



**CHRISTIAN RURAL AID NETWORK**  
**FREUNDESKREIS e.V.**

CRAN Freundeskreis, H. Wallhäuser, Roermonder Str. 110, 52072 Aachen

CRAN Newsletter No. 32/ May 2002

Dear CRAN friends,

In a song it says: "Our God is an awesome God. He reigns from heaven above with wisdom, power and love." This is a truth experienced by our friends in Ghana time and again: new offers open up, where and how CRAN could become active, with all their challenges. This newsletter tells about this experience. Wisdom, power and love: these abilities are also required by worldly leaders who have political and economic responsibilities. The current situation often shows power, but seldom wisdom, and almost never love. Will dealing with economic procedures (especially in the context of "globalization" and the marginal role of Africa), will the reorganization of public debts beyond those that can be burdened (see Jubilee), will the acceptance of "0.7 percent for development aid" by wealthy nations lead to more wisdom and love? Even if there are doubts: we wish to go on working towards this goal as partners of our friends in the South. This time, again, a focus of this newsletter is the micro credit issue: How does it work, and what are the tasks of the staff members of CRAN Ghana? Additionally, at the end of this newsletter, there is a list of "leading staff members" of CRAN Ghana as a whole. This is meant to illustrate how CRAN has developed in the meantime, and to introduce the single staff members – to get to know them, or, for those who wish to do so, to include them in their prayers or to contact them. We wish that they can fulfill their tasks, driven by their love for the people, with wisdom and power, too.

Warm greetings to all of you, who support CRAN here or anywhere in the world!

*Hans Wallhäuser*



## Gold mining in Ghana

In April, the CRAN friends circle spring meeting took place. Patrick Agbesinyale informed about the recent history, conditions and consequences of the gold mining industry in Ghana. Some very big companies are well known internationally, but also a number of smaller ones have foreign owners. Only a small part of the surplus stays in the country, and a marginal sum is used to ease the ecological burden it causes for the areas. The mining companies get a range of favorable allowances for their investments. For example, they do not have to pay import duties for their IT equipment – in contrast to CRAN: development organizations pay import duties even for donated material.

## Partner: Welthungerhilfe

In the end of June, the Deutsche Welthungerhilfe will celebrate its 40th anniversary in Bonn. CRAN as a partner organization will be represented by its head Patrick Agbesinyale.

## Debt relief for Ghana

In the end of 1999, Ghana's (foreign) debt service obligations amounted to 6.9 billion US\$ (that is, almost 400 Euro per citizen). Followed by an application of the current government, the country is now receiving debt relief according to the terms under the HIPC framework. In the end of February, 2002, a debt relief program amounting to 3.7 billion US\$ was approved. This determines the reduction of the debt service obligations towards the IMF (International Monetary Fund) for the next eight years, and towards the IDA (International Development Agency, World Bank) for the next 20 years. If civil society has been appropriately included into the process of designing the new political and economic strategy for poverty reduction, if its implementation will be done in a participatory way, and if the debt relief will bring substantial improvements, is yet open for debate, and for longer-term observation (see for details, particularly for source material: [www.prsp-watch.de/laenderprofile/ghana.php](http://www.prsp-watch.de/laenderprofile/ghana.php)). At least, other donors have already followed the example: This May, the ADB (African Development Bank) confirmed 131 million US\$ in debt relief for Ghana, for poverty reduction, governance and capacity building. This would ease the government of Ghana's annual debt service obligations to the ADB by 80 percent.

## ... and another extraordinary news

In the end of May, an unequal couple reached Ghana in order to explore the needs for development aid and the best ways for its distribution: Bono, the singer of the Irish rock group U2, and US Minister of Finance Paul O'Neill. In Ghana, they started their 12-days study tour through African countries, also including South Africa, Uganda and Ethiopia. Bono Vox wants to convince the US Minister of Finance that development aid can be effective. The rock star and the politician got to know each other last year, through debates on the question if development aid makes sense. Bono has been advocating for debt relief for the poorest countries since years. O'Neill thinks development aid has barely any effect. They both want to talk with politicians and visit hospitals, schools and projects for AIDS patients. The tour is expected to have considerable influence on the yearly terms of distributing a prospected additional 5 billion US\$ aid package.

