



Koshi Yomuti -

Banking under the tree

Client stories about the social and economic impact of microfinance in the rural areas of Northern Namibia

Koshi Yomuti -

Banking under the tree

Client stories about the social and economic impact of microfinance in the rural areas of Northern Namibia



Published by:
Partnership for Economic Growth (PEG), Namibia
Competence Area 4136, Financial System Development
Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ) GmbH

and

Financial Systems Development Services AG (FIDES)

German Technical Cooperation
P.O. Box 8016
Windhoek
Namibia
T +264 61 222447
F +264 61 222427
E GTZ-Namibia@gtz.de
I www.gtz.de

Responsible:
Christiane Kalle

Text:
Christine Polzin

Printing:
John Meinert Printing

Windhoek, July 2006

commissioned by



Federal Ministry
for Economic Cooperation
and Development

Foreword

This book presents the stories of 11 micro-entrepreneurs in Northern Namibia, the majority of them being women. Their stories witness the everyday struggle of poor people having an enormous sense of responsibility and courage, coping with a wide range of forms of vulnerability in a not always conducive environment.

These examples - ranging from a lady hairdresser working in her village to the initiator of a car-repair shop that started under a tree, but is now a formalized business and rapidly expanding -, clearly break with the common conviction that poor people are passive, waiting for assistance and unable to change their situation. They want to be considered as serious entrepreneurs, understanding market opportunities, combining resources and developing medium-term strategies. Their strategies are at least as sophisticated as those of SMEs in first world countries, even if their economic level is lower and their exposure to risks higher.

These cases are representative of a large number of people in Namibia. They show, in an impressive way that poverty does not mean inability but lack of choice. The poorer people are, the less they have access to opportunities for income generation. Studies financed by GTZ show that the lack of access to financial services is a key constraint for self-reliance of low income groups in Northern Namibia.

Intending to develop a meaningful response to this situation, GTZ and FIDES have initiated a micro-finance pilot operation in Northern Namibia within the framework of German Development Cooperation assistance to the country. The entrepreneurs presented here are members of a Microfinance Associations network (Koshi Yomuti ELOs) created under the project and providing basic financial services. These examples show how access to savings and credit opportunities allows for asset creation and decreasing vulnerability through hard work.

The project's intensive capacity-building efforts enabled the creation of financial services for a growing number of actively poor people. Up to now more than 5.000 credits have been allocated, with amounts ranging from N\$ 500 to N\$ 20.000. Appropriate products have been developed, most of them being based on small amounts with a weekly repayment. The rate of repayments made at due date is better than 99% and not a single loan has been provisioned so far. The demand for savings services is surprisingly strong. People have well understood that a progressive accumulation of savings, enabled by products taking cash-flow constraints of the rural poor into account, will allow them to accumulate meaningful amounts for investments and is at the same time the best strategy to reduce their vulnerability.

Based on the experience gained through the pilot operation under the Partnership for Economic Growth (PEG) programme and in close cooperation with the Government of Namibia, KfW and GTZ have decided to sustain the creation of a commercial bank for micro and small entrepreneurs in Namibia.

Main objectives for the creation of a Microfinance Bank in Northern Namibia:

- o To fill the market gap left by the existing commercial banking sector (servicing only a minor part of the active population in the target region) through the innovative and financially sustainable supply of financial products and services, while applying best practice microfinance technologies.
- o To promote and support self-employment strategies and income-generating activities through market-driven supply of financial products and services. Although exposed to various forms of vulnerability, the clientele targeted in this area of Namibia is highly motivated and economically dynamic.
- o To contribute to the development and consolidation of the Namibian financial sector through the creation of instruments and organizational forms allowing for better client outreach and higher levels of risk-coverage while achieving financial sustainability.
- o To contribute towards achieving MDGs by strengthening self-employment and asset building strategies in the target population.

The institution will initially be capitalized by institutional social investors and an integrated black empowerment component allowing the population of Northern Namibia to participate substantially in this equity initiative. For the new bank financial services to small rural entrepreneurs are a business: appropriate systems will maintain transaction and risk costs at a reasonable level and allow for rapid expansion as well as financial sustainability.

The cornerstone of this bank will be appropriate best-practice microfinance technology in compliance with Namibian rules and regulations for the financial sector as well as socially responsible investment. Nevertheless, the ultimate driving force of the new institution will be the high motivation of the rural poor in Namibia to create self-reliance and to build assets allowing for a better life. Jacobus, Ndapandula, Gabriel, Tomas, Maria, George, Rauna, Martha, Laimi, Tuli and Letisia who are relating their life stories here, stand for thousands of others in comparable situations who will make the bank a sustainable institution as much as the bank will turn them into entrepreneurs.

The stories presented are lessons learnt on how development aid can be efficient on grassroot-level. Namibia can be proud of these men and women.

We dedicate this book to Bénédicte Laurent, who passed away too young. She was one of the founders of FIDES and she initiated the Koshi Yomuti ELOs. Her professionalism, commitment and creativity inspired the Namibian team and laid the basis of the most important microfinance system in Namibia, after having realized tremendous work in other African and European Countries. She will stay in our hearts and we will never forget her.

Christiane Kalle
Country Director
Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ) GmbH

Konrad Ellsäßer
Managing Director
Financial Systems Development Services AG (FIDES)

Table of Contents

Terms used		1
Abbreviations		2
Story 1	Tate Jacobus Owner of a mahangu crusher, a bar and three rental rooms in Oshikango	3
Story 2	Meme Ndapandula A hairdresser in Oshikango	12
Story 3	Tate Gabriel Young owner of a shop in Engela; continued after the failure of his ELO	18
Story 4	Tate Tomas Owner of a garage in Oshikango	24
Story 5	Meme Maria Selling food in Omungwelume	32
Story 6	Tate George Manager of a combined barbershop and hairdressing salon in Eenhana and a clothes shop in a remote village on the way to Okongo	39
Story 7	Meme Rauna Cosmetics trading agent in the Ohangwena region and small trade of fat cakes, baked fish and mahangu in Ongali	46
Story 8	Meme Martha Dressmaker and owner of a shebeen in Ongha	53
Story 9	Meme Laimi Selling baked fish at the open market in Ongenga	60
Story 10	Meme Tuli Meat trader at the open market and owner of a small shebeen in Omafo	66
Story 11	Meme Letisia Mahangu, clothes and cosmetics trader in Ongha	74
Economic household and business analysis: summarizing table		80

Terms used

Tate	Man, Mr
Meme	Woman, Miss and Mrs
Cuca shop	Small shop and bar with a licence to sell alcohol
Epwaka	Strong local beer (smells not as strong as Otombo)
Fat cakes	Local round cakes made of wheat flour, sugar and yeast boiled in oil
Homestead	Traditional shelter for a family in the middle of a field: round, palisaded structure with several traditional round or angular huts made of bricks or wood stems, with a thatched roof and some shelter for animals. In a more modern homestead, one can also find a “normal” house, usually with a zinc roof. Inside the homestead, there are usually some animals, like chicken or pigs. Outside, you often find cattle grazing on the field.
Mahangu	Millet
Manua	Kind of water melon
Ombidi	Local wild spinach
Ombike	Traditional local alcohol (brandy) produced from different wild fruits
Oshifima	Traditional local porridge made of millet and water
Oshikundo	Traditional fermented drink made of maize flour, millet flour, water and sugar
Otombo	Rather strong local beer made of water, sorghum and sugar
Pension day	One day per month when the Old Age Pension money is distributed. People have to listen to the radio to hear when the pension money will be delivered (the day varies) and at which (usually remote) distribution point. Two vehicles with armed men appear, with a portable generator and a computer. The local pensioners line up with their pension cards to receive about N\$ 300 from an ATM. Around the distribution point, a big open market is set up, where traders (even from other regions) offer their products. Most people spend part of their pensions immediately there.
Rooms	Small traditional round houses made of sticks or bricks and a hay roof
Shebeen	Small shop without a licence to sell alcohol (only Otombo)

Abbreviations

ATM	Automatic Teller Machine
BW	Bank Windhoek
ELO	Loans and Savings Association
FIDES	Finances pour le Développement Economique et Social
FNB	First National Bank
KYE	Koshi Yomuti ELO (Under the tree Loans and Savings Association)
MFI	Microfinance Institution
NB	Ned Bank
SB	StandardBank

Story 1

Tate Jacobus - owner of a mahangu crusher, a bar and three rental rooms in Oshikango

Tate Jacobus is a committed businessman with a great deal of responsibility for a large extended family and different business activities. After several years of hard work in the South, Tate Jacobus had saved enough money to invest in a bar and a mahangu crusher (millet mill) in the thriving border town of Oshikango. People from Oshikango and the surrounding villages pay him for crushing their mahangu in order to get flour. He sells some of his own flour, soft drinks and beer in his bar, which is always busy.

Tate Jacobus joined the ELO of Oshikango in 2002. Since then, he has taken and successfully repaid four micro loans (of N\$ 500, 1000, 1500 and 1000), that were used in order to improve his businesses. In 2005, Tate Jacobus was one of the first clients of Koshi Yomuti ELO to receive a so-called "small loan" (N\$ 10.000), which has been used to build three rental rooms on his plot in Oshikango.

Full of energy and new plans, Tate Jacobus would like to add seven additional rental rooms on his plot of land and install another mahangu crusher in the nearby town of Engela, where there is none at the moment.

Tate Jacobus's story

Tate Jacobus was born in 1960. Together with his three brothers and four sisters, he grew up in a small village near Oshakati (Northern Namibia).

After ten years of school, he moved to Ongwediva where he studied languages, biology and history for two years in order to become a teacher. During his studies he got to know Cecilia, whom he later married in 1996. After two years as a teacher in a primary school, however, he realized that it would not be the profession for his lifetime.

In 1989, at the time of Namibia's liberation struggle, Tate Jacobus worked as a translator for the peacekeepers of the United Nations. He then moved to the South in order to work for a mining company from 1990 until 1998. The salaries at the mine were very attractive (N\$ 900 per month during the first four years as a machine operator and N\$ 3 000 during the last four years as a supervisor). At that time he could only come home for one month during the holiday season of the year. At that moment he could see his wife, support his family and buy some cattle with the money he had saved.

After a massive retrenchment at the mine in 1998, Tate Jacobus decided to take a fair compensation and returned to his wife in Oshakati. During the same year, he invested in a mahangu crushing machine and a bar on a plot of land he bought in Oshikango. With these two businesses he could ensure a regular income throughout the year. In 2005, Tate Jacobus further expanded his business activities in Oshikango by building three rental rooms on the same

plot of land.

Tate Jacobus's family today

Today, Tate Jacobus supports an extended family with 14 children. His wife Cecilia lives in their house in Oshakati with their three children and two adopted orphans from other family members. As a typical Oshiwambo man, however, Tate Jacobus also has (at least) two "second wives", whom he also assists. One of them lives in South Africa with their son. The other one lives in Oshikango with their four children and two adopted orphans. Furthermore, he helps two other children in Tsumeb who live in the house of Cecilia's sister. In addition, Tate Jacobus supports his 93 year old mother who lives nearby.

Most of the time Tate Jacobus stays in his house in Oshikango where he runs his most important businesses. He visits Cecilia from time to time, who works as a teacher in a primary school near Oshakati. At their house in Oshakati, Cecilia takes care of about 25 chickens.

Since there is no public transport in Northern Namibia and taxis are too expensive for his frequent travels, Tate Jacobus also possesses a car.

Assets	Initial investment	Economic life	Depreciation
Land	5 000 - 20 000*		
Building	9 000	20	450
Car	10 000	0	0
Furniture	15 000	10	1 500
Savings (KYE)	1 650		
Savings (banks)	N/A		
Total	55 650		1 950

* Since the land (for the house, the crusher, the bar and the rental rooms) is urban, he bought it for N\$ 10 000. Meanwhile, land prices have gone up and the current value of his plot is estimated at N\$ 40 000.

Average costs per month		Average incomes per month	
Electricity	600	Cecilia (school teacher, 1st wife)	3 500
Water	200	Lahjja (store cashier, 2nd wife)	1 100
Food	2 200		
Car	875		
Phone	450		
School fees	400		
School uniforms	25		
Clothes	170		
Health care	130		
Ceremonies	335		
Mother assistance	35		
Total costs / month	5 420	Total incomes / month	4 600
Total costs / year	65 040	Total incomes / year	55 200

In addition to his two main businesses, Tate Jacobus acquired a **farm** with about 4 hectares of millet for N\$ 600,

near the Etosha National Park, which is rather far from Oshikango. In 2003, he harvested only 0.3 tons of millet and had to buy the difference, because he needs 0.5 tons for the whole year. However, 2003 was a dry year; during good harvest years, 4 hectares can produce up to 1.2 tons and then he is able to sell the millet.

In his houses and on the farm, he keeps what he calls his "private policemen": altogether seven dogs.

Assets ¹	Initial investment
35 cows	70 000
70 goats	17 500
16 sheep	4 000
Total	91 500

¹The plot of farm land he owns is not taken into account as communal land ownership is managed by headmen who allocate plots to families inside the communities. Traditionally there is no land market and thus land cannot be used as collateral by small farmers.

Since he cannot stay there to take care of the land and his big herd of cattle (currently consisting of about 35 cows, 70 goats and 16 sheep), Tate Jacobus has one full-time employee who is paid N\$ 200 per month. He has to invest N\$ 1 200 in cultivation. Additionally, he employs three people for two months during harvest time as well as during cultivation period, as well as one shepherd, who is generally paid with one head of cattle per year, which means about N\$ 2 500. From time to time he visits the farm in order to supply the workers with a stock of mahangu flour and fish and to check if there is any need for veterinary services. If there is any serious problem, the workers send someone to inform Tate Jacobus about it. Once every two years, Tate Jacobus rents a truck (often paid in kind with a cow or two goats) and

takes some animals to the slaughterhouse. The herd is not primarily intended for income generation, but fulfils important social functions:

- it is an important traditional way of saving and insurance in kind;
- its products, such as milk, can be used for family consumption;
- the meat and skin of some cattle is used in case of mourning or for special events (baptisms, weddings, end-of-year celebrations). When there is a funeral in Tate Jacobus's close family, for example, he would contribute at least one cow (sometimes up to three) for the meal. Including the coffin, the meals and the transport, a burial can easily cost up to N\$ 9 000.
- a couple of oxen are needed to cultivate the land;
- the size of the herd determines the social status of a man (whereas monetary savings do not count because they do not contribute to the solidarity of the group in the traditional way).

Average costs per month		Average incomes per month	
Cultivation	100	Slaughterhouse return	830
2/ 5 workers	710		
Transport	85		
Investment in cattle	210		
Farm maintenance	250		
Total costs / month	1 355	Total incomes / month	830
Total costs / year	16 260	Total incomes / year	9 960

Tate Jacobus's businesses

The main income of the family is provided by the two businesses: the mill and the bar & restaurant.

Tate Jacobus's **mahangu crusher** is the only one in Oshikango. It is being operated on his plot of land next to the main road in Oshikango.

The first year of operation, 1998, started discouraging: the crusher frequently needed repairs and did not generate any profit. Furious about the high costs for the repair, Tate Jacobus quickly learned how to fix the machine by himself. Today, he is able to maintain it without paying for costly repairs and can afford to hire two workers (one of them being his nephew) who run the machine. During the whole year, his clients come from Oshikango and the surrounding villages in order to crush their mahangu. In addition, Tate Jacobus is also using the crusher in order to produce his own flour, which he then sells at the bar or to a transport entrepreneur going to Swakopmund. He can run the mahangu crusher at full capacity at the weekends, during the holiday season and at harvest time from April until August.

Assets	Initial investment	Economic life	Depreciation
Land	1 250 - 5 000		
Building	9 000	20	450
Crusher	16 500	20	825
Total	30 500		1 275

Average costs per month		Average incomes per month	
Electricity*	750	Sales*	3 940
Mahangu*	500		
1 - 2 workers*	420		
Total costs / month	1 670	Total incomes /month	3 940
Total costs / year	20 040	Total incomes / year	47 280
Gross margin			27 240
Annual depreciation of the assets			- 1 275
Interests on micro and small loans			- 370
Net margin			25 595
Profitability (net margin/ total incomes)			54%

* Weighted average since the activity is only running at full capacity from April until August

Tate Jacobus also invested in a small **bar & restaurant** in order to have regular income throughout the year. In 1998, he built a house with a bar in front of the road and two rooms in the back on the land of his own house in Oshikango. The bar opened in August 1998.

	Initial investment	Economic life	Depreciation
Land	2 500 - 10 000		
Building	15 000	20	750
Fridge ¹	2 000	10	200
Stove	500	10	50
Pool table	5 500	10	550
Gambling Machine ²	42 800	10	4 280
Juke Box	15 000	10	1 500
Total	90 800		7 330

¹A second fridge in the bar is free of charge due to an exclusive selling contract with drinks from certain brands

² 800 for the licence

It is a place where many people meet, drink and play billiards. Tate Jacobus employs one lady to run the bar. She also takes care of the household. Since the instalment of a gambling machine in November 2003, the cash flow generated from the bar becomes more and more important. This year, Tate Jacobus also bought a jukebox. Since his bar is situated right next to the main road to Angola and has electricity and hence light and running machines, the bar is often crowded until midnight.

Average costs per month		Average incomes per month	
Electricity	700	Sales	7 000
Water	300		
Drinks, beer, sweets	1 500		
1 worker	350		
Gambling mach. taxes	35		
Bar licence	35		
Total costs / month	2 920	Total incomes / month	7 000
Total costs / year	35 040	Total incomes / year	84 000
Gross margin		48 960	
Annual depreciation of the assets		- 7 330	
Interests on micro and small loans		- 370	
Net margin		41 260	
Profitability (net margin/ total incomes)		49%	

In 2005, Tate Jacobus constructed three small **rental rooms** with electricity on his plot in Oshikango, all of which are currently being occupied and generate a regular flow of income.

Assets	Initial investment	Economic life	Depreciation
Land	1 250 - 5 000		
Building	23 830	20	1 192
Total	28 830		1 192

Average costs per month		Average incomes per month	
Cleaning / repairs	70	Rent	900
Total costs / month	70	Total incomes / month	900
Total costs per year	840	Total incomes per year	10 800
Gross margin			9 960
Annual depreciation of the assets			- 1 192
Interests on small loan			- 500
Net margin			8 270
Profitability (net margin/ total incomes)			77%

Tate Jacobus's history with Koshi Yomuti ELO and banks

Loan history

Tate Jacobus joined the ELO in Oshikango at its creation in 2002. Since he is a man who enjoys great trust within the community, he was immediately elected president by the other members. He is very happy about the loan and saving products offered by Koshi Yomuti ELO. Once, Tate Jacobus considered applying for a loan in one of the big national banks of Namibia. However, he found it impossible to supply the very high collateral, to go through the complicated application procedures and to pay the extremely high fees. He was especially discouraged by the condition that he

could not withdraw any money from his account until he would have fully repaid the loan.

When Tate Jacobus learnt about the possibility to take loans with Koshi Yomuti ELO, he was happy because it could greatly improve his cash flow management. From October 2002 until May 2005 Tate Jacobus took four successive ELO micro loans of N\$ 500, N\$ 1000, N\$ 1500 and N\$ 1000 in order to finance more working capital for his businesses (drinks for the bar and millet for the mill). When he heard about the new product of “small loans” (N\$ 10 000), he quickly repaid his 4th loan in advance with the help of his employees.

In May 2005, Tate Jacobus became one of the first three clients of Koshi Yomuti ELO to receive a small loan. This loan was managed directly between the Project and Tate Jacobus, without the intermediation of his ELO. He used about half of the money for the construction of three rental rooms and mobilized part of his private savings in addition. The rest of the money served to finance working capital. The construction started straight away in May and was finished in August (the total cost was about N\$ 23 830). Three tenants were easily found; they now pay their rent each month in advance. Tate Jacobus will be able to repay his investment within 18 months. For him, gaining access to credit was always much more important than the interest rate.

