

SIP Extension Final Report (June 2013)

Summary

Initiated in October 2010, the Survivors Integration Project (SIP) supported HIV+ survivors with access to entrepreneurship training, counselling, legal aid and health support, as well as access to capital through a Loan Guarantee Fund (LGF) established with Urwego Opportunity Bank (UOB). At its conclusion, Comic Relief agreed to a proposal from Survivors Fund (SURF) to reallocate the outstanding project balance of RWF 25 million (around £25,000), originally intended to bolster the LGF, but which was no longer required by UOB who agreed to increase the amount of loan capital available to SIP participants to FRW 100 million (around £100,000) without the need for additional guarantee. This has enabled us to reach more vulnerable women, resulting in an additional 955 individuals being trained in income generating activities (IGAs) over the past eight months, from October 2012 to May 2013.

Twenty two of the extension groups have received loans and are currently paying back loans secured from UOB, as well as other Microfinance Institutes (MFIs), in line with the recommendations of the SIP evaluation report – which advised that women should have a greater choice of loans, than just those made available through UOB. Additionally, all of the individuals contribute to group savings accounts, while maintaining and growing personal savings accounts too. The SIP extension period saw an increase in the number of MFIs we worked with, demonstrating greater confidence of those graduating from the training to work with MFIs independent of the LGF at UOB.

Ongoing monitoring of beneficiaries has demonstrated the sustainable growth of incomes among training participants, with most of the groups currently repaying the last round of loans. These previously trained individuals have used the higher income to invest in household improvements, enhance their savings and increase expenditure on food. Since the end of training, beneficiaries have increasingly requested for larger loans from UOB, but continue to maintain repayment rates. As a result, the repayment rate for loans from UOB remains to be incredibly high at 96%.

Of FRW 188 million disbursed now in total since the inception of SIP, there is a current default rate of only FRW 7.5 million. A default is recorded on a loan if repayments are overdue by over 15 days. However, it is expected that even this outstanding balance will be eventually repaid, though overdue, maintaining a repayment rate of 100%.

Challenges such as seasonal changes and difficulty of loan repayments continue to be mitigated with monitoring of loans and advising of small businesses by project staff and loan officers. In addition, advocacy for the ongoing support of genocide survivors has resulted in the successful replication of the SIP livelihood development model, enabling the government to scale up the approach so that thousands of more vulnerable women will access parallel support through FARG.

The results of this evaluation demonstrates the ongoing impact and overall reduction in poverty for the participants in the general SIP project, as well as the successful training and loans disbursed for new participants – with a total of 2,280 vulnerable survivors provided with livelihood development training. Once isolated, vulnerable and unable to be economically active, SIP participants have now transformed into confident business owners capable of taking control of their own lives.

Evaluation methodology

This internal evaluation included collecting data from AVEGA and Solace, as well as visiting 11 livelihood development groups, totaling 121 individuals. These groups were located within Kigali, the Eastern and Western Province of Rwanda.

IGA Extension

The 8-month extension period resulted in an additional 955 individuals, or 33 groups, being trained in income-generating activities. This outcome largely surpassed the original goal to train 30 groups encompassing 600 individuals.

SIP Extension Beneficiaries		
<i>Location</i>	<i>Number of Individuals</i>	<i>Number of Groups</i>
AVEGA Central (Kigali)	343	25
AVEGA East	544	10
Solace Ministries (Kigali)	68	8
Total:	955	33

The training included learning on how to analyse the market, calculating profit and loss, business development, customer care and how to apply for a loan from the bank. In many cases, even those still undergoing training had recognized a positive impact on their income. As one woman in Kigali explained,

“There’s something changing. We know the quality of our businesses have improved from practicing what we learn in the training. Compared to after the genocide, we are now stepping forward.”

Those who had pre-existing businesses are using the training to improve them, and the loan to expand into new markets. One farmer in the East explained that he used to hire casual labour, until he realized that the cost of labour wasn’t worth it based on the profit he received. Another woman has expanded her banana beer business into other communities.

IGA Groups

The grouping of SIP participants continues to be hugely beneficial and highly effective for business formation, as well as making a positive impact on loan repayment rates. When asked about how they feel about working in a group, every respondent exclaimed how helpful it was. Symptoms of trauma and isolation are reduced because women who were once housebound are kept busy tending to their businesses. As such, participants are much more actively integrated and engaged in the community. Additionally, beneficiaries have higher confidence in business because they’re able to seek the advice and guidance of other members.

“As we’re together we are helping each other. We know each other’s strengths and weaknesses and encourage one another with advice.” –Akarimbis group, Kigali.

Within the SIP extension period, significantly more groups are establishing group businesses, and on average each individual contributes around RWF 700 (about 70p) per month to a group savings account. Three out of the five extension groups interviewed had group accounts averaging RWF 166,300 (£166) in savings. One IGA group in the Kicukiro district of Kigali started a group charcoal business while still in training. This business has already generated an additional RWF 80,000 (£80) savings in the bank.

Every SIP participant interviewed also had a personal bank account, with the average savings being RWF 34,265 (£24) per individual.

