

CASE STUDY

On track with Gender in Microfinance

SMALL ENTERPRISE FOUNDATION AND
INTERVENTION WITH MICROFINANCE FOR AIDS AND GENDER EQUITY

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This report analyses and documents the experiences of SEF and IMAGE in South-Africa of a successful and relevant intervention alongside microfinance contributing to the wider empowerment of women.

SEF is a South-African NGO offering microcredit through solidarity groups of 5 women and encouraging clients to save. Client groups are organised in centres which hold fortnightly meetings. SEF's loan products have five variations differentiated by loan term, frequency of repayments and costs to clients. New clients have two options, fortnightly repayments over either 4 or 6 months. After the first loan, clients have the option of monthly repayments over 4, 6 or 10 months. Loan size starts at R500 (\$75) up to a maximum of R1200 (\$180) for a first loan. The maximum loan size is R 12,000 (\$1,800). SEF has a deep outreach due to an innovative and effective targeting strategy. 77% of its clients lives on less than 2 USD a day at entry and 52% at less than 1 USD. The average age of SEF's clients is 48 years.

South-Africa is plagued by the HIV/AIDS pandemic. The spread of HIV&AIDS is inextricably linked with poverty and gender inequality. Almost 10 years ago, Wits Health Consortium and SEF decided to set-up IMAGE (Intervention with Microfinance for AIDS and Gender Equity). It was felt that a microfinance institution addressing the immediate economic priorities of participants, would provide a health intervention with the opportunity to reach a particularly vulnerable target group and maintain a sustained contact for a long period of time. SEF felt the need to address the effects of the HIV/AIDS pandemic which was affecting its clients and was interested to further empower its clients. IMAGE runs a two-phase participatory learning program called Sisters for Life. In the first phase which lasts 7 to 8 months, Sisters for Life train SEF's clients in gender roles, cultural beliefs, relationships, communication, gender-based violence and HIV infection. In the second phase, lasting 4 to 5 months, as natural leaders elected members of the microfinance groups participate in a further week training deepening their knowledge and elaborating on leadership, facilitation skills and community mobilization, including reaching youth and men. Upon their return to the centres, the leaders organize one or more community events and continue discussing issues relating to gender based violence and AIDS during group meetings.

SEF also integrates peer-to-peer business skills development sessions in centre meetings. SEF is currently piloting a more systematic and structured approach of business skills development following the Freedom from Hunger methodology. It is too early for conclusions, but it will be interesting to follow the outcomes of this pilot as it has great potential to improve the development impact of SEF even further by improving business success of clients and reducing drop-out ratio's.

The impact of microfinance on economic empowerment for SEF's returning clients is very positive in terms of business value, food intake and housing improvements as illustrated by SEF's management information system which tracks this information before each loan cycle. No information is available on the impact of microfinance on clients that drop out. SEF's drop out ratio fluctuates between 15 and 20%. Impact is likely to be less positive for dropouts, especially if they drop-out after the first loan cycle. The impact evaluation that followed the IMAGE pilot showed consistent and considerable economic improvements amongst both the microfinance only and the microfinance and IMAGE training groups relative to the control group which received no microfinance and IMAGE training. In addition some improvement in empowerment indicators and no indication of an exacerbation or reduction in intimate partner violence was observed. SEF also noticed lower drop-out rates, higher attendance and less arrears in the branches with IMAGE intervention.

The impact evaluation showed that IMAGE's Sisters for Life training increased women's empowerment measured by 'power within', e.g. greater self-confidence, financial confidence, as well as more progressive attitudes to gender norms. Women with an intimate partner reported an increase in 'power to' measured by higher levels of autonomy in decision making, greater valuation of their household contribution by their partners, improved household communication and better relationships with their partners. Also an increase in 'power with' in terms of higher levels of participation in social groups and collective action was noted amongst the women in the intervention group. In addition over a two-year period, levels of intimate partner violence were reduced by 55% in women in the intervention group relative to those in the comparison group. The reductions in violence resulted from a range of responses that enabled women to challenge the acceptability of such violence, expect and receive better treatment from partners, leave violent relationships, give material and moral support to those experiencing abuse, mobilize new and existing community groups and raise public awareness about the need to address both gender-based violence and HIV infection.

At community level, improved communication about sex and HIV&AIDS at homes was observed. However no effect was measured (yet?) on sexual behaviour and HIV infection at community level after three years, or one and a half years after the completion of the program. Changes at community level are likely to take longer and will benefit from follow-up activities after completion of phase 2 as well as more systemized community interventions before and after phase 2. The planned quarterly follow-up meetings and collaboration with Sonke's Gender Justice Brothers for Life are likely to improve the sustained impact of IMAGE's intervention at community level.

The SEF and IMAGE partnership has created synergy and broadened the health and social effects of stand-alone microfinance. Similar benefits are expected from partnerships between HIV/AIDS, gender and microfinance institutions in other African countries with high HIV/AIDS infection rates. Organisations interested in such a partnership can draw from the lessons learned by IMAGE and SEF, being:

1. A HIV/AIDS and gender intervention requires a well-established microfinance institution and should be run in centres that do not have too many operational issues and where meetings are well-attended.
2. SEF and IMAGE set-up a separate program focusing completely on the microfinance institution's clients and their communities allowing it to be flexible and fit-in with the operations and structure of the MFI.
3. Corporate buy-in is needed from top management to field level. The program, its objectives, the benefits to clients and to the MFI has to be communicated to all staff members. The additional gender and HIV intervention needs to be compulsory and should be presented as a unified package of the microfinance program. It is crucial to train the credit officers beforehand.
4. Communication at all levels of both organisations needs to be streamlined in the operational process, implying that joint meetings are held between staff members of both organisations at all levels.
5. Whilst SEF found that an integrated model works well for business development skills training, the training in gender and HIV/AIDS issues requires specific facilitation skills and knowledge and is best provided by specialised trainers. A parallel approach with separate organisations is recommended.
6. It is recommended that the microfinance institution and the HIV/AIDS or gender organisation both have their own staff, funding, quality monitoring, MIS and employment conditions. Given the focus on health and gender, grant funding seems to be most appropriate financing instrument.
7. It is important to continuously monitor the quality of the training that is being provided.
8. Clients of microfinance institutions tend to be older women. This limits the direct impact in terms of HIV infection rates on trainees as women between 15 and 29 years are the ones most at risk to become HIV infected.
9. In the light of the age group of most microfinance clients, the drop out ratio and the high growth ratio it is important to build-in strategies to sustain the impact of additional interventions. One strategy is to continue with Sisters for Life sessions during training after IMAGE has left, encourage clients to discuss issues related to HIV/AIDS, gender norms and gender based violence at home and within the community and to encourage groups to continue community activities.
10. To ensure a sustained impact at community level, continuation of monitoring and back-up support is recommended after the completion of phase 1 and 2 of the Sisters for Life training. This might be easier to accommodate for HIV/AIDS and gender organisations which are already very active in the same communities as the MFI is operating.
11. It is good to start small, evaluate and refine the methodology before further rolling out the program.

In sum, the IMAGE and SEF partnership shows that combining health and social intervention can create powerful synergies and broaden effects in measurable ways. The IMAGE program should be promoted with HIV/AIDS, gender and MFIs in other countries with high HIV infection rates and gender inequalities. A slightly adjusted IMAGE program might also be relevant in a setting where gender inequality are prevalent but HIV infection rates are not very high.



One of SEF's centres after a Sisters for Life training session

Background study

This report is one of the case studies that have come out of the collaboration between two Dutch initiatives: On Track with Gender focusing on gender mainstreaming for a number of thematic areas and MicroNed a microfinance network of Dutch donor organizations aiming to increase the quality, effectiveness and efficiency of its members' services in the field of microfinance. During a gender and microfinance meeting, participants expressed the need for knowledge and knowledge sharing about good practices in the field of microfinance and women's (economic) empowerment. As a follow-up, On Track with Gender commissioned a number of studies to analyse and document a number of good practices. This case study focuses on the Small Enterprise Foundation (SEF) in South-Africa and its partnership with Intervention with Microfinance for AIDS and Gender Equity (IMAGE). The report is based on desk research, interviews with staff of SEF and IMAGE and interviews with SEF's clients that are attending or attended Sisters for Life training.

Objectives study

The objective of this case study is to analyse and document the experiences of SEF and IMAGE of successful, relevant, additional interventions alongside the provision of microfinance, aimed at wider empowerment of women and with evidence of contributing to this wider empowerment.

Definition women's empowerment

The notion of women's empowerment used by IMAGE and which has been followed in this case study is 'the process of increasing capacity of individuals or groups to make choices and to transform those choices into desired actions and outcomes'. It includes 'power within' (internal qualities such as self confidence or critical consciousness that contribute to individual agency) and 'power to' (factors such as the ability to make independent decisions that determine and demonstrate such agency) and 'power with' (communal dimensions such as group solidarity or collective action which acknowledge that positive change may often be effected by individual acting together, rather than alone).

Structure report

The report first describes the context in which IMAGE and SEF operate and elaborates on SEF's methodology and products, its outreach, client drop-out, impact and SEF's business skills development. The second half of the report is dedicated to IMAGE interventions, impact at client level, impact at community level and impact on SEF's performance as well as the organisational analysis. Finally the report highlights the lessons learned for organisations who want to replicate the IMAGE program as well as the conclusions and recommendations.

Box 1: Small Enterprise Foundation (SEF)

SEF is an NGO that was established in 1992 in Limpopo Province with the mission to work aggressively towards the elimination of poverty by reaching the poor and very poor with a range of financial services to enable them to realise their potential. Currently SEF works in 4 Provinces: Limpopo, Mpumalanga, North West Province and Eastern Cape Province. 99% of SEF's clients are women.

At the end of June 2010, SEF had almost 65,000 outstanding loans with an outstanding loan portfolio of R 100.1 million or USD 13.1 million. The average loan disbursed is R1999 or USD 262. As the vast majority of clients loan for a period of 6 months, SEF disbursed over 140,000 loans between July 2009 and June 2010. The sum of savings held by clients in their Post Bank or Nedbank accounts amounted to R 17.2 million or USD 2.25 million.

M-cril's social rating report from 2008, concludes that SEF is in South-Africa the leading example of poverty focused microfinance, emphasizing micro-credit for enterprise and women's self-employment. SEF demonstrates strong commitment to the double bottom line, and in a difficult economic environment is quite effectively balancing financial performance and excellent portfolio quality with targeted poverty outreach and innovative social monitoring mechanisms.

Box 2: IMAGE Sisters for Life

IMAGE (Intervention with Microfinance for AIDS and Gender Equity) is a community based intervention program under Wits Health Consortium (WHC), a subsidiary of Wits University. IMAGE has an advisory Board in which senior management of SEF is represented.

IMAGE started its program in 2001 and aims to empower women, improve household economic well-being, increase women's social capital, reduce intimate partner violence and HIV vulnerability among women, and raise awareness of these issues among the broader community.