Date	Maturity date	Amount	Purpose	Source	Repayment	Interest paid
21/10/2002	31/03/2003 (23 weeks)	500	Beer and soft drinks for his bar; Millet for his machine	KYE	N\$ 25 weekly instalments	75
08/04/2003	23/03/2004 (50 weeks)	1 000	Working capital	KYE	N\$ 25 weekly instalments	250
10/05/2004	06/12/2004 (30 weeks)	1 500	Working capital	KYE	N\$ 60 weekly instalments	300
10/01/2005	08/08/2005 (23 weeks) repaid in May	1 000	Working capital	KYE	N\$ 50 weekly instalments	150
16/05/2005	04/12/2006 (18 months)	10.000	N\$ 5 000 for building the rooms, N\$ 5 000 for millet	KYE	On average N\$ 756 monthly instalments	3 610

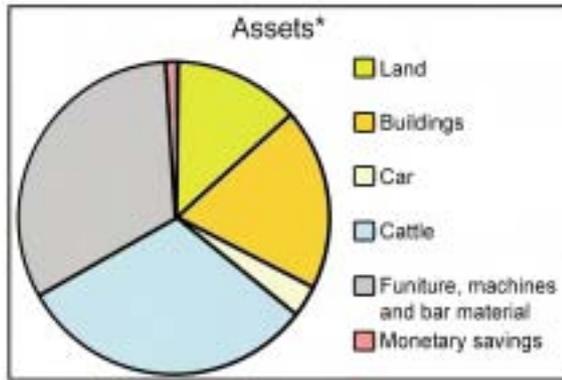
Saving history and use of bank accounts

For safety reasons, Tate Jacobus holds savings accounts in two of the major banks of Namibia (First National Bank and Bank Windhoek). He also started saving with the ELO because it enables him to earn a small amount of interest without having to pay any fees. Usually, the money is used

for festivities, household expenditures, and education. At the moment, Tate Jacobus manages to save N\$ 70 per week. At the end of the saving cycle in December he will get back a lump sum of N\$ 1 610 and an interest of N\$ 35.

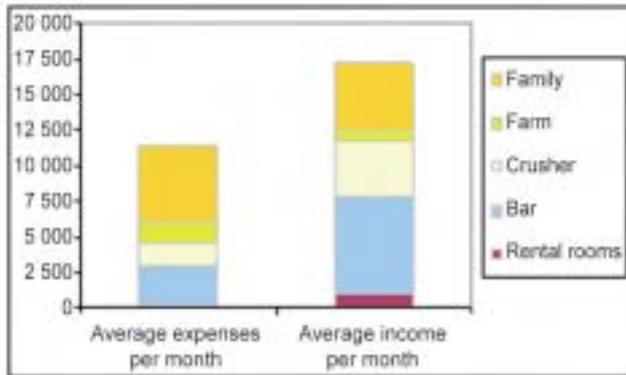
Product	Period	Reason/ use	Source	Payments	End sum
23 weeks	31/01/05 - 11/07/05	Household expenditures	KYE	100 / month	600
23 weeks	11/07/05 - 19/12/05	Preparation of end-of-year celebrations	KYE	70 / week	1 050
N/A	N/A	Safety	FNB	N/A	N/A
N/A	N/A	Safety	BW	N/A	N/A

Global analysis



• Monetary savings are highly under-estimated as both figures for bank account amounts are not available

Average costs per month		Average incomes per month	
Family	5 420	Family	4 600
Farm	1 355	Farm	830
Crusher	1 670	Crusher	3 940
Bar	2 920	Bar	7 000
Rental rooms	70	Rental rooms	900
		Interest on savings	N/A
Total costs / month	11 435	Total incomes / month	17 270
Total costs per year	137 220	Total incomes per year	207 240
Gross margin			70 020
Annual depreciation of the assets			- 11 745
Interests on micro and small loans			- 1 245
Net margin			57 030
Profitability (net margin/ total incomes)			28%
Repayment or investment capacity = Net saving potential			57 030



The cash flow analysis shows that all Tate Wilfried's businesses have a good profitability. **Tate Jacobus belongs to the category of micro entrepreneurs who managed to develop a capitalization strategy.** He could accumulate a capital in livestock and monetary savings through his past long-term salaried activity. This enabled him to make a significant initial investment in order to develop two important turnover generating activities. His four micro-loans were of great importance to improve his initial activity, while the recent small loan brought him the opportunity to expand even more his business by developing a new activity.

In order to limit risks and secure incomes, Tate Jacobus also tried to diversify his businesses locally. The crusher business' income is indeed mostly seasonal, and combining it to other activities enables him to smooth his cash flow throughout the year.

Through diversification and innovative investments, Tate Jacobus could acquire an important future savings and investment capacity. Even if consumption and education represent one of the central expenditures

for the extended household, he can get additional incomes from family members. Thus, he seems to be able to further expand his present activities. For higher loan amounts, he could provide collaterals as he owns buildings, a car, and productive equipment, as well as monetary savings and savings in kind.

Tate Jacobus's future plans

At the moment, Tate Jacobus is saving money in order to realize two plans in the near future:

He is very satisfied with his three new rental rooms. As populations who have fled armed conflicts come to settle in the region and numerous Angolans also seek to settle in Namibia, the estate market is booming in the border region. Furthermore, there will soon be a railway connection to the South. Tate Jacobus intends to build seven more rooms on his plot of land (investment estimation: N\$ 28 000).

Tate Jacobus would also like to invest into another mahangu crusher, which he would then install in the nearby town of Engela (investment estimation: N\$ 50 000). There, the demand for mahangu flour is very high while there is no crusher at the moment.





Story 2

Meme Ndapandula - a hairdresser in Oshikango

Meme Ndapandula is a talented young lady who started her first business as a hairdresser when she was only 15. She has six brothers and sisters and a son who all live at her mother's house in a small village near the border town Oshikango. Her earnings have always constituted an indispensable source of income for the family.

In order to expand her business and to find more clients, Meme Ndapandula rapidly moved to Oshikango. After two years of struggle to find and finance a place for a salon, she managed to buy a tiny plot of land and to build a small zinc house. While the building mainly serves as a storage place for the hair products and a place to sleep, she usually serves her clients in the shade of a tree. The micro loans offered by Koshi Yomuti ELO have helped her a lot in expanding her business.

A few months ago, however, she learnt that the plot she bought would soon be used by the municipality which plans to build a warehouse there. Meme Ndapandula has to move rather sooner than later. She would like to build a proper house with electricity and water where she could live and serve her clients.

Meme Ndapandula's story

Born in 1979, Ndapandula Fikameni grew up in a traditional village near Oshikango with her mother, her three sisters and three brothers. Her father worked on a fish farm in the South and only came home once a year. Meme Ndapandula went to school in Oshikango for 10 years. She would have liked to study longer but school fees and uniforms were too expensive. In 1998, Meme Ndapandula gave birth to a son and helped with his upbringing at home for two years.

As a child, Meme Ndapandula always enjoyed hairdressing and learnt a lot by herself at home when she served her family and neighbours from the village. She saved regularly and managed to start her own business next the main road of Oshikango in 2000. At first, she came home each night. Later, she managed to build a small house of zinc and stayed in town permanently.

Meme Ndapandula's family today

Meme Ndapandula's family still lives in the same traditional homestead without water and electricity. Her mother takes care of six children and seven grandchildren. Meme Ndapandula is the only one who has moved out so far. Twice a week (usually on Sunday and once during the week, if she is not too busy) she goes home to see her son and the family. She helps her mother with the cooking, washing and cleaning. Meme Ndapandula is not married but sees her boyfriend regularly. He lives in a village nearby and works as a salesman in a warehouse in Oshikango, where he earns a regular salary of N\$ 800 per month. In times of need, he

supports her with money for their child.

Two of her sisters and one brother also work in Oshikango: since 2004, the brother works in a warehouse in town and one of her younger sisters works in a hotel. Her older sister works at the open market, selling food (oshifima, meat and soup) and some baskets which the mother weaves at home. Sometimes, she comes to see Meme Ndapandula in the evening and gives her the food that could not be sold during the day.

As the second oldest child of the family, Meme Ndapandula bears a lot of responsibility, especially since the death of her father in 2000. As all their cows were inherited by her uncle, Meme Ndapandula's family remains with ten goats and some chickens. The goats are mainly an insurance. The family sells them for emergency needs and slaughters one goat per year for their own consumption on the occasion of the end-of-year celebrations. The family possesses small parcels of land near the house and cultivates mahangu. The harvest, however, is insufficient to cover all the household's consumption needs.

Average costs per month		Average incomes per month	
Water	30		
Food	250		
Cell phone	90		
School fees	200		
School uniform	10		
Clothes and shoes	40		
Health care	5		
Ceremonies	10		
Household items	10		
Total costs / month	645	Total incomes / month	0
Total costs / year	7 740	Total incomes / year	0

Meme Ndapandula's business

At the age of 15, Meme Ndapandula started hairdressing "professionally" in the afternoon after school. Back then, her clients came to her parents' house. Like this, she already received about N\$ 100 per week. Her profit, however, was relatively small because hair care products have always been expensive. She saved her money and decided to serve more clients in Oshikango. In 2000, Meme Ndapandula opened a little open-air salon next to the main road. At first, she returned home every evening. Two years later, in 2002, she had saved enough money to buy a small plot of land of 5 m² for N\$ 400 and 15 zinc plates for her salon, which cost about N\$ 1 000.

Since then, she sleeps in the shop where she keeps the materials and serves her clients on a tree next to that shop. She realized that her new position, about 500 metres from the main road, would not easily attract many clients. Therefore, she tried to install herself near the main road so that more clients could see her. Roadworks, however, condemned all activities along the main road, including Meme Ndapandula's.

The salon has neither water nor electricity. Therefore, Meme Ndapandula has to fetch 20 litres of water from a nearby source three times a day – the first time at six o'clock in the morning. Her clients come on six days a week, from eight o'clock in the morning until it is getting dark, at around five or six o'clock (depending on the season). Not many detailed figures could be obtained during the short time of the interview. Meme Ndapandula's income is fairly stable

and not seasonal. On good days (usually towards the end of the month when the salaries are paid), she serves five to six clients, each of them paying on average N\$ 38. On a bad day, she only gets two clients. Sometimes, Meme Ester can also sell some hair products. She estimates that she is selling about one hair product per week, which she buys for an average price of N\$ 10 at the nearby depot and sells for N\$ 20 to the client.

Assets	Initial investment	Economic life	Depreciation
Building (zinc)	1 500		
Material (scissors, comb, mirror)	500	5	50
Total	2 000		0

Average costs per month		Average incomes per month	
Hair products	1 000	Hairdressing services*	3 195
Total costs / month	1 000	Total incomes / month	3 195
Total costs / year	12 000	Total incomes / year	38 340
Gross margin			26 340
Interests on micro loans			- 515
Net margin			25 825
Profitability (net margin/ total incomes)			67%

*Assuming that she is working on 23 days of the month, serving 5 clients on 10 days, 3 clients on 8 days and 2 clients on 5 days, each spending N\$ 38

Meme Ndapandula's history with Koshi Yomuti ELO and banks

Loan history

Meme Ndapandula joined the ELO in July 2002 and took a first loan of N\$ 500 for 23 weeks. She knew that she could not receive a loan from one of the big national banks, because she was too young and had no salaried income. The money was invested into her hairdressing salon in order to improve the building. After a successful repayment, she immediately took a second loan of N\$ 1 000. Half of the loan served to purchase working capital. The second half could not be invested because Meme Ndapandula's mother got ill and she had to pay for the medical expenses. During that time Meme Ndapandula worked less but did not have to reduce her working capital thanks to the loan. As she quickly resumed her activity, she managed to repay the loan without difficulties.

The third loan of N\$ 2 000 was partly invested into better chairs for her clients. The rest (about N\$ 500 + N\$ 500) was used to buy mahangu and maize for family consumption (because the drought had reduced the family's own production), and to pay medical expenses for her mother. Having access to credit she could buy at harvest time and benefit from the lowest prices of the year. The two successive loans of N\$ 1 500 each were mainly used for working capital and for an extension of the salon. She never had difficulties to repay her loans.

At the moment of study, Meme Ndapandula was repaying her fifth loan of N\$ 1 500, part of which was invested into working capital again. Another part was deposited in a savings bank account.

Date	Maturity date	Amount	Purpose	Source	Repayment	Interest paid
15/07/2002	23/12/2002 (23 weeks)	500	Improve the hairdresser salon and building	KYE	N\$ 25 weekly instalments	75
23/12/2002	21/07/2003 (30 weeks)	1 000	Working capital, medical expenses	KYE	N\$ 40 weekly instalments	200
28/07/2003	12/07/2004 (50 weeks)	2 000	Furniture for the hairdresser salon	KYE	N\$ 50 weekly instalments	500
26/07/2004	21/02/2005 (30 weeks)	1 500	Working capital, saving	KYE	N\$ 60 weekly instalments	300
07/03/2005	03/10/2005 (30 weeks)	1 500	Working capital, saving	KYE	N\$ 60 weekly instalments	300

Saving history and use of bank account

Meme Ndapandula opened her first bank account in 2000 at Standard Bank when she started working in Oshikango. She managed to save about N\$ 20 per week for two years in order to build her first salon. Today, Meme Ndapandula deposits all her monetary surplus at the end of the month – currently on average N\$ 40 - into that account. Even though she does not earn any interest on her savings she considers it to be a safe place to store her money. The advantage of this kind of account is its accessibility at any time (for deposits and withdrawals). In times of need she takes money from that account in order to repay her loan with the ELO. Each 4 months she also withdraws N\$ 200

when she has to pay school fees.

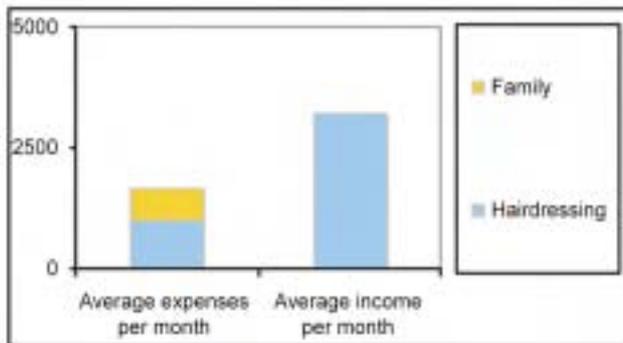
Meme Ndapandula started saving in the ELO in 2002 with N\$ 10 per week. When she gets her savings back at the end of a cycle, she usually deposits them in her savings account. Her current saving cycle ends just before Christmas so that she can buy some presents for her family and contribute to the end-of-year festivals.

Meme Ndapandula manages to progressively set up a capital for her future projects.

Product	Period	Reason/ use	Source	Payments	End sum
23 weeks	2002	Safety	KYE	10 / week	230
23 weeks	11/07/05 19/12/05	Preparation for end-of-year celebrations	KYE	30 / week	480
Bank account	2000 - 05	Safety, accessibility of money	SB	40 / week	N/A

Global analysis

Average costs per month		Average incomes per month	
Family	645	Family	0
Hairdressing	1 000	Hairdressing	3 195
Total costs / month	1 645	Total incomes / month	3 195
Total costs / year	19 740	Total incomes / year	38 340
Gross margin		18 600	
Interests on micro loans		- 515	
Net margin		18 085	
Profitability (net margin/ total incomes)		47%	
Repayment or investment capacity = Net saving potential		18 085	



The economic analysis shows that Meme Ndapandula is able to get a valuable profit with her hairdressing activity. As family does not represent a real burden for her, she manages to save part of her incomes in order to cover expected or unexpected expenses in case of need. However, **Meme Ndapandula, as a young lady who did not own monetary or in kind savings before starting her business, does not have significant financial resources for investment.**

Micro-credit is thus used for limited investment, and to decrease the necessity to mobilize the working capital of her business for urgent family needs.

This example is representative for the category of micro entrepreneurs and their constrained environment. She could develop a small activity based on specific professional skills. **Meme Ndapandula is highly motivated and effective as a hairdresser, but specific risks such as land property loss as well as family constraints are weighting on her and prevent her developing her business on a more efficient way.**

At the same time these entrepreneurs try to build up savings strategies for safety reasons. They enable them to cumulate money for meaningful investment and to separate their business from their family, to absorb shocks on family level without creating problems to their business.

Meme Ndapandula's future plans

Meme Ndapandula's main project is to have an electrified building with water constructed in Oshikango where she could live and serve her clients. With water and electricity, she could also work much more professionally, improve her services and charge higher prices. Sooner or later she will have to move because the municipality is planning to build a warehouse at her current place. Meme Ndapandula might be able to use her grandmother's plot of land, but it is not very well accessible for clients. Renting a room would be too expensive in the long term, but might help out in the short time. For the moment, she continues searching for a new

plot in Oshikango. She estimates that she will have to spend at least N\$ 9 000 on a proper house. For that project she expects to get another loan and use some of her savings. Meme Esher cannot afford to use all her savings because she must keep a cash reserve which enables her to face unforeseen events.

Her dream would be to continue education by distance learning. She would like to take grades 11 and 12 and improve her skills by taking professional courses for cosmetics and hairstyling. Such courses, however, have an annual cost of approximately N\$ 1 000 per subject and seem out of reach for the near future.



Story 3

Tate Gabriel - young owner of a shop in Engela; continued after the failure of his ELO

Tate Gabriel is a friendly, serious and honest young man who bears a great deal of responsibility for his family with about 14 members. He grew up in a traditional homestead in a rather remote part of the small town Engela near the Angolan border. Tate Gabriel experienced Namibia's struggle for independence as a child and still remembers the crisis which resulted from the theft of six of the family's cows (an important part of their savings) at night during that time.

After some months of work in Windhoek he returned to Engela at the age of 21 and opened his own businesses: a shebeen and a cuca shop. Since then, Tate Gabriel has kept on expanding his business. This was especially facilitated by his first ELO loan in 2003. As a result, his turnover and profits increased and he could easily repay the credit. That is why Tate Gabriel was very motivated to continue his membership even after all activities of his ELO were frozen for some time and some members had to be expelled due to repayment problems. At that time, Tate Gabriel also helped his brother to repay his overdue loan.

He became elected into the board of the new ELO and took a second loan of N\$ 1 000. A small part of that loan was used for buying some meat for the family. The rest was saved and invested into working capital. Tate Gabriel managed to buy a new bicycle with the increased profit of the business.

So far, Tate Gabriel has not yet saved in the ELO. However, he would like to start saving in 2006 and buy a cow for his family.

Tate Gabriel's story

Tate Gabriel was born in 1976 in Engela. He grew up with three brothers and four sisters in a traditional homestead with a small mahangu field. His father worked as a carpenter for a mission church in town. In 1987, during the time of the struggle for independence, six cows were stolen, which still is a major problem for the family, because cows constitute a major part of savings in kind (each of them having a monetary value of about N\$ 2 500). Tate Gabriel went to school for 10 years but – like many other young people - failed to pass grade 11.

In 1994, Tate Gabriel's mother passed away. Since then, he has taken on more and more responsibilities in the family. In 1997, he went to Windhoek to look for a job. There, he worked at a construction site of a dam for four months, earning a monthly income of N\$ 500. Tate Gabriel opened a bank account at NamPost and managed to save N\$ 300 of that income per month.

When he came back to Engela at the age of 21, one of his older brothers who was working for the army at that time

offered him a building near the homestead that could be used to set up his own business. Tate Gabriel obtained the permission from the headman to open a shebeen and began selling Otombo and some other products. Later, his sister gave him another small building right next to it which could be used as a mini market and for storage.

Meanwhile, the family had managed to buy some new cows with the help of his older brothers. However, all of their cows had to be slaughtered at the funerals of two of his older brothers (in 2000 and 2001) and one sister (in 2004), who all “passed away after a long illness”.

Two years ago, Gabriel's girlfriend, Helvi, gave birth to a daughter, Ndahalaho. Both of them now live at his family's homestead.

Tate Gabriel's family today

Today, Tate Gabriel still lives at his family's remote homestead in Engela together with 14 other family members: his 80 year old father, three sisters, one brother, seven nephews and nieces, his girlfriend and their daughter. Each morning, his brother walks about one hour to Oshikango where he works for a building company. One sister works as a cleaner in a local school, earning a meagre income of about N\$ 500 per month. The other two sisters have not found any job and stay at home.

After the death of his brothers and sister, the family is left with some goats, chicken, pigs, and two dogs. Tate Gabriel's family owns a small field of mahangu, peas and pumpkins

for family consumption. Near the house, there is a well from which they can obtain their water without any charge. They have no electricity.

