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

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## **CRAN Newsletter no. / August 2008**

Dear CRAN friends,

for quite a lot of months the situation in Hohoe/Volta Region has been on our minds. Remember: deadly accident in February 2007, what then? Praxis revealed that the leadership was probably weakened – but even more that certain things went (tragically) wrong. From many researches and discussions a final statement from CRAN director Dr. Agbesinyale resulted; his wording may speak best.

Some staff members are no longer in the organisation. That also concerns Cosmos Abiwu, who so far had lead CRAN Volta Region. His occupation was the tremendous setting up in the Hohoe District and the surrounding areas. During visits there and his visit in Germany I could positively experience a strong dynamic, his competence and his commitment. In the meantime however he resigned from CRAN.

Surely many points are open: What do we learn? How does it go on specifically? Has the growth of CRAN sometimes been too rapid? We here can only accompany this but not lead. May our prayers be with CRAN. In praxis we as CRAN friends circle for some time have mainly donated to CRAN Cape Coast and there schools, children and staff were sponsored, little money went to Micro Credit. So we are not affected by losses. This support is still reasonable. And I want to encourage to do so.

The CESS children need help also in future. Last time Stan Darkey as CRAN staff member sent us some information. This time he introduces himself. Finally there are new school buildings. On the part of CRAN see an article from info update and from governmental/official side see an extract from the report of the „jubilee year“.

Thanks for all kinds of sharing in good and bad days.

*Hans Wallhäuser*



## MY ROLE AS A CRAN WORKER

I was employed by CRAN in 2003 as the Assistant Programmes Officer. My engagement came just at the time the substantive Programmes Officer of CRAN (Mr. Eben Teye Kodzi) had the opportunity to further his education in The Netherlands to offer Masters in Development Studies. I had to quickly understudy him in order to take up the task in his absence. I was able to hold the fort till he returned almost two years later. It has been great, it has been exciting, it has been joy, it has been blessing working in CRAN.

Due to high rate of default in the Micro Credit department, I was asked to help the micro-credit team to form a task force. Though the task force activities yielded some positive results in terms of recovery of bad loans, it could not be sustained due to the complexities involved.

As more doors begun to open to CRAN in terms of funds, it became obvious that I move from the social department to be part of the micro credit team fully. This call was a challenging one because I still have to double as a Loans Recovery Officer and partly work in the social department as the CESS Coordinator. It became obvious that I apportion my time and see which percentage goes to micro credit work and which goes to CESS.

The work has become more compounded when management has decided that “stubborn” defaulting clients be taken to court. The question is who will be in charge of this daunting task? After much deliberation and considerations, the “unpalatable” job of arraigning the stubborn defaulting clients to court has been handed over to me. Thank God I accepted to take up that role. (I said this because it has actually opened me up to a lot of legal issues, approaches, insight and above all experience).

The legal battle with our clients began about thirteen months ago, but the result has been excellent so far. I want to stress here that despite my greater involvement in the micro credit department, I effectively combine it with the CESS. If pushed to the wall to apportion percentages to the CESS and the micro credit, I will put it 80% for micro finance and 20% for CESS.

CRAN is a great place to work. Everybody is loving, cheerful and happy doing his or her work. We are moved by passion to serve others and to make them happy. Most of the times, we sacrifice our joy to make our clients and those we serve happy. We know too well that, that is our call. Our Mentor – Jesus Christ did the same and He enjoins us to do same.

I must confess that sometimes, it is challenging, combining work, church, family, academic work and social responsibilities, but God is our strength in all things. Our brother Apostle Paul says that I can do all things through Christ who strengthens me. “I have the strength to face all conditions by the power taht Jesus gives me” (Philippians 4:13) - this has been our encouragement all this while.

CRAN has a great and a very bright future. The onus lies on management and every worker of CRAN to help achieve this dream.