IMAGE links a two-phase participatory learning program called Sisters-for-Life to SEF's centre meetings. In the first phase, which lasts 7 to 8 months, clients are trained in gender roles, cultural beliefs, relationships, communication, gender-based violence and HIV infection. In the second phase members of the microfinance group elected natural leaders participate in a further week training focusing on community mobilization, including reaching youth and men to address community and male norms around gender and HIV. The leaders subsequently organize community events and continue discussing issues relating to gender, gender based violence and AIDS during group meetings. This phase lasts 4 to 5 months.

Almost 12,000 of SEF's clients in Limpopo Province completed training and another 3,800 clients are currently in training.

Poverty

South-Africa has a population of 47.6 million, which is predominantly urban (62%). Economically South-Africa is a middle income country, but the history of apartheid is reflected in significant inequalities. It is estimated that 9.7% of the population lives on less than \$1.25 per day and 34.8% on less than \$2.5 per day (data Income and Expenditure Survey 2006). By any measure poverty is higher amongst the rural population and amongst women headed households.

SEF is located in four of South Africa's provinces, namely, Limpopo Province, Mpumalanga Province, North West Province and the Eastern Cape Province. The Limpopo and Eastern Cape provinces have the highest proportion of poor in the country with 77% and 72% of their populations living below the poverty income line, respectively. The areas of Mpumalanga and North West Province, in which SEF works are characterised by similar poverty.

HIV and AIDS

HIV/AIDS infection in South-Africa is high. Prevalence rates among antenatal clinic attendees in 2009 ranges between 17 and 40%. Estimates of HIV infection rates approximate that women are 1.72 times as likely to be infected compared to men. Figure 1 reflects the estimated HIV prevalence rates for different age groups. Women in the age group of 20 to 24 are more than 4 times as likely to be living with HIV/AIDS compared to their male age group. Among females, HIV prevalence is highest in those between 25 and 29 years old; among males, the peak is in the group aged 30-34 years.

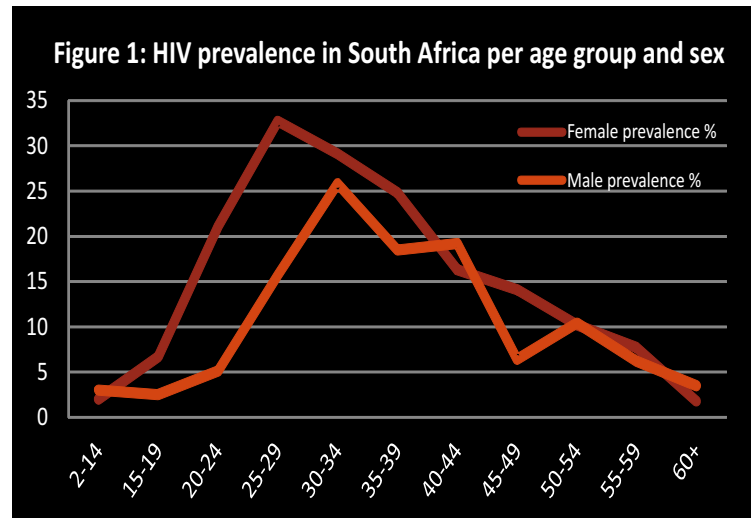
Gender inequality and domestic violence

Gender inequality is entrenched in South-Africa and physical and sexual violence against women and girls are commonplace. Recent estimates suggest that nearly 25% of ever-partnered women report having been in an abusive relationship. In addition to being an affront to women's rights, intimate partner violence is increasingly recognised as a neglected but important public health problem, with significant impacts on women's physical, reproductive and sexual, and mental health. Many women and girls also lack basic information about their bodies, sex, and sexuality. Many do not know how to prevent HIV; cannot demand that male partners use condoms; cannot refuse sex and are often forced to sell or otherwise trade sex for material goods.

Vicious circle

Poverty, HIV&AIDS and gender inequality are interlinked and create a vicious circle. Poverty fuels HIV transmission and at the same time HIV&AIDS deepens poverty. This is further exacerbated by interdependent factors such as high dependence levels, lack of self-esteem and unequal power in sexual relationships. One important manifestation of this power imbalance, gender-based violence has been found to both directly and indirectly impact on women's vulnerability to HIV infection. HIV transmission might be the direct result of an unwanted or forced sexual act. In addition refusing sex, inquiring about other partners, or raising the issue of condoms have all been described as 'triggers' for partner violence - yet all are intimately connected to the behavioural cornerstones of HIV prevention. This often results in women being trapped in a vicious circle as illustrated in Figure 2.

The program of SEF and IMAGE tries to tackle these issues at the same time, with SEF focusing on the economic Empowerment while IMAGE provides clients with information, knowledge and analysis to challenge existing power relations and gain greater control over their lives and future.



Model for service delivery

SEF's model for financial intermediation is the solidarity group, adapted from the Grameen group structure with small groups of five members. Each of the five members must wish to obtain a loan for their own individual business and are required to guarantee each others' payments. No other collateral is required. Five to ten groups are combined to form a centre. This structure is central to SEF's approach which is not only to deliver a financial service, but (primarily) to facilitate the poor to develop skills, confidence and social capital that can come through group interaction and responsibilities. Centre meetings take place fortnightly. Policies and procedures are designed so that group members network with each other and take responsibility for various activities: checking groups' repayment and savings, vetting new loan applications, sharing business advice, imposing small fines on late or absent members. SEF's development facilitator (DF), as SEF calls its credit officers plays a role initially training the group (in four half-hour sessions spread over two weeks) and subsequently facilitating the centre meetings.