Assets	Initial investment	Economic life	Depreciation
Cattle	1 650		
Total	1 650		0

Average costs per month		Average incomes per month*	
Food	600	Brother (building worker)	600
Wood	250	Sister (cleaner)	500
School fees	20	Father (pension)	300
School uniforms	19		
School materials	6		
School security	2		
Kindergarden fees	18		
Health care	10		
Ceremonies	40		
Bank fees	5		
Total costs / month	970	Total incomes / month	1 400
Total costs / year	11 640	Total incomes / year	16 800

**In times of need, the family also gets support from one brother and one sister of Tate Gabriel who live elsewhere*

Tate Gabriel's business

Today, Tate Gabriel sells a range of homemade foods and drinks, such as macaroni-cabbage soup and Epwaka (a traditional mahangu drink) in his shebeen. In the mini market, he also sells other products, such as fish cans, candles, matches, sweets, and bread.

The shop is open from Monday to Sunday. On a normal day, Tate Gabriel gets up at six o'clock in the morning, gets ready for the day, fetches some water and cleans the shop, which opens between seven and eight o'clock. His girlfriend or his sister prepares the macaroni-cabbage soup and the Epwaka, which are sold during the day. If Tate Gabriel is busy, his girlfriend also helps out as a shop keeper.

Normally, Tate Gabriel buys new stock in the next town about once a week. For the transport, he either takes a taxi or his new bicycle.

Despite the remote location of Tate Gabriel's businesses, they are very well known in the region, and people appreciate the atmosphere and friendliness of the place. Most customers come at the end of the month when salaries are paid. Then, his daily turnover can be up to N\$ 200. On bad days, which are rare, however, it is only N\$ 100.

Assets	Initial investment	Economic life	Depreciation
Buildings	9 000	20	450
Material	3 000	10	300
Total	12 000		750

Average costs per month		Average incomes per month	
Epwaka ingredients	390	Shebeen	1 200
Stock (cuca shop)	1 850	Cuca shop	2 380
Soup ingredients	303	Selling soup	740
Gas for the fridge	280		
Wood for cooking	180		
Transport	60		
Permit to sell alcohol	2		
Total costs / month	3 065	Total incomes / month	4 320
Total costs / year	36 780	Total incomes / year	51 840
Gross margin			15 060
Annual depreciation of the assets			- 750
Interest on micro loan			- 60
Net margin			14 250
Profitability (net margin/ total incomes)			27%

Tate Gabriel's loan history with Koshi Yomuti ELO and use of bank accounts

Loan history

Tate Gabriel first became member of Engela's ELO together with his younger brother in 2003. When Tate Gabriel got his first loan of N\$ 500, he stopped selling Otombo (mainly because he disliked its strong smell), produced Epwaka instead and expanded his business with new products.

In 2004, overdue loans of two ELO members, among them Tate Gabriel's brother, caused a crisis in the group. After an extraordinary general assembly, pressure was put on the defaulting members, and all activities of the ELO were frozen until the loans would be repaid. Tate Gabriel helped his brother to repay the overdue loan. In 2005, the ELO was rehabilitated and the members who had caused problems were expelled. Tate Gabriel was motivated enough to rejoin the newly formed group and was elected into the board by the new members.

He received a second loan of N\$ 1 000 in July 2005. Some of that money was used for new working capital and some in

order to cover family needs. With his increased profit, Tate Gabriel managed to buy a new bicycle in July 2005. The rest was safely deposited at NamPost.

Tate Gabriel says that he sometimes needs large amounts of money (at least N\$ 500) when a family member falls sick or when there are mournings. Koshi Yomuti ELO is the only institution which can provide such amounts at reasonable rates of interest, and without any fees or complicated application requirements and procedures. Therefore, Tate Gabriel is very happy to be a member.

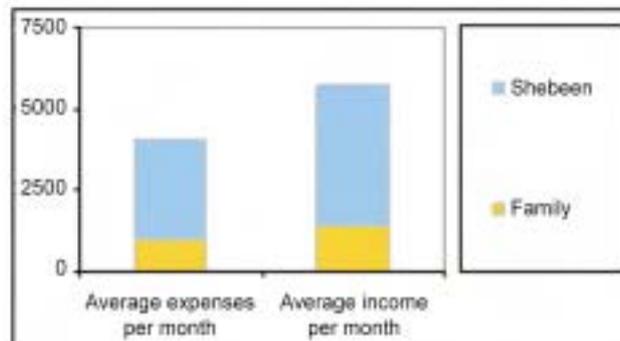
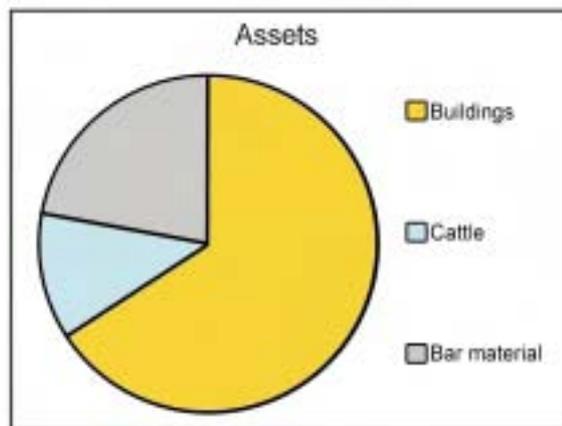
Date	Maturity date	Amount	Purpose	Source	Repayment	Interest paid
25/07/2003	02/01/2004 (23 weeks)	500	Expand his business with new products	KYE	N\$ 25 weekly instalments	75
08/07/2005	03/02/2006 (30 weeks)	1 000	Increase working capital, family needs	KYE	N\$ 40 weekly instalments	200

Use of Bank account

Tate Gabriel currently saves about N\$ 50 per month at NamPost and withdraws larger amounts in times of need. At the moment of study, his balance was less than N\$ 200. He would prefer to deposit his savings at First National Bank savings account, but they are only accessible to people with a salaried income (and who can provide a payslip).

So far, Tate Gabriel has not saved with the ELO but he would like to start in 2006. With the savings, he would probably buy new stock for his business or (if necessary) some items for the household. Even more important, however, is the purchase of at least one cow at the moment.

Global analysis



Average costs per month		Average incomes per month	
Family	970	Family	1 400
Business	3 065	Business	4 320
		Interest on savings	0
Total costs / month	4 035	Total incomes / month	5 720
Total costs per year	48 420	Total incomes per year	68 640
Gross margin		20 220	
Annual depreciation of the assets		- 750	
Interest on micro loan		- 115	
Net margin		19 355	
Profitability (net margin/ total incomes)		28%	
Repayment or investment capacity = Net saving potential		19 355	

Tate Gabriel is a typical rural micro-entrepreneur that has to deal with important environmental constraints: remote place of his village and business, limiting his activity's expansion; important loss of savings in kind and household cash inflows through the death of several family members. **Nevertheless, thanks to the support of other household members and through a thoughtful use of the two granted micro-loans, he managed to progressively increase his working capital.**

He would like to build up a capitalization strategy through property and livestock but since he had to face a major crisis recently that dramatically reduced the labour force available in the family, he is just starting to plan future investments.

Tate Gabriel's future plans

Tate Gabriel would like to buy or construct a new building for his shop in the nearby town of Oshikango at the border to Angola. The market there is booming and there will soon even be a railway connection. A plot of land and a proper shop would cost about N\$ 10 000 and might be in reach within two years time.

Privately, Tate Gabriel would like to marry his girlfriend and move with her and their little daughter into an own homestead. But a marriage is very expensive. His priority

at the moment is to have a cow, which could graze near the house. That would cost about N\$ 2 000.



Story 4

Tate Tomas - owner of a garage in Oshikango

Tate Tomas is an experienced and committed businessman who owns and manages a garage in Oshikango – a booming trade town at the border to Angola. He and his wife are very committed to secure the future for themselves and for the 12 members of their household.

Tate Tomas did not enjoy an easy childhood. His father died when he was 12 years old, and his mother could not afford to send her six children to school. However, Tate Tomas demonstrated a strong will to learn and achieve something in life. At the age of 20, he started working in a garage in Windhoek and attended literacy courses in Afrikaans and English in the evening. He then passed grade 12 and a 3-year-college-course in mechanics by distance learning. With the vision to realize a dream, he came back to Northern Namibia in 1998 and used all his savings to open his own garage. After some strenuous first years, his business is now well-established and taking advantage of the continuous growth of the border region. Tate Tomas' main constraint to further expansion has been the lack of available loans.

In June 2005, however, he was one of the first clients of Koshi Yomuti ELO to receive a so-called “small loan” of N\$ 10 000. Even though he was not a member of the ELO (because micro loans of N\$ 300 – 3 500 were less attractive

for the scale of his business), he was recommended for a small loan by some ELO members in Oshikango. The loan enabled him to purchase some professional equipment for the garage and to improve his services. Tate Tomas has no difficulties repaying the loan and is determined to take another one in 2006. In fact, he has some very concrete and promising plans for the professional expansion of his business. Full of energy and with a strong determination, he will soon open the first professional garage in Oshikango.

Tate Tomas' story

Tate Tomas was born in 1966 in Ondobe, a village in the Ohangwena region. His father used to work in Windhoek, and his mother stayed at home with seven children. In 1970, the whole family went to Angola. A few years later, however, Tate Tomas' father passed away and the family had to return to Namibia. They moved to Oshali, a small village in Northern Namibia, but Tate Tomas' mother could not afford to send her children to school (there was hardly enough money to buy food). While Tate Tomas stayed at home looking after the cattle, one of his elder brothers moved to Windhoek and found work at a garage. In 1986, Tate Tomas followed him and got a job at the same garage.

Eager to learn something, Tate Tomas saved all the money he could and financed several evening courses. He began with a literacy course in Afrikaans in 1986, followed by an English literacy course from 1990 until 1993. In 1994, he attended a course in typing. During 1995, Tate Tomas found a second employment as a teacher for English literacy in the evening school where he had learned the language himself

only a few years before. From 1996 until 1999, he enrolled with NamCol (distance learning) to pass grades 10 to 12.

In June 1998, Tate Tomas resigned from his jobs in Windhoek and went back to the North. His sister had bought a plot of land for him in Oshikango (for N\$ 400), where he opened his own garage in October 1998. During that time, he also enrolled at a South African college of distance learning and passed a course in mechanics after 3 years.

When he set up his business, it was very difficult to finance all the equipment. There were no banks which offered small loans for start-ups, and he had to use up all his remaining savings. Since his garage was the second one in town and not situated right next to the main road to Angola, it was also difficult to find clients in the beginning. At that time, Oshikango was no more than a settlement, and Angolans did not have enough money to spend in Namibia. For the last five years, however, the situation in the border region improved steadily, and Oshikango became an important commercial centre in the North, which is still evolving.

In 2001, Tate Tomas got married to Sarty. She shares his passion for cars and knows a lot about the business because she has been working in a spares shop in Ohangwena since 2000.

Tate Tomas' family today

Tate Tomas and Sarty live in a traditional homestead in Oshikango, about 2 km away from the garage. They support 11 children: their son (born in 2004), two foster-children from Tate Tomas' former girlfriend (a son born in 1989, and

a daughter born in 1994), and 8 nephews and nieces. 10 of these children already attend school. The homestead contains 10 rooms, one of which is occupied by a permanent housekeeper. They have tap water but no electricity (for the moment, Tate Tomas considers electricity to be too expensive). Near the house they own a small field where they grow mahangu and some fruits and vegetables such as pumpkins and beans. There are also some 15 goats (for festivities), about 60 chicken (a famous meal on Sundays) and two pigs, which are looked after by the neighbours. In addition, Tate Tomas keeps a small herd of cattle (about 8 cows) at his uncle's plot in the more fertile region of Okongo in the Northeast.

Assets	Initial investment	Economic life	Depreciation
Furniture	3 000	10	300
Cattle	21 250		
Savings from banks	N/A		
Total	24 250		300

Average costs per month		Average incomes per month	
Water	70	Sarty (shop assistant)	1 700
Food	1 100		
Housekeeper	150		
School fees	70		
School uniforms	55		
School books/ materials	120		
Clothes	40		
Health care	300		
Transport	260		
Ceremonies	300		
Bank fees	400		
Support for the uncle who keeps the cattle	75		
Total costs / month	2 940	Total incomes / month	1 700
Total costs / year	35 280	Total incomes / year	20 400

Tate Tomas' business

Tate Tomas' garage is one of the three that are present in Oshikango. All of them benefit from the growing number of Angolans and Namibians owning cars, the rapid economic growth of the border region, and last but not least the increasing incidence of car accidents in the region. So far, none of the three garages in Oshikango is really professional, but the other two have the advantage of being situated right next to the main road whereas Tate Simon's garage is slightly more hidden. To attract customers he has to charge lower prices, but the demand is still high and the business is flourishing.

Tate Tomas' main activity is repairing and repainting cars at the garage on six days a week. Today, he employs eight workers. Wages are paid out in cash and are entirely based on the number of cars fixed per worker. For the moment, Tate Tomas is registered as a sole trader and does not have to pay any taxes (only an annual business licence fee of N\$ 42 per year). This kind of legal status, however, goes hand in hand with the disadvantage of having very limited rights and legal protection. For example, there are currently about 10 cars on the garage yard, which have not been recollectd by the clients. Efforts to find these clients (for example by placing announcements in the local newspapers) have been fruitless, and as a sole trader, Tate Tomas has no rights to sell such cars. He tries to minimize that risk by requiring a 50% deposit before working on any car. In addition, customers have to pay a parking fee of N\$ 15 per day.

An even bigger problem at the moment is the official prohibition to put a fence around the yard (communal land). With the growing number of people staying in Oshikango, thefts and burglaries are also becoming an increasing threat for the garage. Since Tate Tomas' business is not insured against such incidents he bears a high entrepreneurial risk. Part of his first small ELO loan will therefore be used for putting up a fence as soon as the long awaited official "permission to occupy" (PTO) is granted by the new town council. Asked about the efficiency of security guards at night, Tate Tomas laughs and recounts that he sees too many of them sleeping like stones when he arrives at the garage in the morning.

The monthly demand is very unstable and hard to predict. July 2005, for example, was a very quiet month (turnover: N\$ 15 000) whereas August has been very busy with approximately 22 clients per week and a monthly turnover of about N\$ 18 000. There is no stable flow of income. Only the salary of Sarty is a reliable factor for the household budget.

Assets	Initial investment	Economic life	Depreciation
Land	72 500		
Building	25 000	20	1 250
Car	10 000	0	0
Equipment	10 000	10	1 000
Total	117 500		2 250

Average costs per month		Average incomes per month	
Wages ¹	5 250	Reparation service ²	16 500
Security guard	500		
Cell phones	1 770		
Materials	4 000		
Electricity	150		
Water	70		
Car fee	22		
Petrol	320		
Business license	3		
Total costs/month	12 085	Total incomes / month	16 500
Total costs / year	145 020	Total incomes / year	198 000
Gross margin			52 980
Annual depreciation of the assets			- 2 250
Interest on small loan			- 1 200
Net margin			49 530
Profitability (net margin/ total incomes)			25%

¹The wages are not fixed but calculated as a percentage of fixed cars per worker and differ considerably from month to month. During a busy month, the payroll can be N\$ 6 000 – 7 000, during a quiet month N\$ 3 500 – 4 500. Assumption for the average figure: half of the year is busy, the other half is quiet.

²Assumption: half of the year is busy (average monthly turnover: N\$ 18 000) the other half is quiet (average turnover: N\$ 15 000)

Tate Tomas' history with Koshi Yomuti ELO

Loan history

Until 2005, Tate Tomas has had no opportunity to borrow any money and relied entirely on his own savings in order to expand his business. With a big family, however, it was often difficult to save large enough lump sums of money.

Tate Tomas was one of the first three individuals who received a small loan of N\$ 10 000 in June 2004. In contrast to the other two clients, however, he had not received a micro loan before and only became a member of the ELO (with a membership share) in order to get a member account number. He is not part of any solidarity cell, but as a long-established businessman, he was well known by the ELO members in Oshikango and consequently recommended for a small loan. Small loans are managed directly between the project and the borrower, without the intermediation of the ELO. The latter does not bear any liability in case of default, and the risks are covered by classical bank-type guarantees (in the case of Tate Tomas in form of his car).

Part of the small loan (N\$ 6 100) was used for the acquisition of equipment (a tool box, a compressor and some zinc plates for a temporary building) for the garage. N\$ 3 840 will be needed for wires in order to fence off the garage yard and a

new plot of land, which he has acquired for his future project of a new garage. Tate Tomas is very satisfied with the loan and is confident that he will have no difficulties financing the 18 monthly instalments and interest payments.

Date	Maturity date	Amount	Purpose	Source	Repayment	Interest paid
16/05/2005	04/12/2006 (18 months)	10 000	Acquisition of equipment for the garage, fencing of the garage	KYE	On average N\$ 756 monthly instalments	3 610

Savings, use of bank accounts and insurance

Tate Tomas uses two bank accounts: one for business at Bank Windhoek (nearest branch in Ondangwa) and one for himself at Standard Bank (in Oshikango). Since he cannot access the business account every day, he often deposits cash payments from his customers at his private account first and then transfers it to the business account. The fees for such transfers are high, but it is still safer than carrying around large amounts of cash.

Sarty also has two bank accounts: one at NedBank for her salary and one at First National Bank for savings.

So far, Tate Tomas has only received a small loan from Koshi Yomuti ELO. Introduced to the possibility of weekly savings and fixed term deposits, he showed a great deal of interest and will probably soon begin taking advantage of ELO savings products as well.

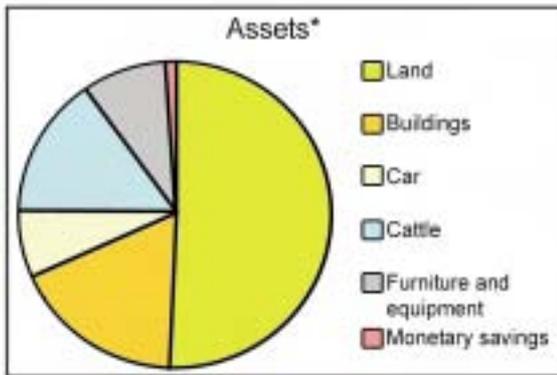
Sarty is very well informed about insurances. In 2000, she decided to subscribe to a 10-year-life insurance scheme

with Sanlam for herself and her husband with a monthly contribution of N\$ 87. At the moment, they do not have any health insurance, which Sarty considers to be risky in the long-term. Therefore, she has recently applied for medical aid, an insurance to cover serious illnesses (called MediShield), which will cost N\$ 45 per month for both of them.

Even though Tate Tomas is a man with a very modern way of thinking, he deliberately chooses to also save in kind, notably in keeping a herd of cows. He considers this kind of saving to be less risky and more useful than monetary savings in a bank account. The temptation to withdraw money can sometimes be very high. The option of selling a cow, on the other hand, is almost non-existent, because cows are only slaughtered for festivals and can be used for ploughing the field. Last but not least, they are of great importance for the social status of a man within his community. Therefore, Tate Tomas plans to further increase his herd of cattle.

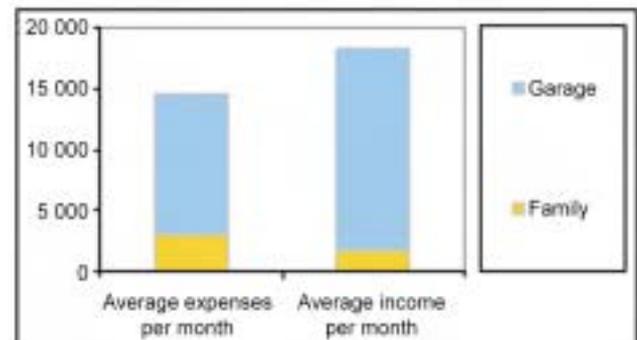
Saving product	Period	Reason/ use	Source	Payments	End sum
N/A	N/A	N/A	FNB	N/A	N/A
Life insurance	10 years	N/A	Sanlam	87 / month	N/A
Medical aid	N/A	Provide an insurance to cover serious illness	MediShield	45 / month	N/A
Bank account	N/A	Safety	BW	N/A	N/A
Bank account	N/A	Safety	SB	N/A	N/A
Bank account	N/A	Safety	NB	N/A	N/A

Global analysis



* Monetary savings are highly under-estimated as figures for bank account amounts and savings are not available

Average costs per month		Average incomes per month	
Family	2 940	Family	1 700
Garage	11 585	Garage	16 500
		Interest on savings	N/A
Total costs/month	14 525	Total incomes / month	18 200
Total costs / year	174 300	Total incomes / year	218 400
Gross margin			44 100
Annual depreciation of the assets			- 2 550
Interest on small loan			- 1 200
Net margin			40 350
Profitability (net margin/ total incomes)			18%
Repayment or investment capacity = Net saving potential			40 350



The cash flow analysis shows that Tate Tomas' business has a correct profitability. **Tate Jacobus belongs to the category of micro entrepreneurs who managed to develop a capitalization strategy.** He could accumulate capital and knowledge thanks to a past salaried activity and additional training. This enabled him to make a significant initial investment based on specific professional skills in order to develop an important turnover generating activity. The recent small loan he got allowed him to expand his business even more by purchasing new very useful equipments.