*Stan Sefakor Darkey*



## **ABOUT THE DEVELOPMENT IN HOHOE (CRAN – VOLTA REGION)**

In May 2007, the Advisory Board of CRAN Microfinance ordered a forensic audit into the operations of the Volta Region Branch of CRAN Microfinance's operations. This followed months of consistent abysmal performance of Microfinance in the region leading to consistent losses i.e. high expenditure as against very low revenue due to low repayments of loans all which amounted to huge losses for CRAN Microfinance in general. The findings of the audit exercise carried out by the Internal Audit Department of CRAN revealed that the Volta MF scheme was actually mismanaged in past and was still being mismanaged. One shocking revelation that came out was that the financial procedures including loan granting procedures in CRAN Volta have been blatantly compromised and grossly abused. For instance, there were very poor documentations to cover loans and one individual officer in the person of the Regional Accountant – Mr. Michael Segbefia could sign and countersign all loan applications forms to approve loans when in fact this is supposed to be done by at least three different officers. This led to the creation of ghost loan groups and the payment of loans to groups that could not be traced; hence the loss of the loan amounts to CRAN and other related abuses. Laid down procedures were not also followed in some other financial transactions carried out by the accountant.

Following on the audit report, management ordered full scale investigations into the circumstances leading to the situation of financial maladministration in CRAN-Volta and the extent of abuse as well as to establish culpability. To allow for un-interrupted investigations, the Regional Accountant – Mr. Michael Segbefia was interdicted. Meanwhile, Mr. Cosmos Abiwu – the Regional Director who had just been discharged from the Hospital after the fatal motor accident in February 2007 was asked by Management to proceed on a one year leave starting from 1st June 2007 in order to recuperate and regain his health and strength.

The outcome of the investigations pointed to the Regional Accountant – Mr. Michael Segbefia as the chief culprit. Apart from the case of gross abuse of financial procedures regarding mainstream CRAN's financial administration, the Friends of Alavanyo e.V., Bochum have had serious problems with both Segbefia and Abiwu over the management of funds sent through the two of them for the implementation of a KG project at Alavanyo Deme being sponsored by the Bochumgroup. The funds, according to the representative of the Bochumgroup Mr. Kofi Adzome, were not properly managed and accounted for by both Segbefia and Abiwu to their satisfaction. Meanwhile, nothing about the funds and the KG project were formally communicated to the CRAN Management in CapeCoast. Indeed, these developments in CRAN –Volta had already sent very bad signals to some of our partners in Germany including DAZ, Afrika Action and even the EED and to some extent members of the CRAN-Freundeskreis, all which the CRAN Board of Directors was particularly and seriously concerned about.

The investigations took a rather long time, however they were concluded in the early part of 2008 with a Disciplinary Committee hearing for Mr. Segbefia. The Disciplinary Committee was set up by the CRAN Board of Directors to give Mr. Segbefia hearing with witnesses like Abiwu and other staff called in. The Committee found Mr. Segbefia directly culpable but also



held Mr. Abiwu responsible for the lapses in financial administration under his watch as the Regional Director. The Disciplinary Committee presented its report to the Board of Directors. Subsequently, at its last meeting held on the 10th of May 2008, the Board of Directors of CRAN, on the strength of the Disciplinary Committee's report decided to terminate the appointment of Mr. Michael Segbefia with CRAN. In addition, the Board also placed a three-month suspension on Mr. Abiwu for presiding over such a gross abuse of financial procedures and processes in CRAN-Volta. These punitive measures take immediate effect.

### **Computer Engineered Financial Fraud at VoltaMicrofinance**

Through one of the regular audit of the operations in Hohoe, a computer-engineered financial fraud to the tune of over 30,000 Ghana Cedis (300 million old cedis) was detected at Hohoe in December 2008. The fraud was traced to Mr. Prosper Ayiku, the one in charge of Microfinance MIS in Hohoe – who keyed in and processed all microfinance transactions in the Loan Performer software. It was detected that Prosper used very dormant clients' accounts, which he credit with new and huge cash balances all totaling more than 30,000 GH cedis. With the collaboration of some cashiers, Prosper was able to withdraw cash to the tune of 225 million cedis for himself thereby causing financial loss to CRAN Microfinance.

The matter was immediately reported to the police, but Prosper absconded and has since fled the country, it is believed. However, four accomplices - two cashiers and two field staff suspected to have helped Prosper to steal the money and/or have benefited from the theft were also arrested by the police – though they are on bail currently. They were also interdicted by CRAN pending investigations into the matter which had since been launched. The outcome of the investigations shows that two of the cashiers in charge of the Hohoe (Mr. Humado) and Kpandu (Ms. Perfect Anku) units collaborated with Prosper to defraud CRAN. The Board of CRAN has since ordered their dismissal (thus Mr. Humado and Ms. Perfect Anku) while legal action is to be preferred against them. The remainder two, who are field staff, were exonerated and are to be reinstated with immediate effect. As for Prosper Ayiku the chief architect behind the crime, the matter is in the hands of the police.

