, and then refunded. The success was impressive in the United States. In three years, 38 millions were collected by 325,000 people by the pioneer site Kiva.org. Kiva offers subscribers to integrate groups of lenders gathered on friendly, professional or religious affinities. This system "breaks with the pejorative idea of assistance.

Lenders do not arise as benefactors but rather help people to cope by themselves, advocates Arnaud Poissonnier, a former banker who this summer launched the French site Babyloan.org. People like the idea of bypassing the banks and turning themselves into solidarity bankers." In a few weeks, Babyloan has collected nearly 60,000 euros for Benin, Tajikistan and Cambodia. The site charges to microfinance institutions 2% of the outstanding amounts as access fees plus 2% on

the amount lent, where bank loans' cost is around 10%.

Ph. B.





*Mary Dadzie, a palm nuts seller and partner of ID-Ghana in Kaneshie, Accra, 08/04/2009  
(Photo A. Hurtut)*





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