Though innovative investments and strong motivation, Tate Jacobus acquired a significant savings and investment capacity. Even if he has to take care of many children, he gets an additional income from another family member.

Today, he is looking forward to further expand his present activity and has already designed his construction and extension project very thoughtfully. For higher loan amounts, he could provide collaterals as he owns real estate, buildings, a car, and productive equipment, as well as undetermined monetary savings and savings in kind. Nevertheless, due to the importance of the future planned investment (around N\$ 400 000), it seems that Koshi Yomuti ELO's products cannot match with his requirements for now.

Tate Tomas' future plans

Tate Tomas plans to build a new and more professional garage next to the main road. He already bought a bigger plot of land for N\$ 12 000 in 2002, but it takes some time until all administrative hurdles are taken. At the moment of study,

a business plan is being drawn up for him and a professional accountant is evaluating the possibility for his business to become registered as a close corporation with better legal protection.

This will make it easier for Tate Tomas to apply for a loan at Bank Windhoek, which has recently discovered small and medium enterprises as a new market segment and now offers loans of N\$ 250 000 up to 3 000 000. Tate Tomas estimates that the project will require an investment of N\$ 400 000 up to 500 000. He will have to provide at least 20% of the loan as collateral. Tate Tomas' brother who was recently being convinced to come back to the North and become business partner will provide some of the required money.

His plan is to have a garage with an integrated spares shop, which would be managed by his wife and a mini shop with refreshments for the customers. On the same plot, he also wants to build a 2-bedroom house with a kitchen where he could stay during the week. Tate Tomas will have to employ more workers but he is very confident that the new garage will be a great success. Therefore, he also plans to take another small ELO loan of at least N\$ 20 000.

Since the income from a garage business can vary quite significantly from month to month, Tate Tomas would like to keep his current plot of land and construct some rental rooms once the new garage will be opened. This would ensure a constant flow of income and provide an important new source of revenue. The main constraint he faces for realizing this plan is the intension of the municipality to construct a road through part of his plot. So far, nobody could tell him how much land will be taken and whether

he will receive any indemnity. Tate Tomas already filed a complaint against uncompensated expropriation and seems determined to fight for his rights.

Tate Tomas' long-term vision is to ensure a good education for his sons so that they can qualify for a professional mechanics course and take over his business when he will retire.



Story 5

Meme Maria - selling food in Omungwelume

Meme Maria does not appear like an elderly lady. In fact, one would not guess her age of 62, because she is still restless, full of energy and future plans. Her husband, Malakia, has always been a migrant worker in the South and received a regular salary. When he came home, he used to buy food for the family, but his income was often insufficient to cover all of the family's expenses – especially when school fees became an important part of the household budget.

In 1996, Meme Maria decided to put up her own income-generating activity and began selling traditional fat cakes at the junior secondary school in Omungwelume. With this income she has been able to support her children and to contribute significantly to the household income.

Meme Maria joined Omungwelume's ELO in 2004. She appreciates the transparency of the ELO products and activities and is particularly grateful about the training and advice offered before and during participation. This, she says, has changed her approach towards business, and incited her to develop new product ideas and future strategies to secure her business. With her two ELO loans in 2004 and 2005, she has been able to expand her business by adding small breads, cooked pieces of chicken and recently also some baked fish.

Meme Maria's husband will finally return to Oshali in 2006, when he turns 70. They are thinking about opening a small *cuca* shop in town.

Meme Maria's story

Maria Shilungo was born in 1943 in Onguma, a small village in the Oshikoto region. She grew up with her parents, two brothers and five sisters. Her father was a farmer and took care of their field of mahangu and the cattle. Sometimes the family had to buy some maize flour, but she remembers that there was always enough to eat.

At the age of nine, Meme Maria moved to her uncle's homestead in Ondjengo (a small village in the Ohangwena region), while her family stayed in Onguma. Since the school was very far from the homestead, she could only enter school when she was 11 years old. She enjoyed the six years at school very much, but the lessons were hard to understand because the language of instruction at the time of Apartheid was Afrikaans and later English.

In 1963, she found a job as a sales assistant in a small shop near her uncle's home. Two years later, she got married and moved to her husband's homestead in Oshali, a small village near Omungwelume in the Ohangwena region. They inherited the homestead after the death of his father during the same year. Her husband, Malakia, has always been a migrant worker, staying in Tsumeb (a town near the Etosha National Park) for most of the year. After some years at a copper mine, he has been working for a supermarket since 1972. At the time of their marriage and for the following

decade, Malakia only came home every 12 or 18 months. During that time, Meme Maria stayed at home with their eight children and looked after the household and cultivated the field.

She recalls that the armed struggle between PLAN and South African forces, which destabilized the Northern regions during the 1980s, was the most difficult condition to cope with during that time. Robberies and thefts by soldiers were almost commonplace. In contrast to many neighbours, Meme Maria's family was lucky as none of the cattle, which her husband had inherited from his uncle, was stolen or killed.

Even though Malakia had a secure and regular income, it was not sufficient for the family. In 1996, Meme Maria finally decided to put up her own little business in order to finance the ever-increasing costs of living (especially school fees were becoming a growing strain for the household budget). In the beginning, she sold her homemade fat cakes in front of the junior secondary school in Omungwelume. At that time, she was the first trader there and could easily sell all her cakes within a few hours. Later, however, more and more women, especially young ladies, opened the same business. As more pupils began switching to the other traders, she moved her business to a small "shopping centre" near the main road in September 2004.

Meme Maria's family today

Today, Meme Maria still lives with one of her daughters (born in 1972) and two grandchildren (born in 1995 and 2004) in

the same traditional homestead in Oshali that her husband had inherited from his father. The homestead consists of 11 rooms, one stone house and one zinc house. Two of the rooms are used for the storage of mahangu and other products. During years with plenty of rain, the mahangu from their field can last longer than one year. They also intercrop some sorghum, beans and manua. The family owns 16 cows, 20 goats and 15 chickens.

Like most other households in Oshali, there is neither water nor electricity at the homestead, so that Meme Maria and her daughter have to fetch water and wood every day. They have applied for a water connection in the beginning of 2005, but it might take until the end of 2006 until they will have their own taps.

Tate Malakia is still working in Tsumeb and contributes to the family budget. Nowadays, with better salaries and transport facilities, he comes home more often. In 2006, when he turns 70, he will finally return to Oshali forever. So far, three of their five sons have found a secure and salaried job: two of them work as policemen and one is at the army. One son is attending University in Windhoek and one is driving a school bus in Ongwediva, while waiting to get a place at a college. The oldest daughter just got married and is now staying at her husband's house. The youngest daughter (born in 1979) is currently staying in a hostel in Ondangwa, attending a course in cooking so that she can later work for a hospital or in school kitchens.

Assets	Initial investment	Economic life	Depreciation
Cattle	37 375		
Savings from banks	N/A		
Total	37 3750		0

Average costs per month		Average incomes per month	
Food	100	Meme Maria (pension)	300
School expenses	10	Husband (pension)	300
Clothes and shoes	83	Husband (supermarket) ²	1 050
Health care	80	Daughter at home ³	60
Shepherd (cattle)	100		
Water for the cattle ¹	52		
Hostel fee	35		
Banking fees	5		
Total costs / month	465	Total incomes / month	1 710
Total costs / year	5 580	Total incomes / year	20 520

¹She has to pay N\$ 2 for each cow and N\$ 1 for each goat

²Only a limited part of this income is available for the family budget (unspecified by meme Maria)

³Selling self-weaved baskets and homemade marula oil

Meme Maria's business

Meme Maria has to get up very early in the morning, usually between two and four o'clock in order to prepare all the different types of food for the day – boiling the fat cakes, baking the small breads, sometimes killing a chicken and preparing and cooking its meat and since recently also baking some fish. Between six and eight o'clock she goes to fetch water with her daughter. Each way takes about 30 minutes.

During the week (usually with one or two days off), between eight o'clock in the morning and five o'clock in the evening, one can find Meme Maria next to three or four other women all sitting on chairs in front of a small local "shopping centre" next to the main road. In front of her, there are baskets of fat cakes, small breads, sometimes cooked chicken (taken from her own homestead or bought from neighbours) and baked fish (bought at a local shop). On Sundays, she is selling in front of the church. Her customers are mainly people from the region and school children on their way home from the primary school nearby. The income from her business is not always regular. Sundays and pension payout days (once a month) are the best days for trading. Like for many small traders in Omungwelume, school holidays also tend to affect her demand negatively.

Average costs per month		Average incomes per month	
Products*	1 475	Selling food	2 435
Transport	30		
Total costs / month	1 505	Total incomes / month	2 435
Total costs / year	18 060	Total incomes / year	29 220
Gross margin			11 160
Interests on micro loans			- 195
Net margin			10 965
Profitability (net margin/ total incomes)			38%

*Assumption: she buys 3 chicken per month for N\$ 25 each; 3 boxes of fish per month for N\$ 53 each; ingredients for fat cakes and small breads for N\$ 1241 per month

Meme Maria's history with Koshi Yomuti ELO and banks

Loan history

Meme Maria got her first micro loan of N\$ 1 000 in 2000, from an organisation which appeared in the village for about one year and then disappeared again. At the time, the loan helped her to finance the police training for one of her sons. She cannot remember the name of the organisation anymore, but she recalls that it did offer the possibility for savings.

In 2004, Meme Maria joined Omungwelume's ELO. She participated attentively in the training sessions and took the opportunity to ask the loan officer for advice about her business. Since then, Meme Maria has changed her approach towards business and pursues it in a more professional way. She enjoys making more precise calculations and developing new product ideas and future strategies to secure her business.

With her first ELO loan of N\$ 500 in 2004, she was able to expand her business by adding small breads and cooked

pieces of chicken to her offer. This enabled her to increase her income and to repay the loan without any problems within 23 weeks.

Her second loan of N\$ 1 000, which she was still repaying at the time of study, served for different purposes. One part was used for paying the cooking course fees for her daughter and for buying some items for the household. With the rest, she financed working capital and diversified her activity further by adding baked fish at a time when it became increasingly difficult to find well-nourished chicken.

By diversifying and expanding her activities, she finds it not too difficult to repay the loans and even manages to save more money for her family at the same time.

Date	Maturity date	Amount	Purpose	Source	Repayment	Interest paid
2000	N/A	1 000	Finance the police training sessions for her son	N/A	N/A	N/A
04/11/2004	14/04/2005 (23 weeks)	500	Expand her business	KYE	N\$ 25 weekly instalments	75
21/04/2005	29/09/2005 (23 weeks)	1 000	Expand her business, pay the cooking course fees for her daughter	KYE	N\$ 50 weekly instalments	150
06/10/2005	06/04/2006 (23 weeks)	1 500	N/A	KYE	N\$ 250 monthly instalments	225

Saving history and use of bank account

Meme Maria started saving immediately when she became an ELO member in 2004. During the first cycle she saved N\$ 14 per week. She used one part of the saved amount to finance a new hay roof for one of the rooms. The remaining N\$ 130 had to be used for an emergency treatment of her goats, which suddenly became infected with a new virus she had never seen before. That incident caused the loss of many of her goats.

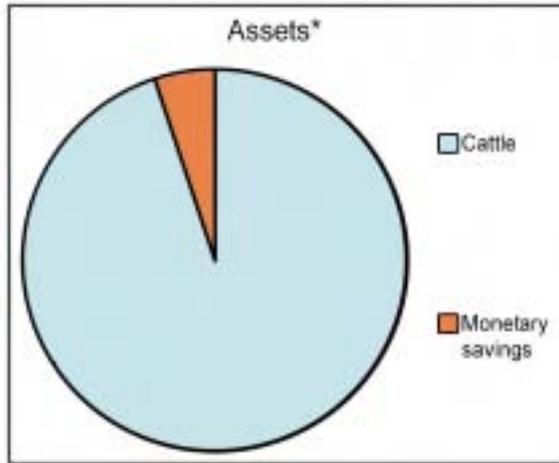
The second saving cycle began in June 2005 and will end in October with weekly deposits of N\$ 26. Meme Maria hopes that she will be able to use the saved amount more carefully, provided that no new emergency will appear.

Since 1985, Meme Maria also has a bank account with Standard Bank. However, it is not used for long-term savings or as insurance. It mainly serves as a secure way for her children to send her money in times of need. Meme Maria only withdraws that about once a month when she goes to Oshakati. Like many elderly people in Namibia, she finds it complicated to use ATM machines with the bankcard and prefers written withdrawal orders at the teller counters.

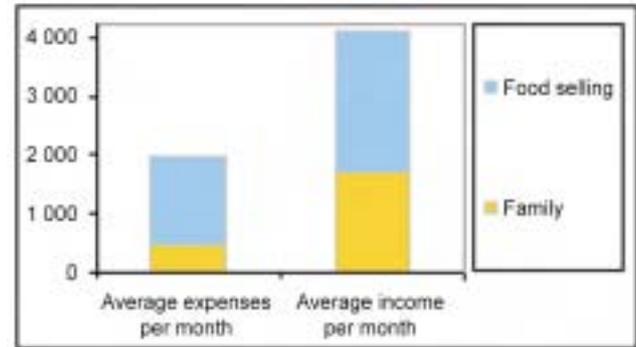
Meme Maria's husband manages his own account in Tsumeb.

Product	Period	Reason/ use	Source	Payments	End sum
23 weeks	2004	New hay roof, veterinary treatments	KYE	14 / week	329
23 weeks	27/01/05 07/07/05	N/A	KYE	23 / week	541
23 weeks	07/07/05 15/12/05	N/A	KYE	26 / week	611
Bank account	2000 - 2006	Transfer of money from the children	SB	N/A	N/A

Global analysis



* Monetary savings are probably under-estimated as figure for bank savings is not available



Meme Maria's micro business profitability is good, even though this type of food selling activity generates low incomes. Its main purpose is to complete other household members' incomes.

Meme Maria belongs to the category of micro entrepreneurs whose business constraints are limited due to low household burdens and external regular incomes (husband's salary and pensions). Nevertheless, no significant initial investment was possible at the time she started with her business, which prevent her from leading a more important cash-flow generating activity. Capitalization remains slow and traditional, mainly through livestock, and is of use for unexpected household expenses.

Currently, her risk exposure is low thanks to low family and business constraints. However, even though pension payments have increased the economic security of the household, with the coming retirement of her husband, she will have to think about creating a new activity to get a safer and more regular income.

Average costs per month		Average incomes per month	
Family	465	Family	1 710
Selling food	1 505	Selling food	2 435
		Interest on savings	1.7
Total costs / month	1 970	Total incomes / month	4 145
Total costs / year	23 640	Total incomes / year	49 760
Gross margin		26 120	
Annual depreciation of the assets		0	
Interests on micro loans		- 270	
Net margin		25 850	
Profitability (net margin/ total incomes)		52%	
Repayment or investment capacity = Net saving potential		25 850	

Meme Maria's future plans

At the age of 62, Meme Maria still appears to be full of energy and is planning for the future. She would like to expand her business further by opening a cuca shop together with her husband in 2006. Even though her husband will turn 70 during that year, they both know that it would be impossible to rely only on their children and the state pension. The main constraint is to find and finance a small plot of land in Omungwelumbe. It is usually easier for young or wealthy people to be allocated new plots by the headman.



Story 6

Tate George - manager of a combined barbershop and hairdressing salon in Eenhana and a clothes shop in a remote village on the way to Okongo

Tate George is a very clever and experienced businessman pursuing several different activities at once. Before taking over the barbershop of a friend Tate George has worked on several short-term contracts for different construction companies in southern and northern Namibia.

He lives with his little family in a modern house in Eenhana – the capital of the Ohangwena region. His wife works as an HIV/AIDS-adviser at the local clinic.

Tate George runs two main businesses (one combined barbershop and hairdresser salon and a clothes shop) and employs four workers. Three months after he had founded an ELO in Eenhana, he received a small loan of N\$ 12 500, which enabled him to set up the hairdresser salon and to buy some professional hair products and equipment.

Even though one might guess that Tate George is a completely modern man, he is in fact very attached to the Ovambo culture and traditions. At the moment of study, he

kept a large herd of cattle and was constructing a traditional homestead for his family.

Tate George' story

Born in 1968, Tate George grew up with three brothers and two sisters in Okanghudi, a small village in the Ohangwena region. His father worked in a mine in Oranjemund. As a child, Tate George spent most of his time with his brothers and other people from the village at the family's cattle post. The way of life there was very special, and Tate George encountered some difficulties adapting to the requirements at school when he entered at the age of 13. It was difficult to follow the lessons because of language problems (the language of instruction was English). In addition, Tate George often had to interrupt school years in order to help out at the cattle post.

When his father died during the liberation struggle in 1987, Tate George' mother was chased out of their homestead and had to resettle in a new village with her four children (two brothers had also died during the struggle). While his brother fled to Angola to fight for independence Tate George left school (after having passed four grades) and moved to the South in order to look for work. At first, he worked on contract labour at different construction sites. Later, he resold second hand clothes at open markets in Windhoek.

In 1989, after the struggle for independence, Tate George followed his brother who had returned to northern Namibia. They settled down in Okavango at a relative's house, and Tate George set up a butchery business (selling cooked

meat) at the town's open market. After the first free elections in 1990, his brother went to Cuba to pursue further studies. Since his return in 1993 he has been working for the Ministry of Agriculture. Tate George spent the following years working at different construction sites in the North.

In 1997, Tate George moved back to his mother's homestead in Etomba. One year later, he moved to Eenhana, the capital of the Ohangwena region which acquired town status only a few years ago. There he found work at the construction site of the new town council office. Afterwards, he set up a new business by hiring three employees. They went to remote villages in the Ohangwena region and showed people living in traditional homesteads how to build modern houses.

A few years later, in 2000, Tate George moved to a friend who taught him how to cut beards and hair professionally at his barbershop in central Eenhana. After a serious illness however, the friend suddenly passed away in 2001 and Tate George took over the shop. Little by little, he enlarged the business. So far, he has recruited four employees: three for the barbershop and one for the newly opened hairdresser's salon (in the same room).

In 2003, he diversified his activities and opened a clothes shop in Okalongo, a village rather far away from Eenhana. He supplied the shop with new stock from Chinese shops once a month (by taxi) and hired one lady to run the business. Even though the expenses for transport were quite considerable and control was difficult to exert, Okalongo was much more favourable to business than Eenhana, which is already full of shops and where the costs of doing business are comparatively high.

In September 2005, Tate George moved the shop to another village on the way to Okongo – a booming town in which he is planning to open another business some day. That village is extremely remote, without water and electricity. However, since there are not many shops there yet, Tate George recons that he can make good profits there (because people prefer to save the money for transport to town whenever possible).

When Tate George heard about the Koshi Yomuti Microfinance project he decided to found an ELO in Eenhana. The micro loans were not appealing for him and he only saved for the first few months. At the moment of study he had just received his first small loan of N\$ 12 500, which has enabled him to extend his business by opening a hairdressing salon and selling hair care products.

Tate George' family today

At the moment of study, Tate George lives in a house, which belongs to the children of one of his younger brothers who recently passed away. Besides his wife, there are six more people who stay with him: his two employees from the barbershop and their one-year old-daughter and five foster children. Tate George also has two second wives who live elsewhere. He supports them in times of need and pays school fees for one of his daughters.

Tate George also keeps about 20 cows, numerous goats and some chickens at the family's cattle post. He also owns a piece of land and a field in the village part of Eenhana, where he was planning to move soon.

With his regular income from the Ministry of Agriculture Tate George' brother remains the most important supporter for the family.