## The program in Hohoe/ Volta Region

The construction of a new office (and micro credit) building in Hohoe makes good progress. For the beginning, the rooms on the ground floor have already been finished. It is planned to build an upper floor later. For the remaining works at this stage, only 1.000 Euro more are needed. In March already, the co-operation with the Ghana Action Germany started, too. In particular, GA/ D's professional education for young people in Fodome- Helu, Likpe- Bakua and Gbi- Atabu will be supported by



CRAN. Represented by its regional co-ordinator Cosmos Abiwu, CRAN will give technical and managerial assistance.

## A new working field for CRAN

The Government of Ghana has launched an Economic Social Relief Programme (ESRP), with funds distributed through the Ghana Association of Private Voluntary Organizations in Development. 500 Million cedis (about 80,000 Euro) were given to CRAN. The money is meant to meet socio-economic needs in the Western Region of Ghana. This has brought about a sudden expansion in CRAN's work into the interior parts of the Western region. At least five more districts are to be covered with the program. These include Wassa West (an intensive gold mining district), Ahanta West, Sefwi Wiaso, Wassa Amenfi, and Juabeso-Bia, which takes the work of CRAN very close to the border with the Ivory Coast. It is a big challenge certainly. However, our very loyal and enthusiastic staff are really bracing themselves up for the implementation of the program. The loans are to be disbursed and managed in groups based on the (Bangladesh) Grameen Bank model. CRAN has since May started association and group management education for the prospective beneficiaries in these areas. The processing of beneficiaries is also being done, and the loans were expected to be disbursed by the end of May. According to the government, success in the first six months might be rewarded with larger volumes of funds and possibly logistics. We hope for the best as we pray for the staff who travel to these remotest parts of Ghana (almost all these areas are within the thick tropical rainforest region of Ghana), to meet the needs of the rural poor in this way.



## Micro Credit: How does it work, who are the beneficiaries and who is responsible for what?

### Growth over the years

In 1993, CRAN initiated a small scale rural lending scheme targeted at rural women in fishing related enterprises. The aim of the scheme was to provide rural credits for the enhancement of income generating activities and the economic empowerment of the target group. Group lending was encouraged to minimise low repayment rates and default on loans, and also to enable the group to obtain larger volumes of credit from the commercial banks. The scheme, however suffered some setbacks along the line accounted for by poor credit recovery rates and inadequate capitalisation.

Between 1996 and 1997, the management of CRAN made efforts to properly investigate reasons for the low success of the scheme, and studied more successful schemes initiated by other institutions, in particular international best practice cases such as the Grameen Bank model of Bangladesh. In addition, CRAN became a member of the world micro-credit movement (Microcredit Summit) through which it avails itself of valuable technical information.

CRAN re-launched its rural credit and savings scheme in April 1998, based on a new model and with innovative components that are bound to render the scheme sustainable, with emphasis on savings mobilisation and efficient micro-banking, which see the establishment of village/community banks in target areas. With a start-up operational capital of 5 million cedis (1,500 US\$) as in 1998, and a privat-based increase of 5,000 US\$ one year later, the program began to expand considerably and successfully.

Since 2000, CRAN's micro-credit scheme has received considerable further capitalisation and logistical/ infrastructure support by big international donors. Starting with a humble client size of 50 in 1998, it now reaches more than 2,000 families in three of Ghana's 10 regions. Women form about 80% of total client size. Five village/community bank units are currently in operation, which could manage further work if the requisite capitalisation could be secured.