Financial transactions are through branches of the banking system - mainly the Post Savings Bank which has a wide network, or Nedbank. Groups open an account in the Bank. SEF disburses loans directly into the group account and repayments are made in one of two ways. Under SEF's original repayment methodology, repayments are presented in cash at centre meetings and then the total for the centre is deposited into SEF's account at the Post Office or Nedbank. Two members of the centre are delegated to make this deposit. In the second repayment method each group collects its repayments prior to the centre meeting and then deposits these directly into the SEF account. At the centre meeting the deposit slips are shown as proof of payment. This last method is used by about one third of SEF's clients.

SEF has two separate credit programs: the Micro Credit Programme (MCP) and Tshomisano Credit Programme (TCP). Group structure and products are the same in each. The difference is that the TCP specifically targets the poorest women and the MCP does not. The initiation of TCP followed an evaluation in 1996 that found that the very poor were under represented in the MCP. TCP was the response motivating the very poor to start an enterprise and groups serving the very poor exclusively so as to support their specific circumstances and needs. The current strategy is to expand only with TCP and no new MCP branches have been established for a number of years. TCP branches open-up for all clients after there are more than 70 groups and at least one client is in the fourth loan-cycle.

Products

- SEF offers a basic *group loan product* with five variations differentiated by loan term, frequency of repayments and costs to clients. New clients have two options, fortnightly repayments over either 4 or 6 months. After the first loan, clients have the option of monthly repayments over 4, 6 or 10 months. Loan size starts at R500 (\$75) up to a maximum of R1200 (\$180) for a first loan. The maximum loan size is R 12,000 (\$1800). The average outstanding loan size at the end of September 2010 is R 2371 for TCP (\$292) and R 1938 (\$357) for MCP. Credit is specifically intended for enterprise investment and there are strict procedures for checking loan use. SEF's effective interest rate, inclusive of fees, VAT and compulsory savings stands at 83%.

- SEF is not allowed to take deposits. Instead of providing a direct *savings* service the organisation strongly motivates its clients to save in their bank group account. Deposits again are either collected in cash at the centre meeting or are made in advance of the centre meeting by the group members. The savings are not entirely voluntary, since SEF loan sizes are linked to group savings. In order for a client to advance to a larger loan size in the next loan cycle, they must have saved at least 10% of the current loan size during the current cycle. Clients are actively discouraged to use their savings for repayments. The objective of the group savings account is to show clients the principle of savings and to watch their financial fitness. The average savings per TCP client is R315 (\$48) and R 400 (\$60) for MCP clients. The group savings account is not an ideal way of saving as other group members need to sign in case of withdrawal, people do not want others to see they are saving that much, the distance to the bank is a challenge for clients in rural areas, and the insecurity of group savings accounts. Therefore clients are also saving in their individual savings accounts which gives them better access, more privacy and security of their savings and is also used to receive government grants. Though no hard data is available, a sample survey carried out in 2008 indicated that over half had a formal savings account before joining SEF.

Challenges

- It has been noticed that longer term clients sometimes use loans for different purposes such as home improvements and education. SEF is working on new loan products to accommodate client's needs.
- With SEF growing, strict enforcement of policies and procedures becomes more difficult. Rules are sometimes bent. In addition the quality of client level data collected by field staff is not always up to standard. The research department therefore has streamlined the work of field staff to improve performance.
- The attendance of group meetings is sometimes low especially when a centre is not far from town and quite some members are employed hindering their attendance of meetings. SEF is monitoring the duration of centre meetings and at the moment, 45% of the meetings take less than 1½ hours, 38% between 1½ and 2½ hours and 17% more than 2½ hours.

Poverty levels

-Deep outreach due to effective and focused targeting - both of area and the very poor-

At the end of September 2010, SEF reached over 66,500 clients. SEF operates in South-Africa two poorest provinces Limpopo and Eastern Cape. Poverty levels are also high in North West Province and Mpumalanga. All SEF's clients are in rural or peri-urban areas.

22% of SEF's clients are under the MCP program and 78% under the TCP program. Selection of clients of the TCP is based on an intensive (3-day) process of participatory wealth ranking in the village, and focuses on the 'bottom 40%' identified through this process. DFs for TCP than prioritize to seek out the poorest to motivate them to form a group and join SEF - and borrow to start an enterprise

About 85% of TCP clients do not have a functioning business when joining the program and most start marginal businesses such as hawking fruit, vegetables or clothing, running small shops, selling new or used clothing and dressmaking.

.After the DF has reached 70 groups and at least one client is in the 4th loan cycle, the centre opens up to those women that didn't qualify before according to their PWR scores. This measure is to protect SEF's poorest clients because SEF feels that they might not join or are not comfortable to be in a centre with "richer" people.

Table 1 shows the PWR score for clients. 100 symbolises the poorest, the lower the score the better off the household is. 50% of current TCP clients have a PWR score between 80 and 100, 24% between 61 and 80 at the moment of joining SEF. The PWR score is not measured after the TCP has been opened up. Currently 19% of TCP clients have come in through the so-called open TCP. Overall 81% of TCP clients are below the poverty line of 2\$ a day at entry as shown in Table 2. The MCP program is not a specifically targeted program, but still located in poor areas and with small loan sizes on offer to women with an existing (at least 6 months) enterprise. A research done estimated that 50% of SEF's MCP clients is at entry below the poverty line of 2\$ a day, which is twice as much as the national poverty rate which is 25%.