Assets	Initial investment	Economic life	Depreciation
Furniture	N/A	N/A	N/A
Cattle	50 000		
Savings from banks	N/A		
Total	50 000		0

Average costs per month		Average incomes per month	
Food	300	Wife's salary (hospital)	1 300
Cell phone	90		
School fees	6		
School uniforms	9		
School materials	2		
Health care	3		
Cattle post	200		
Bank fees	5		
Total costs / month	615	Total incomes / month	1 300
Total costs / year	7 380	Total incomes / year	15 600

Tate George' business

Tate George runs two main businesses: one combined **barbershop and hairdresser** salon in Eenhana and one **clothes shop** in a remote village near Okongo. Today, he hires four employees: two for the barbershop, one for the hair salon and one for the clothes shop.

Tate George benefits from price discounts since he buys stock in sufficiently large quantities in specialized beauty shops in Oshakati and China shops in Oshikango.

The busiest time for the barbershop and hair salon is December when people prepare for the end-of-year festivals. Then, Tate George' income can easily double. During the rest of the year the monthly turnover follows the same patterns as other businesses. It tends to increase towards the end of the month when salaries are paid. The same rule applies for the clothes shop.

Assets	Initial investment	Economic life	Depreciation
Buildings	7 000	20	350
Materials	2 000	10	200
Stock of the past Chinese shop (clothes and shoes)	19 000		
Total	28 000		550

Average costs per month		Average incomes per month	
Wages	1 750	Barbershop and hairdresser salon	5 210
Hair products	1 610	Clothes shop	3 500
Products for the shop	2 000		
Rent	700		
Water	300		
Gas	180		
Electricity	150		
Transport	200		
Total costs / month	6 890	Total incomes/ month	8 710
Total costs / year	82 680	Total incomes / year	104 520
Gross margin			21 840
Annual depreciation of the assets			- 550
Interest on small loan			- 725
Net margin			20 565
Profitability (net margin/ total incomes)			20%

Tate George' loan history with Koshi Yomuti ELO and use of bank account

Loan history

Tate George heard about Koshi Yomuti ELO in May 2005 from his cousin who had seen a meeting in a nearby village.

Tate George met the chief loan officer soon afterwards and convinced her of the necessity to provide financial services in the town part of Eenhana (there was already one ELO in the village part of Eenhana). He easily found three traders on the open market who were willing to join and to spread the word. In June, after prior training and admission tests, 20 people founded an ELO with four cells. Tate George was elected as president.

Since the micro loan amounts (N\$ 100 – 3 500) were too insignificant for his business activities Tate George was accepted for a small loan of N\$ 12 500 in September 2005. At the time of the interview, he had used N\$ 4 000 to buy hair products (at quantity discount prices) and professional hairdryers, some doormats for the shop (for N\$ 400), two hair clippers (for \$ 500 each), some cement for the foundation (N\$ 420) and some locks for the door and windows (N\$ 156) of the new shop. He immediately hired some people who built the new shop for him (the zinc plates were bought long before). The remaining cash was deposited at the bank account to serve as insurance in case of repayment difficulties. The initially agreed repayment period was 18 months. However, Tate George recons that he would be able to repay even before the end of the year.

Date	Maturity date	Amount	Purpose	Source	Repayment	Interest paid
26/08/2005	04/12/2006 (18 months)	12 500	Purchase of products and material, buildings constructions	KYE	N\$ 936 monthly instalments	4341

Saving history and use of bank account

Tate George has no long-term savings. However, he did start saving in the ELO with weekly deposits of N\$ 100 for 23 weeks. The savings will be used for “generating more profit”.

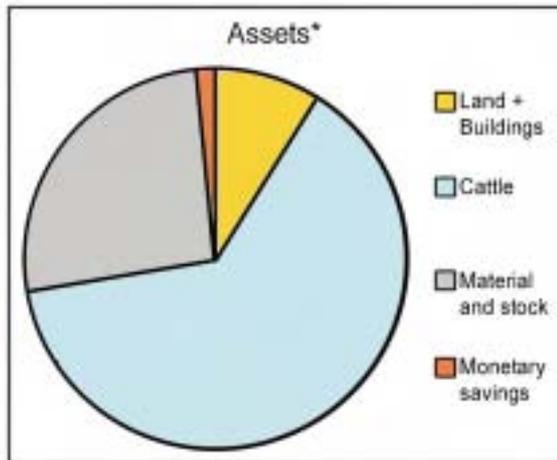
For cash management, Tate George opened an account at Bank Windhoek last year. Like the NamPost account he used before, it serves both private and business purposes. He is

also planning to open a pure business account for saving the profits of the hairdresser salon. This money will be used for repaying the small loan and for emergency expenditures.

His cattle are also an important part of savings in kind and serve as insurance. Tate George will certainly try to increase the size of his herd.

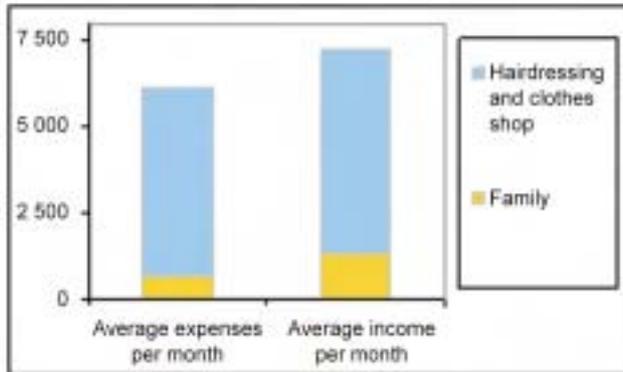
Product	Period	Reason/ use	Source	Payments	End sum
23 weeks cycle	17/06/2005 - 25/11/2005	Generating more profit	KYE	100 / week	2 350
Bank account	2004 - 2006	Emergency expenditures and loan repayments	BW	N/A	N/A

Global analysis



*Monetary savings are probably under-estimated as figure for bank savings is not available

Average costs per month		Average incomes per month	
Family	615	Family	1 300
Business	6 890	Business	8 710
		Interest on savings	2.5
Total costs / month	7 505	Total incomes /month	10 013
Total costs / year	90 060	Total incomes / year	120 150
Gross margin			30 090
Annual depreciation of the assets			- 550
Interest on small loan			- 725
Net margin			28 815
Profitability (net margin/ total incomes)			24%
Repayment or investment capacity = Net saving potential			28 815



For the moment, Tate George' business profitability is low since he recently invested in a new hairdressing activity. Usually, this type of high cash flow generating activity brings a good profit, and Tate George might get a better one once his initial investment has been absorbed.

Capitalization remains traditional until now, but should become more varied through near-term business investments.

Tate George is a skilled and innovative micro entrepreneur who managed to take advantage from his friend's given-up activity. For now, even though household load is low, his business is depending on another family members' income. But **once his hairdressing activity will become more profitable, there is a good chance for him to succeed in realizing his future plans in order to diversify and extend his business, decreasing his risk exposure at the same time.**

Tate George' future plans

Tate George plans to open a shop in Okongo where land is significantly cheaper than in Eenhana. If he had enough money, he would buy a car to facilitate transport and delivery to the various locations of his shops. For the moment, however, this remains a dream.

If possible, he would try to open some "Chinese shops" in remote villages or a combined restaurant and mini market in Okongo. Tate George thinks that Okongo will experience a significant growth over the next years, and he does not want to miss the opportunity to gain from this development.

Likewise, he would like to have his own shop in Eenhana. The risk of renting the barbershop building is high because the owner could favour someone else at any time or even use it for his own purposes (the second part of the building is already used as a bottle shop by the owner).

With all of these plans in his mind, Tate George thinks that he might well take another small loan after having repaid the current one. His biggest constraint in realizing his business dreams is not financing anymore. What Tate George now needs is a serious business partner or assistant, a car and savings. At least for the last point, he knows that he can rely on Koshi Yomuti ELO.

With his family Tate George intends to move to a traditional homestead in the village part of Eenhana soon. At the moment of study, this homestead was in the process of being constructed. There is no water at that homestead, but

Tate George was planning to get some pipes in the near future. He also plans to install some solar panels (which will cost him approximately N\$ 150 per month over five years).



Story 7

Meme Rauna - cosmetics trading agent in the Ohangwena region and small trade of fat cakes, baked fish and mahangu in Ongali

Meme Rauna is a disciplined and committed business woman with many different activities and strategies. She was born in 1966 and grew up in the Oshana region. Meme Rauna attended school for 12 years. While her husband has always been working in a mine in Oranjemund, Meme Rauna has pursued different activities: she spent ten years giving literacy courses to old people in Ohaingu, the small village of their homestead. At the same time, she managed a small cuca shop next to her homestead with the help of her sister. Furthermore, Meme Rauna learned driving and began exchanging frozen fish for mahangu (which she sells in her cuca shop and elsewhere) as well as selling cosmetics and perfumes for a South African beauty products chain in and around Ohaingu. Since 2003, she is also offering fat cakes and baked fish at a nearby school and clinic.

When Meme Rauna heard about the Koshi Yomuti project she set up an ELO in her village. The small loans have helped her to extend and facilitate her business activities.

She has a very well thoughtful approach to loans and only takes as little as necessary for her purposes. Meme Rauna's greatest concern is the future of her 12 foster children. She will continue to work hard for the financing of their education.

Meme Rauna's story

Meme Rauna was born in 1966 in Onanadi, an extended village in the Oshana region. She grew up at her parents homestead with two sisters, three brothers and two nephews. In addition, the family owned a big herd of cattle.

The father worked at a fish factory in the South. When he came back home, he usually brought some fish, which was then exchanged against other food for the family. Together with the mahangu and vegetable harvest from their field the family could easily cover its food consumption during the year.

At the age of eight, Meme Rauna started school. She passed grade 10 and 11 by distance learning (NamCol) but failed to pass the grade 12 examinations in 1992, shortly after she got married to Tate Kondjeni. She moved to her husband's homestead (with five people and seven rooms) in a remote part of Ongali, a small village in the Ohangwena region. At the end of the same year, Kondjeni inherited the plot. He has been working in a mine in Oranjemund (at the border to South Africa) since 1979, and during the 1990s, he only came home twice a year.

Meme Rauna stayed at home and cultivated the field with the children from the homestead. In 1993, she quickly responded to an announcement at the local church and started giving literacy courses to old people in the village (under a tree) until 2003. In the beginning, she worked three days a week and earned a meagre income of N\$ 292. It was difficult to manage both the household and the profession, especially after 1998, when she was teaching on four days a week, and the meeting place was about 20 km away. However, in the end, she received N\$ 720, which was a great relief for the household budget. While Meme Rauna was away, her younger sister took care of the children and managed the small cuca shop, which Kondjeni had built next to their homestead in 1996.

Meme Rauna used her spare time in order to learn driving with her husband. In 2003, she passed the driving test (as the only woman taking it) and began to extend her trade activities beyond the cuca shop. She started buying frozen fish in Ohangwena and exchanging it against mahangu in the cuca shops of a small village near Okongo (where the family's cattle post is situated). Since the region around Okongo is much more fertile than Ohangwena, the mahangu can be resold with good profit at home.

At the moment of study Meme Rauna was attending an HIV/AIDS – training course offered by a Catholic NGO (Catholic AIDS Action). The 7-days-training sessions take place once a month in Windhoek. After the course, Meme Rauna will voluntarily educate people in the villages about HIV/AIDS.

Meme Rauna's family today

Meme Rauna and her husband are responsible for a household with 17 people. Eight of them stay permanently in Ongali: Meme Rauna's sister who helps out with the business and the household, two adopted children and two stepchildren attending primary schools nearby. One nephew and one niece are too small to go to school yet and stay at home. Furthermore, there is one cousin (aged 20) who helps out with the household and the field (at the moment of study, he was building a new roof).

Two stepchildren are retaking failed exams of grade 12 and stay in a friend's homestead near Ongwediva during the week. One stepdaughter attends a secondary school in the South, where she stays in a hostel. Three children from her older sister go to a boarding school in Otawi.

In the homestead there are 13 rooms and two modern houses, one of them with electricity, telephone and TV. The family owns a herd of cattle (15 cows) which stay at a fenced cattle post in Oshalumbo, a small village near Okongo, where one nephew and two other men take care of it. They also have about 50 chickens (which are sold very well in the region), two donkeys (for ploughing the field), three pigs and 30 goats. While cattle constitute an important form of insurance, goats and pigs are mainly used as savings in kind. They are sold when there is an urgent need of money (for example to pay for school fees) or slaughtered for family festivities.

Tate Kondjeni alternates two months of working in Oranjemund and one month of holidays at home, where he helps Meme Rauna with the development of the homestead and the business.

Assets	Initial investment	Economic life	Depreciation
Building	35 000	20	1 750
Cattle	39 950		
Car	25 000	0	0
Furniture	15 000	10	1 500
Savings from banks	N/A		
Total	114 950		3 250

Average costs per month		Average incomes per month	
Water	75	Husband (mine work) ²	1 000
Food	400		
Electricity	350		
Fixed telephone	300		
Cell phone	100		
TV	20		
Clothes	200		
School fees	195		
School uniforms	45		
School materials	20		
Health care ¹	135		
Transport	140		
Farm workers	700		
Veterinary services	150		
Ceremonies	20		
Total costs / month	2 850	Total incomes / month	1 000
Total costs per year	34 200	Total incomes per year	12 000

¹This figure is comparatively high because Meme Rauna has to take a medicine against high blood pressure, which is very expensive. In addition, she recons that at least one of her children falls sick every month.

²The exact amount was not known. This is an estimate for what is available for the household. The rest is used to cover the (unknown) daily expenditures and transport of the husband

Meme Rauna's business

On a normal weekday, Meme Rauna gets up at four o'clock in the morning. She prepares fat cakes, baked fish and the breakfast for the family until seven o'clock. Then, she walks to the school and the clinic in the nearby village of Ohaingu with a big basket of fat cakes and baked fish on her head. She usually finishes selling all the food by 11 o'clock. During school holidays, it might take until the afternoon because there are fewer clients at the clinic than at the school. On pension days, Meme Rauna drives to the pension distribution points by car and prepares some extra fish and fat cakes right there (using wood for the fire).

For this activity, demand fluctuates more. The best time and place is from Monday to Thursday at the local school (during break). The rest is sold at the clinic. From Monday to Friday, the amount of fat cakes Meme Rauna can sell drops from 100 to 60 (because children often get some pocket money at the weekend which they tend to spend immediately). The best months for the sale of fat cakes and baked fish are January to March, when many children get some extra rewards for their work on the fields. Then, Meme Rauna can sell up to 140 fat cakes on Mondays. School holidays, by contrast, are times of very low demand.

The pension day once a month is also significant. At the distribution points, Meme Rauna can easily sell more than 200 fat cakes and 300 baked or frozen fishes. In addition, her sister sells the usual basket at the school and clinic for her.

Her second business activity is the **sale of cosmetic products** and vitamin pills in the Ohangwena and Oshana regions. Meme Rauna orders the products once a month from a South African cosmetics chain. The delivery is free of charge because she always buys products for slightly more than N\$ 1 000. Her clients are mainly people with a regular income (teachers, nurses, shop assistants). Some of them order by telephone.

It is her most regular activity. The demand for these products increases slightly in December but remains fairly stable during the rest of the year.

Until very recently, Meme Rauna used to run a *cuca* shop next to her homestead from Monday to Sunday. At the moment of study, however, the building had just been removed (due to a hole in the roof), and the products are now sold from inside one of the homestead's houses. Clients from the village come from Monday to Sunday.

Meme Rauna's third activity is the exchange of frozen fish for mahangu or sorghum. If her husband is at home, Meme Rauna goes to Okongo up to three times a month. When she is alone, she can only manage to go there once a month.

Meme Rauna is very good at analysing the profitability of her products. For example, she stopped selling bread after she found out that her children were eating most of it. Neither

does she sell cold drinks anymore because she cannot resist drinking some of them herself. At the moment of study, the offer comprised some cosmetics, sweets, baked or frozen fish, fat cakes, candles, matches and mahangu. The mahangu is obtained by means of traditional barter trade. In fact, Meme Rauna buys frozen fish in Ohangwena, drives to a small village near Okongo and exchanges the fish for mahangu in the *cuca* shops of that village. The mahangu can be resold at a very good profit around Ohaingu and Ongali where the soil is much less fertile and the demand for mahangu is high.

Average costs per month		Average incomes per month	
Ingredients for cooking	1 045	Sale of chicken from her homestead	360
Cost of fish for mahangu and sorghum exchange	1 000	Sale of fish and fat cakes	1 850
Stock for the <i>cuca</i> shop	690	Sale of mahangu and sorghum	1 800
Cosmetics	1 000	<i>Cuca</i> shop	1 200
Car license	15	Sale of cosmetics	1 300
Petrol	350		
Total costs / month	4 100	Total incomes / month	6 510
Total costs / year	49 200	Total incomes / year	78 120
Gross margin			28 320
Interests on micro loans			- 105
Net margin			28 215
Profitability (net margin/ total incomes)			36%

Meme Rauna's loan history with Koshi Yomuti ELO and use of bank account

Loan history

Meme Rauna was a founder member of the ELO in Ongali. She brought up the idea of founding an ELO in June 2003 after she had heard about the project in neighbouring Ohaingu. Meme Rauna was elected as a board member and she is also taking the notes at the weekly meetings.

With her first loan of N\$ 500 and some savings she bought sorghum and mahangu near Okongo and resold it at the pension distribution points. In fact, it was the first time to purchase the grains more conveniently with money. Before, she always stayed in the region for at least three days in order to exchange all the fish. With the resulting profit, Meme

Rauna could easily repay the loan and improve the situation of her family.

The following loans of N\$ 1000, 1500 were also used for the purchase or exchange of mahangu and sorghum and repaid within 23 weeks. Since her profits were more than sufficient to cover all the family's needs and she had no plans to further expand her business, Meme Rauna's fourth loan only amounted to N\$ 300, which was used to buy petrol. The fifth loan of N\$ 500 was used for ingredients of fat cakes and baked fish.

All loans except the first one were repaid in monthly instalments.

Date	Maturity date	Amount	Purpose	Source	Repayment	Interest paid
20/06/2003	28/11/2003 (23 weeks)	500	Purchase of sorghum and mahangu	KYE	N\$ 25 weekly instalments	75
05/12/2003	04/06/2004 (23 weeks)	1 000	Purchase of sorghum and mahangu	KYE	N\$ 50 weekly instalments	150
14/05/2004	11/05/2004 (23 weeks)	1 500	Purchase of sorghum and mahangu	KYE	N\$ 75 weekly instalments	225
12/11/2004	06/05/2005 (23 weeks)	300	Purchase of petrol	KYE	N\$ 15 weekly instalments	45
20/05/2005	04/11/2005 (23 weeks)	500	Purchase of ingredients for cooking	KYE	N\$ 25 weekly instalments	75

Saving history and use of bank account

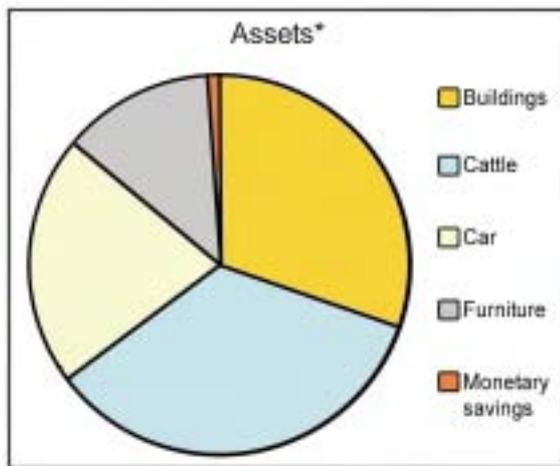
Meme Rauna has a savings account with First National Bank since 1993. She is using it regularly for receiving, depositing and withdrawing money. Like most people in Namibia she is using referenced deposits for transferring money onto other accounts.

Meme Rauna only started saving in the ELO in 2004 after testing if Koshi Yomuti ELO would hold up its activities. So far, she has completed four saving cycles of 23 weeks with weekly deposits between N\$ 30 and N\$ 40. She usually uses the saved amounts for household expenditures.

Meme Rauna has no form of insurance.