### How does it work?

The first stage of the micro credit scheme is the savings plan, similar to the traditional "Susu" system. Clients who deposit their savings on a daily basis over a set period, qualify for the loans. Different types of loans can be distinguished:

- Short-term business loan: loan amount is up to 200% of a client's total savings amount, at the rate of 5% per month, on a permanent reducing balance method for a maximum of six months repayment period.
- Long-term business loan: loan amount is up to 200% of a client's total savings amount, for a maximum of 12 month, repayment after the period expires. The interest rate here is 7%.
- Short-term personal loan: clients who receive a regular salary, but who are yet not accepted by conventional banks as clients, can get short-term personal loans by similar terms.
- Group loan: For example, CRAN is in partnership with the Human and Environmental Protection Organisation (HEPO) based at Adjumako in the Central region of Ghana, an organisation that deals directly with peasant farmers including women farmers, who form the beneficiaries of this loan facility. In the Western region, group loans have been extended to Shama-Kedzi fishmongers and the Shama-Kedzi fishermen associations (engaged in fish production). And in the Volta Region women-farming and agro-processing groups in small farming villages, who need capital for



their young enterprises, are being actively supported with group loans and also with special training programs (see newsletter No. 31).

Business advisory and training for the clients form regular parts of the CRAN program.

### **Who are the beneficiaries?**

Analysis of the occupational distribution of registered members shows petty traders (41%), fish processors and mongers (39%), artisans (12%), fishermen (4%), farmers (3%) and blue collar employees (1%). In terms of age and educational distribution of clients, 80% of registered members fall between 18-45 years and 20% above. About 56% of the registered members have no basic education (illiterates), 31% have had some basic education, 12% secondary education, and 1% tertiary education. This shows that the scheme actually benefits the desired target group – the poor, who are systematically excluded from the conventional banking systems.

### **Who is responsible for what?**

Various trained staff and personnel play specific roles in ensuring that the micro-credit scheme achieves its purpose and objectives. From the bottom to the top in the chain are:

#### **(i) Village Agent**

The village agent is an honest and trustworthy individual nominated by the community/group and appointed and trained by CRAN to act as a daily savings mobilizer ("Susu" collector) and credit manager in each target village. Normally village agents are appointed for villages that are less proximal to the nearest unit bank. He/she has the responsibility of winning new clients into the scheme through constant education of the community. He/she undertakes daily savings mobilization from registered clients of the scheme and accounts on this to the Field Officer who visits the village regularly to collect the sum of savings to be placed in the unit bank. Under the group loan system, the leader of the group becomes the village agent. The village agent is also responsible for bringing to clients on request savings that is due for refund. Default and delinquency in the payment of loans obtained by clients is checked at the level of the village agent who plays a major role in this.

#### **(ii) Field Officer**

The Field Officer is a trained itinerant savings mobilizer and credit manager who monitors and coordinates the scheme between the unit bank and the village agents/ the clients. The field officer is responsible for between 150 – 200 clients, supported by one or more village agents. He carries out education and mobilization, is responsible for transferring the sum of savings to the unit banks, transmits information on the scheme to clients, and in exceptional cases (especially in villages remote from the unit bank), the field officer also administers loans to clients directly. Therefore, the field officer serves as an important link between the unit banks and village agents on one hand and between clients and unit banks on the other.

#### **(iii) Unit Bank Cashier**

The unit bank cashier receives cash brought to the bank by clients who are close to the facility as part of their daily savings. He undertakes the recordings of individual and total savings, which are dispatched weekly to the head officer for computerization. The cashier is also expected to monitor the savings contribution trend of clients in order to identify the credit-worthiness of the clients. In the



smaller unit banks Field Officers double as cashiers. The cashier reports directly to the unit bank manager.

#### (iv) Unit Bank Manager

The Unit Bank Manager has the responsibility to ensure that the bank operates in accordance with laid-down principles and to set objectives of the scheme. He/she is directly responsible for applying proper accounting measures in order to ensure the financial security and sustainability of the scheme within the cluster of villages, which the unit bank serves. These include the daily cross-check of sums of money deposited by clients, the daily preparation of vouchers and other data on savings to be sent for computerization at the head office, compilation of regular reports on business performance etc. The unit manager oversees the administration of loans to clients and closely monitors the loan repayment performance as well as the businesses of clients. He/she is responsible for implementing all policies on the scheme within the coverage area of the unit bank. The Unit Managers make important vital inputs into the policy formulation on the scheme based on their grassroots experiences and suggest actions, which need to be taken to mitigate perceived threats to the scheme. They also carry out education programmes for clients at the community level.