Age - High average age-

The average age of SEF's clients is 48 years. The age group of 40 - 49 and 50 to 59 are especially big. Only 27% of the clients is younger than 40 years and only 7% is younger than 30 years as

can be derived from Table 3. No research has been done into the exact reason for the low representation of young people. Possible reasons given by SEF's staff is that people are reluctant to join in a group with younger persons as they are often more mobile, less socially rooted and less experienced in establishing income generating enterprises, as well as that young people rather look for a job and don't want the inconvenience of running their own business. In addition they tend to be better informed about other products (e.g. banks).

Gender - Focus on women, with attention for women's empowerment-

MCP allows one men in a group of 5. As only 22% of the clients are in MCP, the maximum percentage of men reached is 4% at the moment. Currently 1% of SEF's current clientele is male. In all new branches, SEF launches its TCP program and therefore the percentage of men decreases.

Two reasons for SEF targeting women specifically is that it believes that if you wish to benefit the family then it is more effective to work through women than men. The organisation also aims to support women's empowerment and leadership and its experience is that men tend to dominate centres even of there were very few of them in a centre. For example if there was only one man in a centre he would often be elected to the centre leadership. Also SEF found in the early years that the system did not work so well with men. Around half of the arrears were with the 3% men in the program. Whilst women are encouraged to discuss credit arrangements within their families, they are nor required to ask their husband as a guarantor, which helps in the African context to support women's independence.

Other characteristics - 34% of women are from female headed households-

- ♦ SEF does not collect information on the marital status and average household size of its clients on a continuous basis. In the past a sample survey has been done showing that 18% of SEF's clients are single or divorced and 16% are widows.
- ♦ 38% are supporting children other than their own
- ♦ At primary school level, attendance of clients' children in school is above the country average - 79% of girls, 100% of boys compared to 66% girls, 80% boys nationally; secondary school attendance is lower - 32% compared to 62% nationally.
- ♦ 64% receive government grants (pension, child, disability), 32% have a member in the household with a salaried income
- ♦ 13% do not have electricity, 47% have access to piped water, just 3% to a flush toilet
- ♦ 27% contributed to a funeral in the previous year

Table 1: Poverty Wealth Ranking
SEF's clients

Poverty Wealth Ranking	
Open TCP	19%
0-60	7%
61-80	24%
81-100	50%
Total	100%

Table 2: Poverty levels clients at entry

Client poverty level at entry		
Poverty line	<1\$ PPP	<2\$ PPP
TCP	54%	81%
MCP	26%	50%
SEF	52%	77%
South Africa (1)	5%	25%

(1) Data UNDP MDG report, data 2006

Table 3: Age of SEF Clients

Age SEF Clients	
Average	48 years
< 20	0.1%
20-29	7%
30-39	20%
40-49	29%
50-59	24%
60-69	13%
70-79	5%
80 and above	1%

Drop-outs -measure to monitor business and social performance -

Information on drop outs provides a valuable source of information on the performance of the MFI in relation to client needs, and more generally to how an MFI relates to client livelihoods and external conditions. It helps to understand the impact which will feed into operational development and leads to changes that better tailor the MFI's services to their target client needs and thus improves the overall impact of the MFI. In 1997 SEF began looking closely at the reasons for drop-out and monthly drop out monitoring now forms part of operations. SEF aims to keep the drop-out ratio below 18%. SEF does not want to put the ratio too low to prevent clients take loans when they do not need one and to prevent them becoming over-indebted.

Figure 3 shows a drop-out ratio of more than 18% since January 2009. Figure 3 also illustrates that drop-out ratio's are highest in June / July and lowest in December and January.

In terms of loan cycles, clients are most likely to drop-out during the first four loan cycle, with the drop-out ratio being around 8 percentage points above the average. Afterwards drop out ratios go down to under 12% after cycle 12.

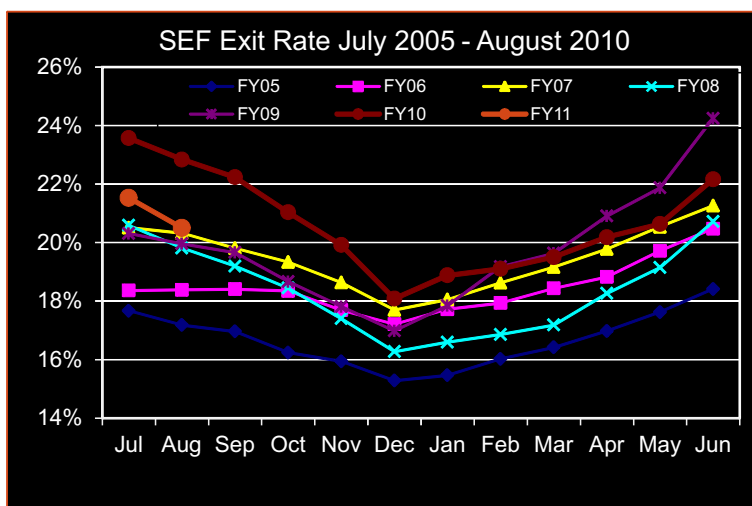


Figure 3: SEF's drop out ratio between July 2005 and August 2010

Reasons for client exit - personal reasons, business failure, conflicts within group / centre, SEF procedures -

Main reasons identified by SEF for clients to leave the program are:

- *Personal reasons*, being mainly death in the family, personal or family illness. Other reasons cited are: husband stops members attending; conflict in the family; moving away from the area; other disaster; afraid of credit; and found a job which was normally found to be a sign of business failures.

- *Business failure* may be reported directly or can be seen from other information given, i.e. business does not grow or goes down - business value does not increase or decreases and/or a member has to be patched by the group or the centre. In addition in case the cited reason is that clients leave to take up employment, it cannot be automatically assumed that this is a positive development. In case employment is not well -paid (such as farm or domestic laborer), it can be assumed that the business was not succeeding in providing a living income.