Working with MFIs and Confidence Building

The beneficiaries in the SIP extension period have worked with four loan schemes. This was beneficial in that more people were able to access capital, based on the loan scheme that suited their individual projects. While it was recommended they work with Urwego Opportunity Bank to benefit from the Loan Guarantee Fund, beneficiaries engaging in agriculture projects often chose to instead access loans from SACCO Umurenge bank, the Solace Fund, and the CAFOD fund from AVEGA. These loan schemes have less rigorous repayment rates (of once a month instead of twice a month at UOB), and in some cases are more closely located to participants in rural areas.

The groups trained in the second phase of the extension period completed training on May 31st, and have submitted proposals to the banks for loans.

“We’re very proud of this training and will commit to the repayment of the loan. As we learned that others were developing from loans, we realized we wanted to achieve more.” – Gatsibo District, AER

Current loans disbursed and repaid

As of now, 10 groups from the extension period have received loans from UOB amounting to RWF 11,708,000 (£11,700). An additional 12 groups have received loans from the Solace Community Development Fund and the CAFOD fund at AVEGA, amounting to RWF 23,289,703 (£23,300). Of the total loans disbursed through the SIP extension, RWF 34,997,703 (£35,000), the value of active loans is currently 17,068,929 RWF (£17,000). Another 18 groups have applied for loans from SACCO Umurenge bank and UOB, and are currently waiting to hear back and start their businesses.

Up to now, the repayments for these loans have been excellent, with a 100% repayment rate from all of the groups. This success can be attributed in part to the fantastic work of AVEGA Central, where the IGA officer decided to give training in large groups, but then break the participants into smaller groups for the distribution of loans. As a result, groups have become more cohesive and motivated to pay well, based on the support of their fellow group members.

Ongoing SIP Impact

In addition to training another 955 individuals, the extension period allowed for the continued monitoring of past SIP beneficiaries. Through this monitoring, the 1,325 individuals formed into IGA groups have received ongoing business guidance and loan repayment monitoring from the IGA assistants at AVEGA and Solace. Since the conclusion of the project, we’ve seen a continuing impact and improvement in the lives of those that took part in the project.

Not only have participants maintained loan repayments, they've increased household expenditure, invested in home improvements, and enhanced their savings. The average savings in the 6 past SIP groups we visited is RWF 44,070 (£44) per person. This is an increase from the survey of SIP respondents in July 2012, which had an average of RWF 41,420 (£41) per person.

The groups established, even reaching back to the pilot phase, remain active and dedicated to repaying the loans as groups. In order to keep repayments high so that they can progress onto the next cycle of loans, group members often step in and pay for other members when necessary.

“A lot of things have changed. Now my neighbors have confidence in me because I can support myself. Recently I had a problem of the kids going to school, so the group lent me the amount for them knowing that I would pay it back from the income of my business.”

– Woman in Kicukiro, Kigali, who had SIP in 2011

In many cases, the project served to open the minds of women who had once considered themselves unable to work. This confidence and rebuilt hope has been maintained beyond the project's conclusion, with the majority of beneficiary businesses only getting stronger. One woman in the East in Ntarama used the loan to expand her bean and sorghum business, when she realized where to sell and how to attract customers. As a result of the added income from her business, she was able to install electricity in her house. She elaborated:

“SIP has turned my life around. Now I have comfort that even when I'm gone, my children will have something. I have hope and new energy. When we finish the 2nd loan, we will take a 3rd one. I'm living a life I didn't think was possible. In that time before, I was supposed to die tomorrow, but I'm still alive.”

Another SIP participant in Kicukiro, Kigali, used the profits from her successful bean business to build a bathroom and buy items for her home. Her income was so substantial that she was also able to pay school fees for her son to attend University. He has now graduated with a degree in Mechanical Engineering. Prior to the training, her business was very small and almost never yielded a profit.

“I had difficulty getting money. I could only get a small amount to survive, and that is not a real way of doing business.”

All but one of the groups is still in the process of repaying the loans, with one group having finished the 3rd round of loans. This group, called Ntukabumwe, which means “don't be alone” has 12 members. Four of its members have already applied for a 4th loan at UOB, independent of SURF or its partners. This demonstrates the sustainability of participant's confidence, as well as achieving our outcome of enabling vulnerable survivors to work with micro-finance institutions independently. During the evaluation, all 6 groups claimed that they would like to similarly apply for loans independent of SURF following the 3rd round, although some will choose to work with MFIs that have less rigorous repayments.

Defaults and Repayment Rates

Since the project's establishment, 1,016 IGA groups have received loans from UOB. These groups encompass 1,726 members, and have received loans amounting to RWF 187,962,658 (£188,000). As

members move further away from the training and become more comfortable with the loans, they have increasingly applied for higher amounts from the bank. As such, it was expected that within the three rounds of loans, not every individual would be able to maintain the 100% repayment rate.

However, of the amount disbursed, repayment rates have remained incredibly high at 96%. Only 4%, or RWF 7,489,040 (£7,500), is recorded as being defaulted. It is anticipated that the amount defaulted will decrease, as those included in the default rate are still repaying but simply missed the 15 day cut off for the first payment.