Product	Period	Reason/ use	Source	Payments	End sum
23 weeks	2004	Household expenditures	KYE	N/A	N/A
23 weeks	2004	Household expenditures	KYE	N/A	N/A
23 weeks	04/03/2005 - 12/08/2005	Household expenditures	KYE	N\$ 30 per week	705
23 weeks cycle	12/08/2005 - 20/01/2006	Household expenditures	KYE	N\$ 40 per week	940
Bank account	1993 - 2006	Money transfers	FNB	N/A	N/A

Global analysis



*Monetary savings are under-estimated as figure for bank savings is not available

Average costs per month		Average incomes per month	
Family	2 850	Family	1 000
Business	4 100	Business	6 510
		Interest on savings	2.25
Total costs / month	6 950	Total incomes / month	7 510
Total costs / year	83 400	Total incomes / year	90 145
		Gross margin	6 745
		Annual depreciation of the assets	- 3 250
		Interests on micro loans	- 105
		Net margin	3 390
		Profitability (net margin/ total incomes)	4%
		Repayment or investment capacity = Net saving potential	3 390

Meme Rauna is a skilled businesswoman who has invested money from past savings to develop relevant trading activities with a good profitability. Combining several activities and being mobile enables her to secure her incomes throughout the year, thus dividing risks.

She experiences work constraints as she has to lead the household due to husband's absence: education of the children takes an important place in the budget, and the additional regular income of her husband seems to be more than necessary.

However, the household and business safety is now ensured through a long-term capitalization strategy (livestock, building, car and monetary savings), and she could provide collaterals for bigger loan amounts in case of business extension.

Meme Rauna's future plans

The priority at the moment of study was the construction of a new cuca shop in Ongali.

Meme Rauna would also like to buy more cattle for the family's herd.

Last but not least, Meme Rauna would like her children to complete a good education and find promising and well-paid jobs in the formal sector.



Story 8

Meme Martha - dressmaker and owner of a shebeen in Ongha

Meme Martha is one of the most skilled dressmakers in Ongha – a large village on the main road from Ondangwa to Oshikango. She is a very committed and well-organized businesswoman with a lot of experience in different fields.

In March 2004, Meme Martha joined Ongha's ELO. Due to her good reputation and connections in the region, she was also elected into the board. Meme Martha's first micro loan of N\$ 500 enabled her to buy materials for dressmaking and thus to extend her former activity of mending clothes for her neighbours. Despite the increasing competition from Chinese shops in Ongha, Meme Martha quickly became very successful, and her clients even come from Angola to buy or order her clothes. Since her business turned out to be a great success, Meme Martha had no difficulties to repay the loan.

She is also happy about the possibility to save in the ELO. The main purpose of Meme Martha's long-term savings is to finance the school and university fees of her children.

Meme Martha's story

Meme Martha was born in 1966 in Oshomukwiyu, a traditional village in the Ohalushu constituency. Her father was a subsistence farmer with a large herd of cattle (cows, horses, donkeys, pigs, goats) and a big field with mahangu, beans and maize, which could cover the family's annual consumption. Meme Martha had four brothers and sisters as well as 42 stepbrothers and stepsisters (from her father's eight different wives). All of them lived in the same homestead. Back then, it was not difficult to survive because the family's subsistence farming covered their nutritional needs and there were less monetary expenses. At the same time, barter trade was still very common.

Meme Martha's father as well as her four brothers and sisters passed away when she was still young. Afterwards, the wives separated, and she followed her mother to the nearby village of Oshekasheka. There, Meme Martha went to school for eight years but failed to pass grade 10.

In 1991, she moved to Ongha and worked in her uncle's shop for three years. From 1994 to 1999, Meme Martha gave weekend literacy courses to old people from the region in Oshekasheka and moved back to her mother's home again. During that time, she also took a six-month course in needlework and learned how to make and sew dresses, skirts, shirts and shorts. After the course, she bought her first sewing machine and began mending clothes at home and making clothes for the family.

At the age of 33, Meme Martha got married and moved to her husband's homestead in Ongha. There, she found work as a teacher in a nearby village again until 2001. In 1998, her husband built a cuca shop next to the main road to Angola. One year later, they bought a fridge and began selling beer, soft drinks and other products. In addition, Meme Martha began mending clothes for her neighbours at the weekends when she was not teaching.

Meme Martha's family today

In 2002, Meme Martha and her husband moved to their own homestead in Ongha. At the moment, the household counts 11 people. Ten of them stay at the homestead permanently. Meme Martha has five own children: two daughters and three sons. The oldest daughter is 14 years old and the youngest son is two. Furthermore, there are two stepchildren, one orphaned niece and one housekeeper.

Average costs per month		Average incomes per month	
Water	75	Husband (army)*	1 000*
Food	400		
Cell phone	20		
School fees	25		
Kindergarden fees	40		
Clothes and shoes	120		
Health care	50		
Housekeeper	200		
Construction of the new house	250		
Total costs / month	1 180	Total incomes / month	1 000
Total costs / year	14 160	Total incomes / year	12 000

**With his income, Meme Martha's husband also has to cover his own needs during the week. Thus, only part of his income has been taken into account for the household.*

The family owns two goats, and the annual harvest from their field usually covers their consumption of mahangu during the whole year. Meme Martha's husband works for the defence forces and only comes home three times a month.

Their homestead is situated behind the shop, where Meme Martha is working during the day. At the time of study, the family was building a modern house right next to the homestead into which they were planning to move when Ongha becomes a town in the near future. The official urbanisation plans for the village will also force them to give up their traditional homestead and the field. However, the government will pay certain compensation.

Assets	Initial investment	Economic life	Depreciation
Building	18 000	20	900
Cattle	10 500		
Savings from banks	N/A		
Total	28 500		900

Meme Martha's business

Today, Meme Martha is one of the few dressmakers in Ongha. With her first ELO loan in 2004, she began buying tissue from Oshakati and Windhoek and started making clothes – mainly dresses, child-carry-bags and school uniforms. In order to get the tissues from the capital, she gives money to one of her neighbours who works as a taxi

driver and goes to Windhoek regularly. For Oshakati, she takes a taxi. Some of her clients also bring along their own materials.

Meme Martha also built a small wooden stall next to the cuca shop to display her clothes. Like this, she does not only attract neighbours but also people travelling on the main road to and from Angola. She was surprised by the success of her business despite the strong competition from four inexpensive Chinese shops in Ongha. During her spare time, she has continued mending clothes for her clients. For the moment, however, her main constraint is not a lack of time for sewing but a shortage of money to buy more tissue in times of high demand.

Today, Meme Martha has three sewing machines: she bought the first one in December 1998, after successfully finishing her course in needlework. A second machine was given to her as a gift. The third one was bought in February 1999.

Not many detailed figures could be obtained due to the short time of the interview. The main trend, however, is the irregular turnover during the year. The best months to sell clothes in Ongha are January (when people have to buy new school uniforms), the wedding months of April and August and the end-of-the year season with Christmas in December. In November, for example, Meme Martha bought tissue for N\$ 900 with which she sold clothes worth N\$ 3 000 until the end of December.

During the rest of the year, the demand is lower and much more fluctuating. Sometimes, there are weeks or even a whole month when Meme Martha cannot sell any clothes. On average, she estimates to receive around N\$ 600 from sewing and N\$ 90 from mending clothes.

Assets	Initial investment	Economic life	Depreciation
Building	25 000	20	1 250
Material (2 sewing machines, 1 fridge)	9 000	10	900
Total	34 000		2 150

Average costs per month		Average incomes per month	
Tissues ¹	325	Selling clothes ²	870
Oil (sewing machines)	5	Mending clothes	90
Water (cuca shop)	75	Cuca shop sales	205
Electricity (cuca shop)	100		
Stock (cuca shop)	95		
Licence (cuca shop)	5		
Transport	20		
Total costs / month	625	Total incomes / month	1 165
Total costs / year	7 500	Total incomes / year	13 980
Gross margin			6 480
Annual depreciation of the assets			- 2 150
Interests on micro loans			- 275
Net margin			4 055
Profitability (net margin/ total incomes)			29%

¹Assumption: In November, December, April and August, she buys material for N\$ 450; in January for N\$ 600; during one month she

buys nothing; during the remaining 6 months she spends N\$ 300

²Assumption: In November, December, April and August, she receives for N\$ 1 500; in January for N\$ 800; during one month she sells nothing; during the remaining 6 months she receives N\$ 600

Meme Martha's history with Koshi Yomuti ELO and banks

Loan history

The two fridges in the cuca shop were bought on consumer credit. The first one, bought in December 1998, was paid in 20 monthly instalments. After it got broken in January 2004, a second one was bought in January 2005 and paid in 23 monthly instalments.

Meme Martha joined Ongha's ELO in March 2004. Since she knows her neighbourhood very well, she was also elected as member of the board.

Meme Martha received her first ELO loan of N\$ 500 in March 2004. Half of the loan was invested in materials for making

clothes and N\$ 100 were spent on a small stall for display next to the shop (which can be clearly seen from the main road). The rest was saved at the bank account for safety reasons and to repay the loan. Meme Martha repaid the loan without any problems within 50 weeks.

At the time of study, Meme Martha was repaying her second loan of N\$ 1 000, which she chose to repay with weekly instalments within 30 weeks. She used the loan in order to finance working capital and savings in the ELO.

Meme Martha is very happy about the possibility to receive loans and deposit savings in the ELO. She does not consider the interest payments as a great burden. However, she would prefer shorter repayment periods (at the moment of study, the minimum repayment period is 23 weeks). Otherwise, she would like to have the opportunity to receive an "emergency loan" in times of high demand. At the moment of study, the clients are obliged to fully repay their loan before receiving the next one.

Date	Maturity date	Amount	Purpose	Source	Repayment	Interest paid
10/2000	2002 (20 months)	N/A	Purchase of a fridge	Consumer credit	N/A	N/A
12/2004	12/2006 (24 months)	7 000	Purchase of a fridge	Consumer credit	N\$ 350 monthly instalments	1 400
03/09/2004	22/09/2005 (50 weeks)	500	Purchase of material for selling clothes	KYE	N\$ 12.5 weekly instalments	125
01/03/2005	25/11/2005 (30 weeks)	1 000	Finance working capital, saving	KYE	N\$ 40 weekly instalments	200
05/10/2005	11/07/2006 (18 months)	9 500	Investment	KYE	On average N\$ 1 423 monthly instalments	1 886

Saving history and use of bank accounts

Meme Martha has one bank account at Standard Bank since March 2005, where she and her husband deposit N\$ 50 per month in order to save for their youngest daughter until she turns 18. She will need the money for university fees or to open her own business.

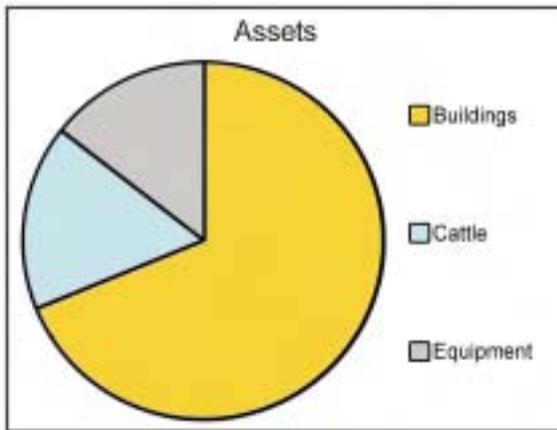
Meme Martha’s husband also has an account at First National Bank for his salary. She can use that account

in order to save some of her own income. That account automatically includes funeral insurance if the client saves at least N\$ 50.

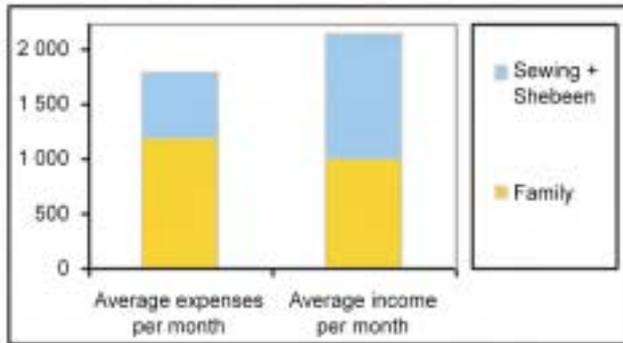
In addition, Meme Martha saves some money at home and some in the ELO. At the time of study, she was saving N\$ 50 per week in the ELO.

Product	Period	Reason/ use	Source	Payments	End sum
50 weeks	07/06/2005 - 23/05/2006	N/A	KYE	N\$ 50 per week	2 500
Bank account	03/2005 - 2006	Daughter’s education or business	SB	N\$ 50 per month	400
Bank account	N/A	Safety, funeral insurance	FNB	N\$ 50 per month	N/A

Global analysis



Average costs per month		Average incomes per month	
Family	1 180	Family	1 000
Business	625	Business	1 165
		Interest on savings	0
Total costs / month	1 805	Total incomes / month	2 165
Total costs per year	21 660	Total incomes per year	25 980
Gross margin			4 320
Annual depreciation of the assets			- 3 050
Interests on micro loans			- 275
Net margin			995
Profitability (net margin/ total incomes)			4%
Repayment or investment capacity = Net saving potential			995



Meme Martha's dressmaking business brings a limited profit, even though her skills as a dressmaker are recognized all over the region. On the one hand she would like to extend her activity by selling dresses in several villages, but on the other hand she already has little trouble to finish all the ordered dresses on time at the moment (while payment is done when dress is ready) and thus to improve her turnover.

It seems that Meme Martha experiences family constraints as she has to deal with the household mostly on her own, preventing her from getting more involved in her business. Household expenditures (with priority on children's education) rely on the external income of the husband.

Meme Martha's recent high investment in house construction (using part of her small loan) possibly was too early and negatively impacted her budget management, restraining her business extension plans and leading to repayment delays.

However, her capitalization strategy brings her a certain safety towards unexpected household expenses. With her

children growing up and with the intensification of economic activities in the border region, there is a good chance that she stabilizes and even succeeds in developing her business as wanted.

Meme Martha's future plans

Meme Martha is especially concerned about her children. She wants them to have a good education and to enter university. This is the main purpose of her long-term savings. For her business she could imagine having employees who help her sewing, promoting and selling the clothes (also at different places) in the future.

With her next loan (planned amount: N\$ 9 500) Meme Martha would use a part of the money to buy an over lock machine, which she could use for improving the quality of her clothes (to process very thin materials). At the moment, she can only borrow such a machine sometimes from her neighbour.





Story 9

Meme Laimi - selling baked fish at the open market in Ongenga

Meme Laimi is a friendly, humble but satisfied elderly lady of 70 years, who has experienced a lot of hardship during her life. While her husband was working in the South for 31 years, she raised 11 children at home and always considered their education to be the best way to secure a good future. In fact, all of them have done very well and contribute immensely to the well-being of their parents. Today, Meme Laimi lives with her husband and six children in a traditional homestead with water but without electricity in a rather remote part of Ongenga, a small town on the gravel road between Oshakati and Oshikango.

In 1984, at a time when her family was in urgent need of money, she began selling homemade fat cakes at the small open market in Ongenga. Later, she decided to sell baked fish, which is more lucrative.

When Koshi Yomuti ELO was established in Ongenga, Meme Laimi was suspicious that it might just be yet another microfinance organization which would at some point disappear again (some years before, a similar project had deceived young people in the village, by pretending to collect insurance contributions for one year).

Therefore, Meme Laimi cautiously decided to become a member for micro loans only. Her first micro loan enabled her to continue her business at a time when she was in need of money. At the same time, the loans have helped her and her husband to better manage the household budget, and to improve the family's living conditions. Meme Laimi is confident that she will also start saving once Koshi Yomuti becomes a legally registered bank.

Meme Laimi's story

Meme Laimi was born in 1934 in Oshindobe, a small village in Northern Namibia. After the death of her father (when she was still a small child), his wives separated and moved into different villages. Meme Laimi followed her mother and three brothers to Eenghudi, a nearby village in the same region. She remembers that the time was difficult because nobody was supporting them, and all the cattle (the most valuable asset for a household) had been inherited by her father's family.

Meme Laimi went to school for four years until the age of 18. Since there was no opportunity to find any income-generating activity as a woman at the time, she stayed at home, helping with the household and the field, while all of her brothers migrated to the South in order to find work. Her mother had some chicken and their field yielded enough for their own consumption during the year. Even if they had had money, they could not have spent it in the village, because there were no shops yet and women were not allowed to buy or own any cattle.

In 1950, Meme Laimi got to know her husband. Like many other young men at the time, he went to the South in order to find work and only came home every 12 to 18 months. Meme Laimi could not join him because women were not allowed to accompany their men in the South. They got married in 1957 and built their own homestead in 1966, which was very difficult at the time because they did not have a lot of money. In fact, they used wood sticks and mahangu stalks for the rooms and weaved some palm leaves for the beds.

While her husband was working in different businesses (mining, farming, fishing industry) in the South for 31 years, Meme Laimi stayed at home with their 11 children (born between 1959 and 1982). She still remembers her constant concern to find enough money to pay for her children's school fees. In the end, all of them did very well at school and thus rewarded their parents' efforts. Missionary churches even gave university scholarships to four of them.

The worst time Meme Laimi recalls was the armed struggle in the North between 1971 and 1989, when refugees stayed in their homestead, some cattle was shot, the mahangu field was plundered or destroyed, and some neighbouring houses were burnt. To relieve the pressure on the household budget, she started her own business (selling fat cakes near the school and local clinic) in 1984.

Meme Laimi's family today

Today, Meme Laimi and her husband care for six children: two grandchildren, three adopted children from friends and family members and one blind orphan who was left in front her their house a few years ago. Meme Laimi's husband

takes care of the cattle and the field. The family also has some valuable Marula trees, 20 cows, 16 goats, 18 chicken and two donkeys. The latter are especially important for ploughing the field. Meme Laimi usually does not have to buy food. The main nutritional basis is the mahangu from their field and some ombidi (wild spinach) and meat during the summer months.

Meanwhile, most of the eight rooms in their homestead are made of bricks. Meme Laimi and her husband also built two small modern houses: one in 1998 and one in 2004 with the help of their children (especially one son, who works as an engineer). Since 1990, they have tap water and since 2003 a gas fridge (which Meme Laimi's children bought for her when she started to sell fish).

Meme Laimi's children are a great support. They often come and see her in the village and bring some food and household items from town. Her youngest son is still studying at the Polytechnic School in Windhoek. All her other children have successfully completed their studies. One son, for example, who received church funding to study medicine in the United States of America from 1983 until 1989, now owns and manages the main pharmacy in Oshakati. Another one, who also studied in the U.S., came back to teach at Ongwediva college and now heads the office of education for the Omusati region.

Assets	Initial investment	Economic life	Depreciation
Building	10 000	20	500
Cattle	45 250		
Total	55 250		500

Average costs per month		Average incomes per month	
Water	250	Meme Laimi (pension)	300
Cell phone	30	Husband (pension)	300
School fees	30		
School uniforms	30		
Clothes and shoes	170		
Health care	10		
Household items	10		
Total costs / month	530	Total incomes / month	600
Total costs / year	6 360	Total incomes / year	7 200

Meme Laimi's business

In 1984, Meme Laimi started selling homemade fat cakes and marula oil from the trees around her house at the small open market in Ongenga. By 1993, however, many other women and children from the village did the same. Consequently, Meme Laimi decided to sell baked fish instead of fat cakes, a business that was not as easy to imitate because it required a daily supply of fresh or frozen fish and a more skilful preparation. At first, she bought the fish from a merchant who came to Ongenga by car every day. Today the management of stock is easier because her children bought a gas fridge for the house, where Meme Laimi can store the frozen fish, which she buys in nearby Omungwelume or Oshakati once a month.

Her second source of income still originates from the Marula trees. Today, however, she can not only sell her homemade marula oil but it is also possible to sell the marula fruits to a processing factory in Ondangwa four times a year.

Meme Laimi usually works seven days a week, from nine o'clock in the morning until five o'clock in the evening. Her clients mainly come from the hospital and the school next to the open market.

The sale of baked fish is Meme Laimi's main source of income. It is more stable than the sale of marula oil. Fish sales can, however, halve during the school holidays (14 weeks per year). The best day to do business is Sunday, when she can sell her fish in front of the church.

In fact, the demand for marula oil is very seasonal. It is mainly used for festival meals (with chicken). In the wedding months and at the end of the year (approximately 5 months of the year) Meme Laimi can sell six to seven 1-litre bottles (for N\$ 75). During the rest of the year, however, she only sells two or three bottles a month, sometimes none at all. Every three months, however, she may sell 10 kg of marula fruits for N\$ 170 to the processing factory in Ondangwa.