Common reasons for business failure are: too much sales on credit; inappropriate loan size - too big for manageable repayments or too small to do the planned business; too much competition; lack of business skills - support not given by group/center/field worker to develop skills; poor loan utilization; profits not re-invested in business - due to high demands from the family, or poor business management; unforeseen disaster - such as robbery, rain damage, or family crisis that takes money from business; part-time business - member works as well and is not serious about the business.

- *Problems within groups or centres*: conflicts often arise from members not making their repayments. This results in other members having to spend time trying to find the member to make them pay or having to make payments on their behalf. Patching for other members: the feeling of 'working for others' is a major reason for drop-out in centres with patching problems. The costs of member making additional payments for others, on top of their other costs, may be enough to cause business failure and drop-out, or it means that they are unable to make savings.

- *Problems with SEF procedures* Reasons cited in a research carried out in November 2009 indicated clients having problems with fortnightly meetings, with meetings taking 3-4 hours due to conflicts; in areas where incidences of fraud occurred by staff of SEF clients were dropping out due to a general distrust of the organization. In addition centre leadership was complaining of staff undermining decisions taken in the centre about loan sizes and allowing clients to have larger loans even after the centre had agreed otherwise, unclarity on the centre savings fund and the reason behind fines.

Table 4 indicates the importance of possible reasons for clients to drop out. Group and centre conflicts are the most important reason for clients leaving, followed by personal reasons such as problems in the family or conflicts with husband and business failure.

Table 4: Results survey amongst drop-outs in 2007

Reasons for drop-out (n=89)	%
Taking a break	1%
Problems	
Group and centre conflicts (mainly patching)	44%
Family / husband conflicts	27%
Business failure	24%
Issues with SEF staff	3%
Externalities	
Job/Government grant	20%
Relocation	1%

Reasons for increased client drop out rates - operational challenges resulting increased dropout ratio -

As shown in Figure 3, the drop-out ratio of SEF has shown an increase since January 2009. It was suspected that external factors such as the recession or competition from other MFIs were behind SEF's decline in performance. In November 2009, SEF carried out a remarkable self-reflective research into the main reasons of increased arrears and drop out rates. It was concluded that, while a few clients complained of increased prices and the wider presence of MFIs in the North Zone increased the number of 'double loans', the fundamental reasons for increased arrears and exit rates were internal. SEF's management systems were unable to support the aggressive growth of the previous financial year, leaving key aspects of the methodology - checking and supporting clients businesses and well-functioning groups and centres - to be poorly managed. A lack of experienced staff due to the recruitment for expansion and due to dismissals also meant that many staff were not equipped to deal with the problems they encountered, such as mistrust due to fraud by previous SEF staff member, failing businesses of clients and leading of group discussions on reasons behind business failure.

As a result, SEF has revised time management of staff by:

- reducing the travel time of the development facilitators (DFs) by setting the standard of one village per day enabling the DFs to complete their work
- improved management and information systems to define each aspect of the methodology and how they should be managed. This standardization process will also prepare SEF for future expansion.
- SEF is working on better business development support to reduce business failure amongst its clients (see page 9 for more information).

Measures taken so far have yielded some effect as drop out ratio's have gone down.

Generally clients went into arrears because their businesses were not generating enough profit to pay instalments. This was usually a symptom of poor loan utilisation and follow-up, with the group not being adequately supported by the group, centre and/or DF. Loans with other institutions were sometimes taken to repay SEF loan or to sustain their business. Interviews with centre leaders showed that those clients who took outside loans did not leave SEF permanently or if they did dropout eventually returned.

Client satisfaction

- 7 out of 10 clients happy with staff, interest rate, meetings - improve on time of meetings and business advice

Client satisfaction survey carried out in 2008 with 40 MCP clients, indicates the following:

69% positive feedback on staff, interest rate and centre meetings. Clients appreciate the sharing and problem solving during centre meetings, but there is lower positive feedback on assistance with business management through the centre meetings and networking. Other issues that were identified, include:

- 15% of clients prefer monthly meetings;
- Meetings sometimes take too long;
- Having to find another member if one drops out from the group of 5;
- Training of new members who join after the centre is formed (to replace dropouts);
- Larger loans for some long standing clients - who may be constrained by group limitations.

As mentioned on page 4, SEF is developing new products, has streamlined policies and procedures and is monitoring the duration of meetings to try to increase client satisfaction.

SEF's development facilitator with one of SEF's clients



One of SEF's clients with repayment card



Monitoring - excellent MIS -

SEF has a well integrated system for tracking its achievements of social objectives, reporting the results and using the results to inform decisions and strategy. Apart from vulnerable centres and dropout rate, SEF monitors impact on retaining clients. Before each loan cycle, development facilitators interview clients about the value of business assets and clients' perceptions of the quality and quantity of food consumption in their households and the quality of their housing. Their responses on food and housing are allocated scores on a scale of -2 to +2.

The results are tabulated in graphs and are part of quarterly reports to management, bi-annual reports to the Board and the presentation to field staff at the annual meeting.

Impact on retaining clients - information from MIS SEF

- very positive for returning clients -

Figures 4 to 6 illustrate the outputs of SEF's impact monitoring system for the quarter ending 30 September 2010. The graphs show a consistent positive impact for SEF's returning clients.

The average of business value before the first loan is R79, up to R 1,207 before the second loan cycle to R 1,809 before the seventh loan cycle and an average of R 2,535 before 8th and subsequent loan cycles. In terms of business value the increase is biggest in the first three loan cycles.

