

October 2011

Filling a Market (and Community) Need



Spinach anyone? Yes, that's right. Constance Chilaone—one of our many Phakamani entrepreneurs—is offering fresh, leafy, dark green spinach at her vegetable stall. By all accounts, people are happy to buy it. In other words, she is filling a market need through her business while also helping her community to stay healthy.

This is the essence of Phakamani. Our work and your investment are not just about offering loans and advice to help individuals create family income. We do that, of course, but each successful new business is also filling some other community need. Buying fresh produce, for example, might seem

simple but when people have no transport other than their feet, it is critical to be able to buy it close to home.

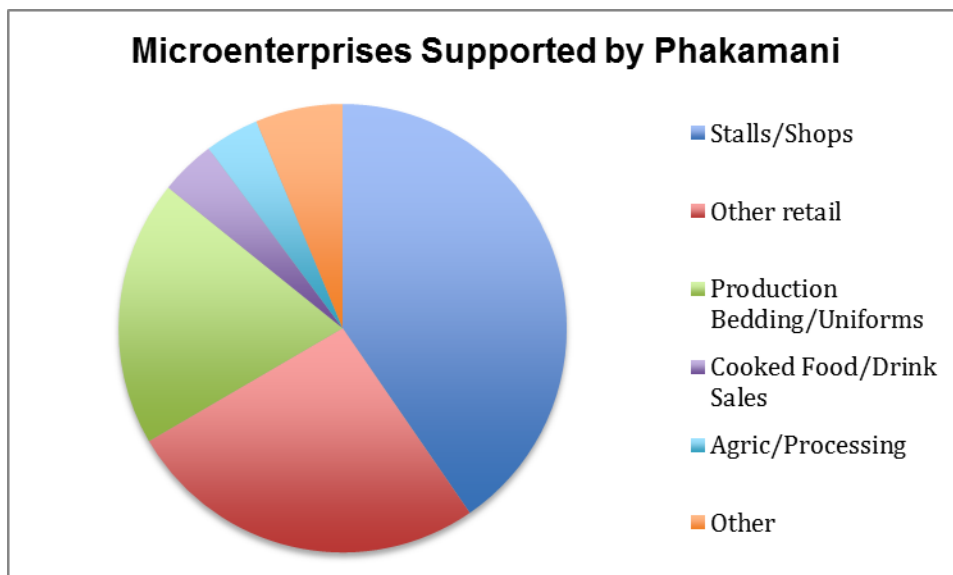
Constance started her fresh fruits and vegetables stand in 2009 after her husband was in a car accident and could no longer work as an import/export driver. She had a household of seven people to support, including four children, but no job. She joined the Phakamani program and with her plans qualified for an initial start-up loan of R1 000.

Constance was new to running a business but Phakamani helped her learn how to calculate stock and manage savings. Nearly every day, she works at her neatly organized, covered, wooden stand, in a prime location next to several competitors on the main road of Kabokweni. A good Saturday can mean up to R1 000 in sales, whereas a slow day might bring in R150.

Customers come specifically to Constance because they know that she alone may have fresh spinach, in addition to other local staples, even in the heat of the day. She knows what customers want. And working capital loans from Phakamani allow her to get it, taking a taxi-bus each morning to the farmers' market so she can procure and sell the freshest food possible. Now on her 6th loan, Constance also sells hand-made cushions and other items.



By now, Constance has done well enough to employ a helper on occasion and to keep her children in a private school where they are doing exceptionally well. Three of them will graduate over the next year and one of them hopes to become an engineer. Their mother is very proud. She's also hopeful that they'll get a chance for a professional career that she never had.



Phakamani Statistics and News

	August 2010		August 2011	
		(usd)		(usd)
Active Members	1 760		4 710	
Average loan size	R763	\$95	R818	\$102
Repeat Loans	59%		71%	
Loans Issued to Date	4 445		12 575	
Value of loans issued to date	R5 043 000	\$630 000	R14 972 000	\$1 872 000
Sustainability	37%		48%	

Good news! Phakamani has gained Public Benefit Organisation (PBO) status in South Africa. While we were already a registered non-profit entity, PBO with section 18A status means donations to Phakamani are now tax deductible and we are eligible for new sources of charitable funding.

New Branch: A new branch is being planted in the Jane Furse area of South Limpopo, first loans are expected next week. This is our eighth branch.

Looking to 2012: Phakamani's eighth branch will open soon and we are planning three more next year. This means that loan outputs and repayment revenues will grow as we begin to serve about 70% more entrepreneurs (targeting 8 700 active borrowers in total by the end of 2012.) It also means that costs will increase, even as we continue a steady climb towards operational sustainability. Phakamani is reaching out to both existing and new partners to help fund this expansion.

Measuring Impact: A Phakamani loan means a self-employment job and needed income for each new entrepreneur. But we want to do better than that. In June, we reported that Phakamani had implemented a new internal monitoring system to gauge what impact our program has on the living conditions of our entrepreneurs. Our surveys showed overall improvement between the first and fifth loans, while the entrepreneurs managed to save money as well.

These results have now been echoed in a second measure called the Progress out of Poverty Index, which was created by the Grameen Foundation for use in rural South Africa. At Phakamani, we have gained greater insight into the life circumstances and needs of our clients by implementing these tools. We will continue to use them to analyse how borrowers' social and financial situations change over time after they join the Phakamani program.

Would you like to Contribute?

Whatever you are able to contribute to give a poor family a "Hand-Up" will be most gratefully received and put to good use. Each part, however big or small, makes up the whole.

- R10 000 (\$1250) to provide a micro-loan and cover the cost of creating, training and following one new group of five entrepreneurs in its first year
- R80 000 (\$10 000) to provide a micro-loan and cover the cost of creating, training and following one new centre of up to 40 entrepreneurs in its first year
- R320 000 (\$40 000) to provide a micro-loan and cover the cost of establishing and operating a new Phakamani service area for its first year.

If you feel a tug and you want to be part of this, please send funds to Phakamani Foundation as follows:

Bank Transfer in South Africa send funds to our bank account at Nedbank — Ferreira St Branch (Nelspruit), account name Phakamani Foundation, Branch # 146805, Account # 1468126873. For tracking purposes, please follow this up with an email to info@phakamanifoundation.org

Canada, USA or International By Credit Card or Paypal Log on to the secure Canada Helps Website and contribute using Interac, credit card or Paypal. The link is www.canadahelps.org. Once you get into the website, type in Phakamani Foundation and our link will appear. Canada Helps will inform us of your donation and also send you a tax receipt. This service is available Globally

By Cheque in Canada Cheques should be made out to Phakamani Foundation Canada and sent to B3-1410 Parkway Blvd, Box 41, Coquitlam, BC, V3E 3J7. Please make sure you include your details so that we can send you an acknowledgement as well as a tax receipt at the end of the year.

With our sincere thanks for your support and your prayers,

The team at Phakamani Foundation in South Africa, Phakamani Foundation Canada, Ripple Effect and Hopes and Dreams in Australia.