Assets	Initial investment	Economic life	Depreciation
Fridge	6 000	10	600
Total	6 000		600

Average costs per month		Average incomes per month	
Working capital (fish, wheat flour, oil)	1 100	Selling fish ¹	2 275
Gas for the fridge	330	Selling marula tree oil ²	275
Wood for cooking	15	Selling marula tree fruits	55
Transport	40		
Total costs / month	1 485	Total incomes / month	2 605
Total costs / year	17 820	Total incomes / year	31 260
Gross margin			13 440
Annual depreciation of the assets			- 600
Interests on micro loans			- 505
Net margin			12 335
Profitability (net margin/ total incomes)			39%

¹Assumption: she can sell 630 fishes (for N\$ 1 each) per week during 36 weeks per year and 330 fishes per week during 14 weeks per year (40 from Monday until Saturday, 90 on Sundays); she takes 2 weeks off per year for festivals and other occasions

²Assumption: on average, she can sell 7 bottles (for N\$ 75 each) during 4 months, and 2 bottles during 8 months of the year

Meme Laimi's history with Koshi Yomuti ELO and banks

Loan history

Date	Maturity date	Amount	Purpose	Source	Repayment	Interest paid
27/08/2003	02/02/2004 (23 weeks)	500	Working capital and school fees	KYE	N\$ 25 weekly instalments	75
18/02/2004	26/07/2004 (23 weeks)	1 000	Working capital	KYE	N\$ 50 weekly instalments	150
08/09/2004	17/01/2005 (23 weeks)	1 500	Working capital	KYE	N\$ 75 weekly instalments	225
03/02/2005	14/07/2005 (23 weeks)	2 000	Working capital and school fees	KYE	N\$ 100 weekly instalments	300
14/07/2005	08/12/2005 (23 weeks)	3 500	Working capital and household expenses	KYE	N\$ 175 weekly instalments	525

Meme Laimi joined the ELO in Ongenga in 2003 and became elected as a member of the supervisory committee.

Her first loan of N\$ 500 helped her to continue her business at a time when she was short on money. Half of the loan was invested into working capital, while the rest was used for school fees and savings to repay the loan.

Meme Laimi then took two loans of N\$ 1 000 and N\$ 1 500 to finance working capital and to pay for new gas for the fridge (which costs N\$ 1 000 for three months).

The fourth loan of N\$ 2 500 was also used for working capital, school fees and gas.

Meme Laimi's loan of N\$ 3 500 at the time of study also served for both working capital and household expenses. The weekly instalments of N\$ 175 per week presented no problems so far. She considers the interest to be a little bit high. At the same time, however, she does not complain about it because she understands that Koshi Yomuti ELO has to cover its own costs. Overall, she is happy that she is able to receive loans.

Meme Laimi plans to take a fifth loan, which will probably be used in the same way as the other ones (business and family expenses).

Saving history and use of bank accounts

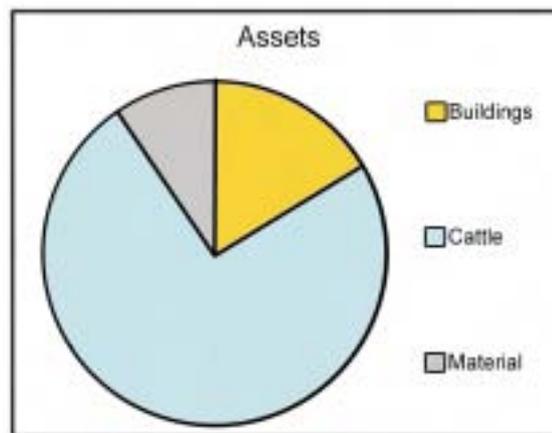
Ongenga has one of the very few ELOs in which no member is saving yet. The common reason is their bad experience with one church organization, which came to Ongenga and the surrounding villages a few years ago, regularly collecting contributions for a life insurance scheme from young people until it suddenly disappeared with all the money. Meme Laimi knows that most members would like to save some money but for the moment, they prefer to wait until Koshi Yomuti ELO becomes a real bank.

For her savings, Meme Laimi would appreciate a safe place because she knows about the risks of keeping cash at home. She still remembers a thief from the neighbourhood who stole her savings of N\$ 800 from the kitchen cupboard and disappeared five years ago. At the same time, however, Meme Laimi and her husband have no bank account because they find the services and procedures too complicated and unreliable. In addition, they would refuse to use bankcards because there is a lot of fraud with them in Namibia, and especially old people are often victims of ATM scams.

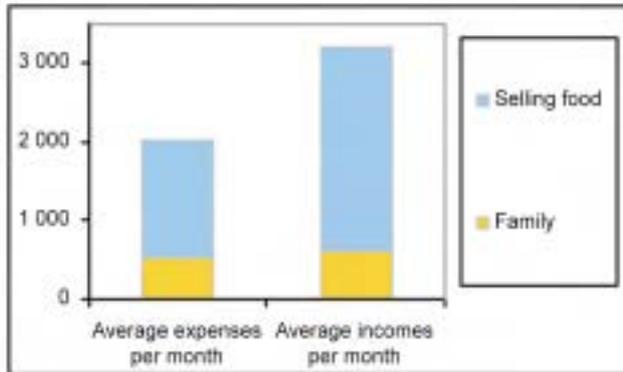
Meme Laimi and her husband mainly save in kind (in form of cattle). They consider cattle to be more useful than monetary savings because cows can serve for different purposes (funerals, weddings, helping the neighbours) and generally increase the social standing of the family within

the community. In addition, the prices of cows and hence the value of the investment kept on increasing over the last years. She explains that it is always better to buy a cow sooner than later because there might be no good cows available on offer in sudden times of need.

Global analysis



Average costs per month		Average incomes per month	
Family	530	Family	600
Business	1 485	Business	2 605
		Interest on savings	0
Total costs / month	2 015	Total incomes / month	3 205
Total costs per year	24 180	Total incomes per year	38 460
Gross margin			14 280
Annual depreciation of the assets			- 1 100
Interests on micro loans			- 870
Net margin			12 310
Profitability (net margin/ total incomes)			32%
Repayment or investment capacity = Net saving potential			12 310



Meme Laimi's business profitability is good, while selling cooked food remains a low cash flow generating activity. She decided to start such an activity without a significant initial investment when the need of money for the household became more important (with a priority to education expenses), mainly to complete her husband's regular salary.

Meme Laimi is a micro entrepreneur whose business' risk is low, as she is not facing big family constraints anymore.

Because of her age, she does not plan to extend her business today, but to continue capitalizing steadily through livestock for safety reasons towards her children. Additionally, pension payments maintain the economic security of the family, while grown-up children bring their support in case of needs.

Meme Laimi's future plans

Meme Laimi dreams of having electricity at her homestead. She finds the new promotion of solar energy particularly interesting (she saw an information leaflet in the town council's office). However, at the moment, she is still unsure about that. The cost of at least N\$ 8 000 is a problem, and so far, nobody in the village has solar panels.

As far as her business is concerned, Meme Laimi could imagine having an own shop, but she is afraid that she is too old to manage that on her own.



Story 10

Meme Tuli - meat trader at the open market and owner of a small shebeen in Omafo

Meme Tuli is a brave and committed woman. She was born in 1956 and grew up in the Ohangwena region. After the sudden death of her husband – the former headman of Omafo - in December 2004, she is the main responsible for a household with 21 members.

Meme Tuli was one of the founder members of the ELO in Omafo and became its president in 2002. The first micro loans enabled her to extend her family's cuca shop and to buy cows in Angola for her main business activity – the trade of meat at the open market in Omafo. In fact, Meme Tuli is well known in and around Omafo, and all her customers stay loyal.

In April 2005, she was the first member of Koshi Yomuti ELO to receive a so called “small loan” of N\$ 10 000. This enabled her to continue her business despite the hardship that the death of her husband had caused for the household. In the current situation, the loan repayment causes more struggles than before, but Meme Tuli maintains that the loans and the possibility of savings have helped her a lot to better manage her business and household budget.

Meme Tuli's story

Meme Tuli was born in 1956 in Edundja, a small town near Oshikango. She grew up at her parent's homestead as the oldest child with five brothers and one sister. Her father was a farmer, and the family owned a field of mahangu, a big herd of cattle with about 150 cows, some goats, donkeys, chicken and pigs.

When Meme Tuli was seven years old, the family moved to Eenhana, a town in the north of Namibia. After ten years of school, Meme Tuli recalls that she could not enter university (due to Apartheid politics). She was nevertheless allowed to work as a teacher at a primary school in a small village near Eenhana for six years. There, she stayed at a relative's house.

In 1984, Meme Tuli got married and moved to her husbands' family's house in Omafo, a small town near the Angolan border. There, she worked as a shop assistant for 14 years while her husband's job was in a public administration office. The worst time for the family began in July 1987, when Meme Tuli's husband got arrested for belonging to the political opposition party against the Apartheid regime. He was only released in November 1989. During that time of Namibia's struggle for independence, Meme Tuli had to cope with the household and the upbringing of her four children alone.

In the beginning of the 1990s, the husband bought a field for the family near Omafo. In 1998, he also bought a plot of land, and they finally built their own homestead. In 1999, the shop where Meme Tuli had worked during all that time,

suddenly closed, and she decided to start her own business of meat trade. Her husband helped her to buy and transport some cattle, and Meme Tuli sold it at Omafo's open market (either alive or as processed pieces of meat). In addition, they hired a shop assistant for a small cuca shop, which had been constructed by the family in 1982.

Meme Tuli's husband became headman of Omafo only few years ago, and the life of the family improved steadily. In December 2004, however, he suddenly got killed in a tragic car accident. This was an immense shock for Meme Tuli and her family. Above all, due to traditional inheritance laws, the husband's family inherited all the cattle. At the moment of study, the memories of the incident were still too fresh. The negative impacts of this unexpected crisis for Meme Tuli's household were obvious.

Meme Tuli's family today

At the moment, Meme Tuli is the main responsible for a household of 20 members. There are seven rooms and one modern house. Five of her six daughters stay at home. One of them failed to pass grade 10 and now helps at the shebeen and at the open market. The oldest daughter (aged 21) studies in Windhoek. Meme Tuli's younger sister is also living with her. She is a member of the ELO as well and opened her own small business of selling meat soup. Meme Tuli also fosters five nieces and nephews, three stepchildren, and three orphans. In addition, there is one family member from her husband's side who works in Omafo as well as one housekeeper.

Since the death of her husband in 2004, the family is left with about 15 goats, 11 pigs, and eight chickens. The harvest from their field of mahangu usually covers the family's consumption for the whole year.

Assets	Initial investment	Economic life	Depreciation
Land	2 000 - 8 000		
Building	10 000	20	500
Cattle	8 350		
Savings from banks	N/A		
Total	26 350		500

Average costs per month		Average incomes per month	
Water	120	Daughter (selling meat)	500
Food	600		
Cell phone	90		
School fees	270		
School uniforms	50		
School materials	10		
Health care	4		
Housekeeper	150		
Household and sanitation products	100		
Bank fees	6		
Total costs / month	1 400	Total incomes / month	500
Total costs per year	16 800	Total incomes per year	6 000

Meme Tuli's business

Today, Meme Tuli's main activity is the trade of cattle and meat. Her husband had taught her how and where to look for cattle and how to transport it to Omafo. He used to support the business by choosing cows in Angola or Okongo and bringing them home (the long and strenuous way back can take up to one week of walking). Usually, he went with three or four other men from the village who helped him. At that time, they often brought up to ten cows at once.

Since December 2004, however, Meme Tuli has to manage the business on her own. She goes to Angola once a month or calls a well-known supplier in Okongo. Then, she pays two or three men to take the animals to Omafo. Meat trade is a costly activity. The average purchasing price of a big cow is around N\$ 2 500, for a small one it is N\$ 2 200 – 2 300. Meme Tuli pays N\$ 90 for the slaughtering in Omafo. The transport from Okongo costs N\$ 100 per cow and N\$ 50 from nearby Angola (including customs duty). Despite the long distance to Okongo (about 110 km) Meme Tuli still buys some cows there. She knows the seller quite well and sometimes negotiates a good bargain. The disadvantage of supplies from Angola (which is only 10 km away), is the more complicated transport of cows across the border (they have to cross one official gate, otherwise one risks paying high fines). Meme Tuli can sell the meat of a big cow for N\$ 3 000 (or N\$ 2 800 on the next day). Small cows are sold N\$ 2 600 to 2 700.

The meat traders at the open market have made a sales-agreement to avoid oversupplies. Meme Tuli got the chance

to sell during the first and the last week of each month. For each of these weeks she tries to find three cows. Sometimes (but rather rarely) they can be sold alive. Otherwise, the meat is sold in pieces for N\$ 10, 20 or 50. Meme Tuli sells some of the leftovers to her sister who offers meat soup in front of Omafo's supermarket and next to the homestead. Once a year, Meme Tuli also sells two pigs from her plot (one new-born and one of the old ones).

Meme Tuli and her husband used to run a small *cuca* shop in town. Since December 2004, however, it is closed and Meme Tuli only uses the fridge inside in order to store meat, which could not be sold on the open market during the day. Instead, she opened a small *shebeen* at the entrance of her homestead where her daughter is now selling *Otombo* and other beverages.

Meme Tuli is lucky to have the chance of selling her meat during the first and last month of each month. In fact, these two weeks are usually the best for any sales business because salaries are paid, and most Namibians have the habit of spending them immediately. During the year, the demand for meat is dependent on the season. The quality and margin of meat are most favorable between December and July when the cows are well fed. During these months, Meme Tuli can easily sell six cows per month, in December even eight (for the end-of-year festivals). During the dry season, there is slightly less demand because the animals are very thin and the quality of the meat suffers.

The biggest business risk is the unpredictable demand. Sometimes, an animal is slaughtered but cannot be sold on

the same day. The meat has to be stored in the fridge and can only be sold at a lower price on the next day. Meme Tuli can sell some spare pieces to her sister. If there are too many leftovers, her daughter also makes soup and sells it at the open market.

Assets	Initial investment	Economic life	Depreciation
Building (zinc)	4 000	0	0
Fridge	6 000	10	600
Total	10 000		600

Average costs per month		Average incomes per month	
Cattle ¹	14 165	Selling meat ³	16 510
Slaughtering	525	Shebeen	580
Transport of cows ²	365		
Electricity (fridge)	50		
Ingredients (otombo)	198		
Wood for cooking	150		
Transport	210		
Licence (cuca shop)	2		
Total costs / month	15 665	Total incomes/ month	17 090
Total costs / year	187 980	Total incomes / year	205 080
Gross margin			17 100
Annual depreciation of the assets			- 1 100
Interests on micro and small loans			- 1 515
Net margin			14 485
Profitability (net margin/ total incomes)			7%

¹Assumption: she is buying 8 cows in December for N\$ 2 500 each; 6 cows per month from January until July for N\$ 2 500; 5 cows per month from August until November for N\$ 2 250

²Assumption: she buys half of her cattle in Angola (cost: N\$ 50) and half in Okongo (for an average bargain price of N\$ 75)

³Assumption: she sells 8 big cows in December for N\$ 3 000 each; 3 big cows per month from January until July for N\$ 3 000 and 3 big cows for the reduced price of N\$ 2 800; 3 small cows per month from August until November for N\$ 2 650 and 2 small cows for the reduced price of N\$ 2 450 each; 1 big pig from her own homestead for N\$ 850 and one small pig for N\$ 50

Meme Tuli's history with Koshi Yomuti ELO and banks

Loan history

In the beginning of 2002, just before joining Koshi Yomuti ELO, Meme Tuli received a micro loan of N\$ 1 500 from a similar microfinance institution in Ongwediva. The money helped her to buy a cow. After she had successfully repaid her loan, however, the institution suddenly stopped its activities. Otherwise, Meme Tuli could have received loans of up to N\$ 23 000.

In June 2002, Meme Tuli became founder member of the ELO in Omafo. Later, after one chair member had resigned, she was elected president – a position, which demands a great deal of responsibility and commitment: Meme Tuli has to be present at every weekly meeting and solves disputes between different members. She has to know all members very well in order to be able to judge their creditworthiness and to hold the group together. Meme Tuli appreciates the monetary compensation that has been introduced in 2005 to reward the work of the board members (based on the number of repaid loans in the ELO).

In July 2002, Meme Tuli received her first loan of N\$ 500. The money was invested into new stock for the cuca shop (beer, candles, and soft drinks). The increased monthly turnover enabled her to repay the loan conveniently with 23 weekly instalments.

With the following four loans of N\$ 1 000 up to N\$ 2 000 and some savings, Meme Tuli bought some cows in Angola. For the repayment she finally chose monthly instalments in order to smooth her cash flow. The fifth loan was repaid in advance in order to get the newly introduced “small loan” of N\$ 10 000. That loan enabled Meme Tuli to buy four cows in Angola. At the moment of study, she had already sold the cows. However, loan and interest payments represented a high burden for her monthly budget.

Meme Tuli says she might nevertheless take another loan of up to N\$ 10 000. For that loan, however, she would prefer to begin the repayment in the third instead of the second month in order to have more time to generate first profits (the process of choosing, buying, transporting and selling the cows can take up to one month).

Despite the current struggles of loan repayment, Meme Tuli says that the loans generally help her to cope with her monthly expenses. As a chair member of the ELO she reports that all members are looking forward to seeing Koshi Yomuti becoming a bank. They hope to gain from lower interest on their loans and higher returns on their savings.

Date	Maturity date	Amount	Purpose	Source	Repayment	Interest paid
12/07/2002	20/12/2002 (23 weeks)	500	Tailoring, buying meat and fish for cooking and selling	KYE	N\$ 25 weekly instalments	75
03/01/2003	11/07/2003 (23 weeks)	1 000	Purchase of a cow	KYE	N\$ 50 weekly instalments	150
11/07/2003	02/01/2004 (23 weeks)	2 000	Purchase of a cow	KYE	N\$ 385 monthly instalments	300
16/01/2004	09/07/2004 (23 weeks)	2 000	Purchase of a cow	KYE	N\$ 385 monthly instalments	300
09/07/2004	01/07/2005 (50 weeks)	2 000	Purchase of a cow	KYE	Monthly instalments, repaid in April	500
26/04/2005	03/01/2006 (8 months)	10 000	Buy 4 cows in Angola	KYE	On average N\$ 1 447 monthly instalments	1 575

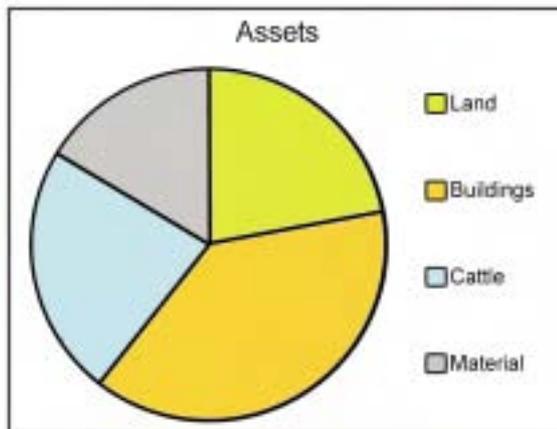
Saving history and use of bank accounts

Meme Tuli has had an account at First National Bank since her time as a teacher in 1979. It mainly serves as a safe place for cash and sometimes for transactions from and to family members in the South. The fees and charges, however, especially for transactions, are very high (when her sister sent her N\$ 250 in May, the bank kept N\$ 59). Another disadvantage is the distance to the next branch in one of the neighbouring towns (Meme Tuli needs to take a taxi if she wants to go there).

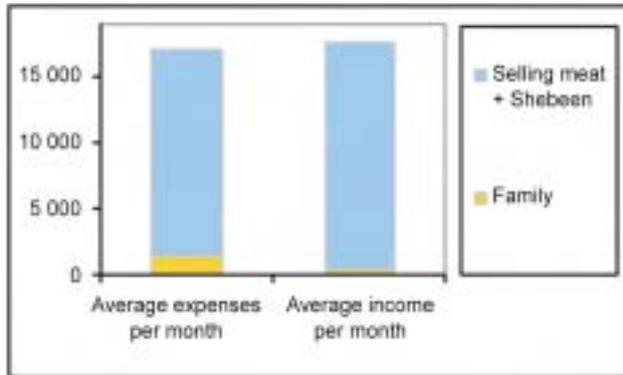
Even though Meme Tuli was afraid in the beginning that Koshi Yomuti might disappear like the other microfinance institution before, she started saving in the ELO immediately. In 2002, she began with weekly deposits of N\$ 15 for six months with an interest of N\$ 10 at the end of the cycle. In 2003, she continued with N\$ 25 per week. At the moment of study, Meme Tuli was saving N\$ 55 per week. Her interest after 23 weeks will be N\$ 27.5. The savings are usually used for school fees or household expenditures. If Meme Tuli is able to save enough money, she will try to buy new cattle for the family.