Figures 4 and 6 show a significant improvement in food intake and housing conditions for SEF's retaining clients, with impact being the biggest in the first five loan cycles.

Impact on drop-outs - information from MIS SEF

- no information on impact dropouts and it might be challenging to sustain impact -

The above presented impact data do not account for dropouts between cycles. The number of clients dropping out is quite substantial. With a drop-out ratio of 20%, only 33% of the clients completes the fifth loan cycle and only 17% completes the 8th loan cycle.

The drop-out ratio includes people who rest for a period longer than 6 months. People returning within 2 years keep their identification number and are included in the impact analysis. There are indications that people who left SEF for personal reasons are returning, though there is no information available on the exact number of clients returning within 2 years.

SEF's clients returning for a second loan, have made improvements in terms of business value, food score and housing score. The impact on clients not returning after the first loan cycle is likely to be limited or even negative. It is therefore crucial to provide clients with good information on products and conditions to prevent them ending up worse than beforehand and to provide extra business support for clients just joining.

The high poverty levels of SEF's clients implies they are very vulnerable. Death or illness in the family and business setbacks can put clients back into poverty (partly) offsetting earlier gains. The challenge for SEF is to retain clients providing them with an opportunity to escape out of poverty and deal with emergencies without creating over-indebtedness.

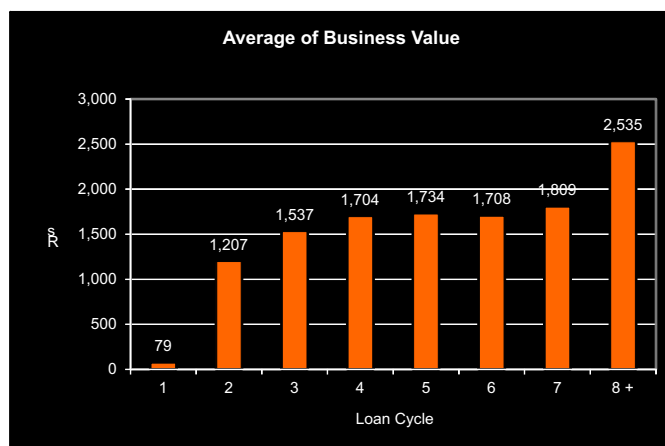


Figure 4 : Average Business value before each loan cycle

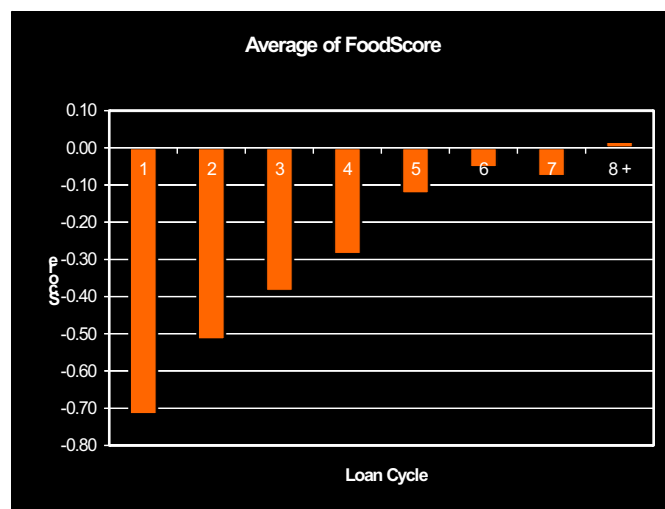


Figure 5 : Average Food Score

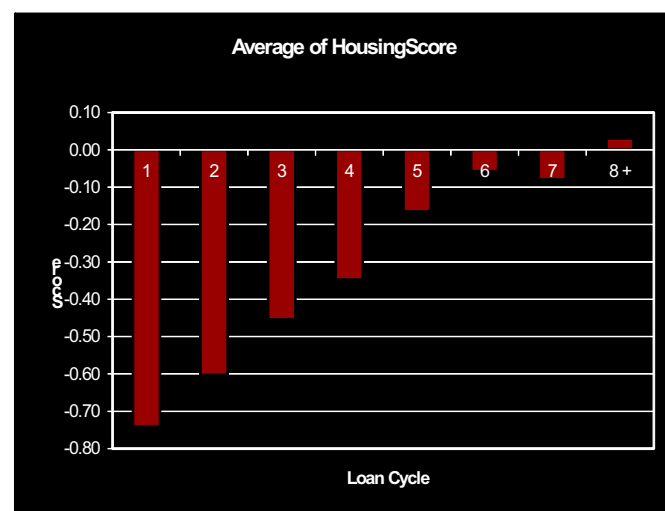


Figure 6: Average Housing score before each loan cycle

Impact - information impact survey IMAGE

- proven economic impact, some empowerment impact -

As part of the IMAGE pilot an impact assessment was carried out including clients that dropped out. After 2 years both the microfinance only and the microfinance and IMAGE training showed consistent and considerable economic improvements relative to the control group which received no microfinance and IMAGE training. In addition some improvement in empowerment indicators was observed. No indication of an exacerbation or reduction in intimate partner violence was observed.

Skills Development Sessions - peer to peer business skills development -

In SEF's service delivery, staff encourages clients to exchange ideas and experiences in their businesses during and outside centre meetings. During centre meetings, skills development sessions take place. The sessions consist of a series of conversations initiated by a centre member on a topic related to challenges she experiences in running her business. The rest of the members then ask questions and offer advice to help their peer. As 85% of the TCP clients do not have a functioning business at the moment of joining SEF, business skills development is important. SEF believes that peer to peer business advice is more relevant than tapping knowledge from external trainers who have rarely sufficient understanding of the lives of poor women in rural South-Africa. The loan officers, or development officers as SEF calls them, facilitate these sessions and all costs are financed from SEF's income on its outstanding loans.