#### (v) Micro Credit Field Coordinator

The Micro Credit Field Coordinator who operates from the head office (Cape Coast) is the link person between the head office and all the unit banks. He visits each unit bank at least once per week to crosscheck and tally all accounts and vouchers with the total clients' deposits. He carries all manual savings and loan repayment reports and inputs prepared by the unit banks to the data. He transfers the sum of clients' savings that has accrued over the week to the head office to be finally deposited at the bank (SSB Bank). Vice versa, he is also responsible for moving large sums of cash from the SSB Bank to each of the unit banks at the end of each month to be paid out to clients as loans or monthly savings refund. Moreover, he facilitates the formation and training of community groups towards the administration and management of group loans and assists in recruiting reliable village agents.

#### (vi) Data Manager

The data manager is responsible for in-putting and capturing all clients' data including daily savings and loan repayment schedules into the computer for easy processing and accessing. He processes and generates monthly reports for all the unit banks so as monitor the performance of each unit bank in terms of savings mobilisation, loan recovery position, clients' loan due etc., which are important information needed for risk management.

#### (vii) Micro Finance Accountant

He is responsible for the overall preparation of all micro-finance accounts including quarterly balances and financial reports, which help to gauge the performance of the scheme. He prepares annual accounts for the purpose of external auditing.

#### (viii) Director Micro Finance

She is responsible for the overall management of the Micro-Finance department of CRAN. She takes care of policy formulation, projections and forecasting, planning, monitoring and evaluation and adaptation of the scheme to innovative ideas and changes needed for its growth and sustenance.



### **What should be improved?**

In the beginning, the whole system was dependent on donations and grants, as well as technical assistance from external sources. The goal should be to become an (almost) independent service enterprise approximately by the year 2006.

Being able to offer sound services also requires training for the staff, to develop the necessary technical and business skills.

The management has and should keep a strong commitment and vision to sustainability and a social mission – this is their responsibility towards the clients and their village communities, a responsibility that emerged from CRAN's foundation as a Christian group.



## Overview of the CRAN Management Team

1. Mr. Patrick Agbesinyale: Executive Director

Since January 1993, Director of CRAN Ghana, Ph.D candidate at the University of Dortmund (regional planning, specialization in rural development planning and management) prospectively until the end of 2002. Decisions relevant for co-ordination and leading management are also made during stays in Germany.

2. Mr. Cosmos Abiwu: Director for Programs and Projects

Since August 2001, full-time staff member, now at the Hohoe office.

Educational qualification in agricultural economics, agricultural management and pedagogics, previous employment as secondary school teacher and for development projects of the Ministry of Agriculture.

3. Mrs. Doris Agbesinyale: Director for Administration and General Finance)

Since October 1994, full-time staff member, at the Cape Coast office.

Previous employment as secondary school teacher.

4. Mrs. Veronica Tseyi: Director Micro-Finance

Since January 2002, full-time staff member.

Previous employment as Financial Analyst at the Credit Unions Association of Ghana.

5. Mr. Teye Eben Kodzi: Programs Officer

Full time staff member, since August 1999, responsible for the programs around Cape Coast.

Educational qualification: Bachelor in Education, Dip. in Social Studies

6. Mr. Michael Agbeyebiawo: Senior Accountant (General Accounting)

Responsible for general accounting since August 2000.

15 years working experience as accountant, educational qualification as Bachelor of Commerce.

7. Mr. George Tokpo: Micro-Finance & Village Banking Planner

Since September 1996, voluntary and part-time work for CRAN, since 1998 responsible for planning and development of the micro-credit program.

17 years working experience as a banker, professional educational in financial management.

In addition to the Management Team above, CRAN has a total of thirty (40) project staff members, engaged as full-time, part-time or voluntary workers on various projects (school/ kindergarten, office, professional education, micro credit) in a number of communities.

The strategic decisions of CRAN, external representation and similar assignments are carried out by the Advisory Board consisting of nine members (three females, six males).