Product	Period	Reason/ use	Source	Payments	End sum
23 weeks	2002	Household expenditures	KYE	N\$ 15 per week	355
23 weeks	2003 - 2004	Household expenditures	KYE	N\$ 25 per week	590
23 weeks	07/03/2005 - 15/08/2005	Household expenditures	KYE	N\$ 55 per week	1 295
23 weeks	22/08/2005 - 30/01/2006	Household expenditures	KYE	N\$ 50 per week	1 100
Bank account	1979 - 2006	Safety, money transfers	FNB	N/A	N/A

Global analysis



Average costs per month		Average incomes per month	
Family	1 400	Family	500
Business	15 665	Business	17 090
		Interest on savings	2.3
Total costs / month	17 065	Total incomes / month	17 590
Total costs / year	204 780	Total incomes / year	211 105
Gross margin			6 325
Annual depreciation of the assets			- 1 100
Interests on micro and small loans			- 1 515
Net margin			3 710
Profitability (net margin/ total incomes)			2%
Repayment or investment capacity = Net saving potential			3 710



Meme Tuli is a thoughtful woman who has managed to build up a profitable and well organised business of meat trading with an initial investment coming from past savings and with help of her husband's support. Today, Meme Tuli is facing a crisis due to the death of the head of the family which dramatically reduced labour force available, savings in kind as well as working capital. After a long period of capitalization, she had to develop a survival strategy with her business being the almost only monetary income source for the household. Work decisions were imposed by this main constraint. Indeed, Meme Tuli has to deal with typical work constraints of women led households with absent husband and many children to take care off. The relation labour force/ number of persons to take care of is unfavourable. Family and business budgets are thus closely interconnected.

However, her business is now steadily improving and the small loan she asked for will surely help her to get out of this difficult situation. Thanks to her experience in this field, she still has a good expansion potential as well as interesting plans to think about in the future.

Meme Tuli's future plans

Meme Tuli and her sister would like to open a butchery one day. She would also enjoy raising cattle. At the moment of study, however, Meme Tuli's primary concern was the future of her family.

She would like to get electricity for her home, which could be used for light and cooking. More importantly, however, Meme Tuli would consider it be very beneficial for her children to have the ability to watch TV programmes in English. In fact, one of the main reasons why pupils fail to pass grade 10 or 12 is because English is the language of the exams, while most pupils only hear and read English at school after grade six. For the moment, however, an electricity connection and the consequent monthly costs remain too expensive.





Story 11

Meme Letisia from Ongha - mahangu, clothes and cosmetics trader

Meme Letisia is a smart and committed woman. She was born in 1955 and grew up in Windhoek and in the Ohangwena region.

Meme Letisia's story

Born in 1955, Meme Letisia grew up at her parents' traditional homestead in Ohalushu, next to Ongha until she became three years old. At that time, her parents were already respectively 48 and 60 years old, and her older sister 25. Her father was a farmer and took care of their field of mahangu and a small herd of cattle. In 1958, she moved to her aunt's home in Windhoek to provide her with a better education, until her father passed away when she was eight. She came back in Ohalushu to support her mother with farming activities. Harvest from their field could cover their food consumption during the year. But three years later, she moved again to Windhoek to attend school until grade 8. She enjoyed learning at school a lot but could not continue further because of Apartheid restrictions.

At the age of 16, she began to work for a soft drink fabric, counting products before their export. She earned N\$ 25 per

week and finally had to leave because of severe conflicts between managers and workers. During that time she started her own business besides. It consisted in selling cooked meat on the street and using the earned money (N\$ 2 per week) to buy clothes in favoured districts of the town (white people would sell their old clothes for a few cents). She then used to send the clothes by bus to her mother, who would exchange them against millet around her village and then send the money she earned by selling the mahangu back to Windhoek. After her mother passed away, she got her next salaried work at 19 years old at a garage's office and just earned N\$7 per week, which resulted in her looking for another employment. She finally found an equitable salaried activity in a take-away restaurant and stayed at that position for ten years.

When she was 21, she managed to buy her own modern house with two rooms, one of them being rented by a friend. But at the time Meme Letisia got married, she decided to sell it and to move to her husband's house. After a long employment period at a gas station, he went to the South to work as a truck driver for a diamond company during three years, coming back home every 18 months only. At that time, Meme Letisia had started her own business (selling cooked meat, fruits and clothes) because her salary could not cover all the children's education expenses anymore. Indeed, five children were born in the meantime.

In 1991, they took the decision to leave Windhoek, where work opportunities were too low. They also wanted to settle back in Ongha in order to build their own traditional homestead: thanks to their savings, they bought a farm and

invested steadily in livestock.

After a few years, Meme Letisia's husband finally sold part of their herd to open a bar in Omafo and get a new source of income for the family. Meme Letisia also developed her business step by step.

Meme Letisia's family today

Meme Letisia and her husband are responsible for a household with 14 people, all living in a traditional homestead: Meme Letisia's brother in law, her husband's son (from a second wife), her niece's son, two housekeepers, three own children and four nephews. Five of them are attending school, while the others are too small and stay at home.

Meme Letisia still has four other children living in Windhoek. Two of them have a salaried activity there and support the family from time to time. Two others attend school and need financial support for their education fees.

Meme Letisia is also in charge of a big farm, cultivating millet, beans, ground nuts and other vegetables. Part of this production (on average 3 bags of 150 kg of millet per month, and 75 cans of beans or groundnuts per day for N\$ 2 each) is sold on pension days, as well as at their homestead (40 cans per day on average), from October until April for mahangu, and from August until January for beans and groundnuts. She employs 3 full-time workers and 10 other people during harvest time.

The family owns a herd of cattle with about 30 cows and 100 goats. They also have three donkeys for ploughing the

field. While most of the cattle constitute an important form of insurance, part of it is sold for end of the year festivities. Meme Letisia usually buys from five to ten cows for N\$ 1 500 and around 50 goats for N\$ 50 each year (near Outjo and Otjiwarongo in the South-East, where prices are much lower) and sells them for respectively N\$ 3 000 and N\$ 250, thus using her herd of cattle for trading activity as well as for savings in kind.

Meme Letisia's husband owns a big building in Omafo where he runs a bar. One third of the place is rented and used as a minimarket, while another third of the building is divided into four small rental rooms, all occupied at the moment.

Assets	Initial investment	Economic life	Depreciation
House (zinc)	3 500	0	0
Building (husband's bar)	5 000	20	250
Cattle	86 200		
Husband's bar equipments	65 000	10	6 500
Savings from banks	N/A	N/A	N/A
Total	159 700		6 750

**Juke box, gambling machine, fridges*

Average costs per month		Average incomes per month	
Food	350	Cattle trade	2 790
Cell phone	50	Husband's bar	2 700
School fees	625	Husband's renting	720
Health care	5	Children's support	500
Housekeeper	400	Niece support (for son)	500
Clothes	210		
Purchase of cattle	1 085		
1 farm worker	265		
Bank fees	N/A		
Total costs / month	2 990	Total incomes / month	7 210
Total costs /year	35 880	Total incomes / year	86 520

Meme Letisia's business

Meme Letisia is an experienced trader. Her main business consists in selling mahangu two weeks a month (1 bag of 50 kg is N\$ 140 worth on average), following pension days with the car her husband bought by the time they lived in Windhoek. One part of this millet comes from her own fields' production, while the other part comes from her clothes trading activity.

Indeed, Meme Letisia knows how to take advantage from the different demands and needs in products around the region by exchanging mahangu against clothes, as she did it in the past with the support of her mother. In Oshakati, she buys packs of old clothes (N\$ 18 per pack) in china-shops (especially underwear and pants, as well as self-mended pieces) and exchanges them against millet in remote villages where farm production is higher given to a better soil

fertility. For instance, she can get 25 kilograms of millet with only 2 pieces of underwear.

The other part of the month she sells other products such as cosmetics and drugs on the street and in front of schools (collaboration with the company Tianshi South Africa LTD).

Usually, Meme Letisia works from Monday until Saturday. In a normal day, she wakes up between 4 and 5 am to load up the car for pension days and to prepare herself. Her selling activity lasts until 6 pm and she tries to go to bed at around 9 pm, except during the weeks when she has to sew new clothes for exchange, where she has to stay awake until 2 am.

Assets	Initial investment	Economic life	Depreciation
Cars	35 000	0	0
Sewing machine	1 300	10	130
Total	36 300		130



Average costs per month		Average incomes per month	
Clothes packs	5 000	Millet (pension days)	16 170
Farm workers	1 025	Beans/nuts (pension days)	690
Petrol (pension days)	750	Selling at home	460
Petrol (drugs trading)	250	Drugs and cosmetics	1 780
Empty bags	300		
Drugs and cosmetics	2 000		
Car licence	25		
Total costs / month	9 350	Total incomes/ month	19 090
Total costs / year	112 200	Total incomes /year	229 080
Gross margin			116 880
Annual depreciation of the assets			- 130
Interests on micro and small loans			- 1 092
Net margin			115 578
Profitability (net margin/ total incomes)			50%

Meme Letisia's history with Koshi Yomuti ELO and banks

Loan history

Meme Letisia joined Ongha's ELO in 2003 and successively took six micro-loans in order to improve her working capital.

In 2005, she took her first small loan of N\$ 5 000 to buy even more packs of tissues, clothes and shoes.

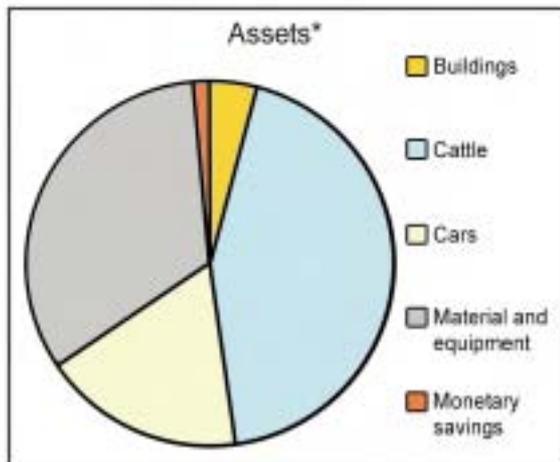
Saving history and use of bank accounts

In addition, Meme Letisia has two bank accounts at First National Bank and Bank Windhoek in Oshakati since at least 10 years.

She uses them to save money regularly, as well as for remittances and withdrawal facilities (every three months on average). Her husband also processes three other bank accounts.

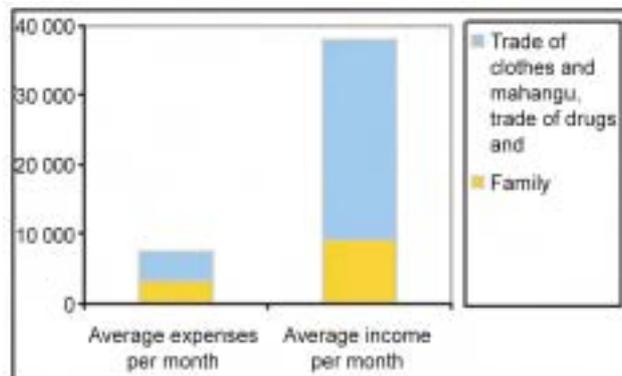
Date	Maturity date	Amount	Purpose	Source	Repayment	Interest paid
09/12/2003	18/05/2004 (23 weeks)	500	Purchase of clothes	KYE	N\$ 25 weekly instalments	75
26/05/2004	02/11/2004 (23 weeks)	1 000	Purchase of clothes	KYE	N\$ 50 weekly instalments	150
07/12/2004	17/05/2005 (23 weeks)	1 500	Purchase of clothes	KYE	N\$ 75 weekly instalments	225
31/05/2005	08/11/2005 (23 weeks)	2 000	Purchase of clothes	KYE	N\$ 100 weekly instalments	300
15/11/2005	07/11/2006 (12 months)	5 000	Purchase of clothes	KYE	N\$ 508 monthly instalments	1 092

Global analysis



*Monetary savings are highly under-estimated as all figures for bank account amounts are not available

Average costs per month		Average incomes per month	
Family	2 990	Family	7 210
Business	9 350	Business	19 090
		Interest on savings	N/A
Total costs / month	12 340	Total incomes/ month	26 300
Total costs / year	148 080	Total incomes / year	315 600
		Gross margin	167 250
		Annual depreciation of the assets	- 6 880
		Interests on micro and small loans	- 1 092
		Net margin	159 548
		Profitability (net margin/ total incomes)	50%
		Repayment or investment capacity = Net saving potential	159 548



Meme Letisia's future plans

At the age of 50, Meme Letisia still appears to be full of determination and is planning for the future extension of her business. She would like to open a mini market shop to sell mahangu every day and not only on pension days. She would have to employ a worker to maintain her external activities.

Besides, she is thinking about extending her farm by finding another plot of land.

But her main wish would be to have her children creating their own business. She is eager to show and explain them how to manage this kind of trading and selling activity successfully.





Economic household and business analysis: Summarizing Table

Criteria	Tate Jacobus	Meme Ndapandula	Tate Gabriel
Age of the member	45	26	29
Background and constraints	Important past savings to invest +++ In charge of a large family ☒☒ Additional regular salaries ++	No past savings ☒☒ Skilled person in her field of activity ++	Small past savings to invest + In charge of a large family ☒ Additional regular salaries +
Assets	> N\$ 300 000	<< N\$ 5 000	< N\$ 15 000
Capitalization strategy	Material and furniture +++ Livestock +++ Real estate +++ Monetary savings +++	No capitalization ☒☒	Property + ☒ Livestock + ☒
Loan cycles with the ELO	5, increasing amounts +++ Total received: N\$ 14 000 +++	5, increasing amounts +++ Total received: N\$ 6 500 +	2, increasing amounts + ☒ Total received: N\$ 1 500 ☒ +
Saving cycles with the ELO	2, increasing amounts ++	2, increasing amounts ++	Inexistent ☒
Generated business turnover (yearly)	> N\$ 150 000	<> N\$ 40 000	<> N\$ 50 000
Business gross profit (yearly)	<> N\$ 80 000	<> N\$ 25 000	<> N\$ 15 000
Strategy	Strong capitalization Innovation and business diversification and extension	Future investment plans to secure and improve her business	Future investment plans to improve his business and start capitalizing
Risk exposure and vulnerability	Very low, undetermined	Land property loss Significant vulnerability	Illness and death of family members Remote situation of his business
Capital evolution	↗	⇒	↘
Loan and savings demand/potential	High small loan potential for further investments	Significant micro and small loan potential but unpredictable demand for now	Limited loan potential for now

<i>Criteria</i>	<i>Tate Tomas</i>	<i>Meme Maria</i>	<i>Tate George</i>
<i>Age of the member</i>	39	62	37
<i>Background and constraints</i>	Initial investment capital ++ Good level of studies/ skilled person in his field of activity ++ In charge of a large family ☒ Additional regular salary +	No past savings to invest ☒ Decreasing household expenditures ++ Additional regular salary and pensions ++	Valuable experience through varied past activities ++ Friend's business taken over ++ Support of other family members +++
<i>Assets</i>	<> N\$ 145 000	<> N\$ 40 000	<> N\$ 80 000
<i>Capitalization strategy</i>	Real estate and buildings +++ Equipment ++ Livestock ++ Monetary savings ++	Cattle ++ Monetary savings +	Livestock ++ Stock and material ++ Property +
<i>Loan cycles with the ELO</i>	1 small loan ++ Total received: N\$ 10 000 ++	3, increasing amounts + Total received: N\$ 3 000 +	1 small loan ++ Total received: N\$ 12 500 +++
<i>Saving cycles with the ELO</i>	Inexistent, despite many savings accounts with banks ☒☒	2, increasing amounts ++	1, important weekly amount ++
<i>Generated business turnover (yearly)</i>	<> N\$ 200 000	<> N\$ 30 000	<> N\$ 100 000
<i>Business gross profit (yearly)</i>	<> N\$ 50 000	<> N\$ 10 000	<> 20 000
<i>Strategy</i>	Strong capitalization Business extension	Capitalization through livestock Low income generating business to complete her husband's salary	Capitalization through livestock Business extension and diversification
<i>Risk exposure and vulnerability</i>	Limited expansion through administrative hurdles regarding land property	No regular salary in a near future (husband's retirement) Difficulty to find a new plot of land to open a cuca shop	Low profit for now, family interconnected with business / current business extension dependent on wife's salary and on transport facilities development
<i>Capital evolution</i>	↗	↗	↗
<i>Loan and savings demand/ potential</i>	Small loan characteristics not adapted to scheduled investments	Limited loan potential due to limited business expansion	Good small loan potential for business innovative extension

<i>Criteria</i>	Meme Rauna	Meme Martha	Meme Laimi
<i>Age of the member</i>	39	39	71
<i>Background and constraints</i>	Initial investment capital + Good level of studies/trade skills + High household expenditures ☒ Additional regular salary +	Initial investment capital + Skills and past trainings + In charge of a large family ☒ Additional regular salary +	No past savings to invest ☒ Grown-up children as a support and limited household expenses +
<i>Assets</i>	<> N\$ 115 000	<> N\$ 60 000	<> N\$ 60 000
<i>Capitalization strategy</i>	Livestock ++ Property ++ Equipment ++ Monetary savings ++	Property ++ Livestock + Equipment +	Livestock ++ Property +
<i>Loan cycles with the ELO</i>	5, adapted to her needs ++ Total received: N\$ 3 800 +	3, increasing amounts + 1 small loan ++ Total received: N\$ 11 000 +++ Repayment difficulties ☒☒	5, increasing amounts ++ Total received: N\$ 8 500 ++
<i>Saving cycles with the ELO</i>	4, increasing amounts ++	1, difficulties to save regularly ☒ +	Prefers saving in kind ☒
<i>Generated business turnover (yearly)</i>	<> N\$ 80 000	<> N\$ 15 000	<> N\$ 30 000
<i>Business gross profit (yearly)</i>	<> N\$ 30 000	<> N\$ 6 500	<> N\$ 13 500
<i>Strategy</i>	Capitalization through livestock and property Business diversification	Capitalization through property	Capitalization mainly through livestock, additionally through property
<i>Risk exposure and vulnerability</i>	Low, but husband's salary necessary to cover important household expenditures for now	Husband's salary necessary to cover significant household expenditures Loan repayment delays (due to inappropriate loan money management) to cover	Low, savings in kind in case of needs, and children's support
<i>Capital evolution</i>	↗	↗	↗
<i>Loan and savings demand/potential</i>	Good micro and small loan potential for business extension	Limited loan potential for now due to repayment delays and cash flow management problems	Limited loan potential due to poor business development plans

<i>Criteria</i>	Meme Tuli	Meme Letisia
<i>Age of the member</i>	49	50
<i>Background and constraints</i>	Initial investment capital ++ In charge of a large family since the death of her husband ☒☒	Initial investment capital ++ Support of other family members +++
<i>Assets</i>	<> N\$ 35 000	<> N\$ 200 000
<i>Capitalization strategy</i>	Real estate + Cattle + Equipment +	Livestock ++ Property ++ Equipment, car ++ Monetary savings ?
<i>Loan cycles with the ELO</i>	6, increasing amounts (1 small loan) +++ Total received: N\$ 17 500 +++	6, increasing amounts (1 small loan) +++ Total received: N\$ 10 000 ++
<i>Saving cycles with the ELO</i>	4, increasing amounts until last year ++	Inexistent, despite many savings accounts with banks ☒☒
<i>Generated business turnover (yearly)</i>	<> N\$ 200 000	<> N\$ 230 000
<i>Business gross profit (yearly)</i>	<> N\$ 17 000	<> N\$ 115 000
<i>Strategy</i>	Capitalization until husband's death through property and livestock	Strong capitalization Innovation and business diversification and extension
<i>Risk exposure and vulnerability</i>	Has to deal with the negative impacts of her husband's death	Very low, undetermined
<i>Capital evolution</i>	↘	↗
<i>Loan and savings demand/potential</i>	Loan potential for the expansion of her high income generating activity	Good micro and small loan potential for business extension



German Technical Cooperation (GTZ)
P.O. Box 8016
Windhoek
Namibia
T +264 61 222447
F +264 61 222427
E GTZ-Namibia@gtz.de
I www.gtz.de