An additional RWF 23,289,703 (£23,000) has been disbursed to 12 groups from AVEGA's CAFOD and Solace's Community Development Fund. There is also an additional 18 groups waiting to receive loans from UOB and SACCO. There have not been any defaults within these groups.

As of June 13, 2013, there is RWF 17,510,960 (£17,500) on account for the loan guarantee fund, which originally stood at £25,000. The compensation fund remains active and accessible for those that finish the 3rd round of loans as well. As such, the two accounts remain active and substantial enough to assist those with outstanding loans.

Challenges

Seasonal changes affecting crops and the availability of materials remains to be a key challenge for beneficiaries engaging in agribusiness. Those with agricultural businesses also have difficulty following the twice-a-month payment schedule of UOB, which is part of the reason some beneficiaries in SIP have chosen to work with other loan schemes. Additionally, the general difficulty of working with UOB and negative perceptions among women regarding the harshness of loan repayments remains to be a challenge. To address this, IGA assistants have thoroughly sensitised beneficiaries to the requirements and benefits of working with UOB, which includes more consistent follow-up and guidance from UOB loan officers.

Another challenge came as a result of beneficiaries working with other loan schemes and the lack of follow-up within those loan schemes. For example, those working with loans from the Solace Fund and CAFOD Fund have less structured follow-up and requirements, and as such less motivation to return loans quickly. They also lack the safety net of the loan guarantee fund. Additionally, as more groups have been formed and more individuals are working with the banks, IGA assistants have difficulty monitoring every one of them. As a result, we have seen that while the loans in the 1st round are paid perfectly, those in the 2nd and 3rd rounds have some defaulters. This stems from a combined issue of IGA assistants lacking the time to monitor every repayment and UOB loan officers assuming repayments will come on stream, either from beneficiaries or from the loan guarantee fund. SURF is currently addressing this by meeting with the loan officers to ensure they continue to monitor repayments, and not just assume money will come out of the loan guarantee.

The issue remaining is that of monitoring the loans that are still outstanding. AVEGA and Solace staff worry that without the IGA assistants to continue monitoring beneficiary repayments, defaults will rise. To address this, SURF is planning to allocate a portion of the remaining loan guarantee fund for salaries of IGA assistants. With this added monitoring and ongoing support from MFIs, we expect that defaults be sustained at a low number, and beneficiaries will move on successfully to apply for loans independent of the project.

Successes

The resilience built by SIP and demonstrated by the women has been extraordinary. While the women exhibit a personal dedication and confidence in themselves, they also exhibit those qualities in their businesses. True to the entrepreneurial mindset, many have analyzed and understood failures, and look for new innovative methods to try again – despite working in an environment where risk is much more prominent.

For example, the Indashyikirwa (“The Best in Business”) group, was one of the pilot groups in Rusizi district in the West. Following the training, the group decided to apply for a loan to buy a grain machine for a group business. They used the RWF 1.5 million (£1,500) loan to purchase the machine and build a small shack to house it in near the market. Unfortunately, 3 months after buying the machine, it broke down entirely. The women were left with a high monthly loan repayment and no means of paying it back.

Rather than give up and default, the women struggled to start independent businesses and pull their money together every month so that repayments remain at 100%. Now, they’ve located a grain machine salesman who has agreed to sell them a new machine, but this time the women were smart – they required a 3-month probation period on the machine, so that they’ll be operating the machine and know it maintains itself prior to starting payments. They plan to take out several more group loans to build up the business.

One huge success for the SIP project has been the replication of the SIP livelihood model by FARG. FARG has now contracted AVEGA to train their trainers using the curriculum for IGA training, which comes from a grant worth £1.7 million received from the Government of Rwanda for genocide survivors. This fund has been deposited in all the sectors in Rwanda, in partnership with Umurenge SACCO as the MFI. This is a significant success and will enable many more survivors to benefit from the same livelihood development training that SURF has developed in partnership with AVEGA and Solace Ministries.

Moving Forward

SIP continues to demonstrate long-term, high impact poverty alleviation for its beneficiaries. With the 8-month livelihood development extension, SIP has now provided income generation training to 2,280 vulnerable survivors. Income generating groups continue to enhance social bonds, reduce isolation and provide collective financial security for the establishment of new businesses. Through partnerships with MFIs, beneficiaries have pursued income-generating projects that would have been otherwise deemed impossible – and have done so while maintaining an exceptional repayment rate. Even following the training, participants will continue to expand their businesses through the loans they receive independent of SURF and its partners.

SURF continues to support this vulnerable group through the scaled up versions of the livelihood development model, via the Widowed Survivors Empowerment Project (funded by DFID to extend the model to genocide widows in the Southern and Northern Provinces of Rwanda) and the Genocide Widows Empowerment Project (funded by the Big Lottery Fund to extend the model to genocide widows in the other five districts of the Western Province not reached by SIP). Additionally, it will continue to monitor and assist the SIP beneficiaries wherever possible, so that the impact of the project can and will be sustained.

Photos



A solace member at her kiosk started with a loan from SIP



An AVEGA SIP extension from Kicukiro



An AVEGA SIP Extension Group from Kigali