These have been the key developments in Hohoe in the last one year that you had very little information about.

*Patrick Agbesinyale, Juni 2008*



## **KG and KVIP Project for Abuenu Community**

In response to a directive from Tara Jane Trust (Great Britain) to construct a KG block with the interest accrued on the loan to the CRAN Microfinance Department, CRAN went ahead to identify a needy community and has successfully completed the construction of the KG project. The project started on the 15th of December 2007 and was completed by the 29th of February 2008. The project comprises three very spacious classrooms, an office for the teachers and a storeroom where the teaching and learning materials for the children will be kept. Inside the classrooms, very beautiful drawings are done to make the rooms attractive to the children as well as serve as teaching aids. The project also includes the construction of a two-seater toilet facility for the children.

The project is located in the Central Region of Ghana. Abuenu is a poor community with the major occupation being farming. It has a population of more than 3,000 people and all the children in the school come from the community. The project was necessitated due to the deplorable state in which the children were having their school lessons. They were all clustered in a very narrow space between the primary school block and a defensive wall. They had moved to that place when the dilapidated building in which they were studying collapsed some time earlier. The construction of the new building does not only bring dignity to the children but also provides a very comfortable and conducive place for teaching and learning and to give them enough space to move around. It will also prevent disease infections which were rampant as a result of crowding together.

Present at the commissioning were Mrs. Odile Agyare, a representative of the Tara Jane Trust in Ghana, then the District Director of Education, a representative of the District Chief Executive (DCE), the officer in charge of kindergarten of the district, for CRAN Doris Agbesinyale, as well as the chief and elders and the people of the Abuenu community. Also present for the ceremony were the teachers and pupils of the Abuebu primary and Junior High School. Though there was a heavy down pour of rain during the programme everything went on very well.

The chief and elders of Abuenu thanked CRAN and the sponsors for the support, saying; now their children will have a befitting place for effective teaching and learning. The District Director of Education was full of praise for CRAN for putting up such a nice structure for the people and called on the people to take very good care of the facilities. She also advised them to ensure that their children go to school, because, now, everybody is looking for the educated to use, and if their children are not educated, many good programme that would benefit the whole community could be taken to other places. On his part, the representative of the DCE advised the community members to take communal labour seriously since the government is turning away from providing facilities entirely free without the support of the community. He cited an example of how the community had refused to give a helping hand to enable an EU school project for the community to become successful. He regrets that after such a long time the project is still far from completion. And it was said the donors are always prepared to help poor communities such as Abuenu so everyone should cooperate to make such ideas a reality. And CRAN was thanked for using the money properly.



Kindergarten Abuena



Stan Darkey

### **Remission of debts: Help to reduce poverty in Ghana**

Ghana is one of the 23 countries that under the HIPC initiative of IMF and World Bank among others “complete remission of debts” was granted. While the remissions of debts significantly contributed to strengthen the fight against poverty in Ghana the HIPC programme is a double-edged sword.

According to IMF the expenses the Ghanaian government spent for poverty reduction increased drastically since the country was admitted to the debts relief programme. Between 1999 and 2006 Ghana's poverty rate was reduced from 40 to 29% and contributed that the rate of enrolment at school raised to 91% in the same time. A NGO reports that schools that had their classes under trees could move to new classrooms, overcrowding of classrooms was reduced and quality of teaching and learning improved.

A study found out that between 2002 and 2005 in 42 districts of Ghana short of resources 836 projects were financed by HIPC in the fields of education, health, water, and sanitary facilities. That means the construction of 268 new classrooms, 36 hospitals, 10 new hospital wards and 87 wells.

Ghana increased the expenditures for poverty reduction from 189.2 Million \$ in 2000 to estimated 1.5 billion in 2007. In fact money spent for social sector and poverty reduction increased all over Africa.



Ghana profited a lot from the remission of debts. But experiences with this reveal some central problems in connection with the remission of debts:

- the necessity to reform negative economic conditions that accompany the remission of debts,
- the necessity of a reformed and more extensive base of debts sustainability to grant a more responsible extending of credits and borrowing in future;
- and the necessity of a further deletion of debts for more impoverished countries.

extract from erlassjahr.de (Jubilee Debt Campaign)