At the same time research carried out by SEF highlighted that clients complain about increasing competition from other clients as a hindrance to business growth, low satisfaction of assistance with business management and clients also expressed the wish for more interesting meetings, especially for older clients. In addition a research in November 2009 also highlighted that inadequate checks and supports to client's businesses resulted in increased arrears and drop-outs and yielding sub-optimal results in terms of impact as well as SEF's financial returns..

Improved business skills development - structuring and systemizing peer to peer skills development sessions -

Some of the identified causes for sub-optimal results from the skills development sessions are the non-structured manner of the skills development session making it challenging for the development facilitator to handle. Centre members also felt the need for clearer technical solutions or advice as take-aways from these sessions. SEF therefore decided to improve and strengthen the mechanism in place and partnered with Freedom from Hunger (FFH), an international organization specializing in the design and implementation of integrated financial and non-financial services. FFH's experience with 'Credit with Education' uses Technical Learning Conversations, a simplified adult education methodology, that can be facilitated by loan officers. Implementation around the world shows that using microfinance as a platform to reach poor people and exposing them at the same time to life skills education sessions has a very effective impact on the end users as well as on the organization serving them. The objective of the partnership between SEF and FFH is to structure and systemize the skills development session in the field making them operational in the context of SEF.

FFH and SEF have agreed on a two phased approach. During the first phase one module composing of seven to ten 30-minute sessions will be delivered over an eight month period in two branches. FFH will train DFs in the TLC topic and branch managers in supervision. In addition the training sessions will be monitored and assessed and a strategy will be designed for an effective delivery of a TLC in SEF's context in a sustainable manner and at a large scale. In the second phase FFH will provide training to SEF's trainers in five topics such as: Four Steps to a Better Business, Budgeting: Plan How to Use Your Money, Manage Your Business Money and Increase Your Sales; Debt Management; and other topics found relevant. Performance will be assessed in terms of viability of the training mechanism and the capacity to serve SEF's needs in the long term. At the end of the roll-out phase, SEF will organize in collaboration with FFH a dissemination workshop about its experience with TLC session integration into its microfinance services.

Costs - grants for pilot and scaling up, training to clients integrated in microfinance operations -

The business skills development training is carried out by the DFs and integrated in their daily operations. These costs will continue to be financed from SEF's income on the outstanding loans. SEF pays FFH for its support services. These costs are funded with grant money. Once the pilot is successful, SEF will look for more grant money for the second phase of scaling-up. SEF aims to find a sustainable way to integrate this non-financial service into our daily operations. It is currently not yet clear how additional activities of the training centre will be financed as they will be responsible in training old and new DFs on a potentially annual basis in a new module.

Results - too early to assess, but expected to result in lower drop-out and improved impact -

The pilot project is still in its initial stage. The first results are expected to become available by the end of the pilot in November 2011. It is expected that improved business skills development will reduce the dropout ratio and further improve the positive impact of SEF's microfinance program on clients.

The intervention with microfinance for Aids and Gender Equity (IMAGE) uses SEF's centre meetings as an entry point for HIV/AIDS and gender interventions. IMAGE's program consists of the following activities:

Sisters for Life (SFL) training

All SEF's clients are trained during fortnightly centre meetings. Sisters For Life trainers are IMAGE staff members and are linked to one of SEF's development facilitators. The curriculum has been developed and piloted specifically for this context, and covers a broad range of issues which have been identified as priorities by rural women. Topics include gender roles, gender inequality and cultural beliefs, the body, sexuality and relationships and domestic violence, as well as the more conventional topics related to HIV prevention. Sessions are structured to give participants an opportunity to strengthen confidence and skills relating to communication. Table 5 provides more detailed information on the training curriculum. Modules are sometimes split into 2 to ensure the group is ready to discuss these issues or to accommodate time management of centre meetings.



SEF's Mashoene centre clients during Sisters for Life training session 5

Community health talks

SFL trainers hold health talks on a regular basis for the duration of the intervention in the area (12 months). Health talks are given to different groups such as health centres, gardening projects, schools and other community initiatives.

Training of Natural Leaders

A 5-day workshop for women that were selected in the Sisters for Life training as natural leaders by their centres on the basis of demonstrated potential as leaders through active participation in centres, demonstrated understanding of the HIV/AIDS issues, and ability to inspire others. The natural leader training builds upon the Sisters for Life training curriculum allowing participants to reflect on their own lives, and in doing so, internalize and personalise the lessons learned. Specific leadership and facilitation skills are also practiced, in order to build participants' confidence to take an active role in planned community mobilisation.

Community Mobilisation

The natural leaders report back to their centres as they were chosen by them. They call on other centre members for their support to mobilise the community. The natural leaders develop with their centre an action plan to implementing what

TABLE 5: SISTERS FOR LIFE - TRAINING CURRICULUM		
Session	Goals	Activities
Introduction	-Participants and facilitator to get to know one another and program and feel comfortable	-Introductions -Goals, concerns, expectations - Ground rules
Reflecting on culture	- Consider traditional wedding songs, names and proverbs about women - Understand how gender roles are reinforced from an early age.	-Wedding songs, names & proverbs -Girls do's and don'ts
Gender roles	- Consider differential workloads & responsibilities of women and men - Analyze how much of women's time is devoted to others and how much to themselves	- 24 hours in a woman's day: map out hourly activities for a typical day
Woman's work	- Explore effect of women's workloads on health and well being - Understand difference between 'sex' and 'gender' - Explore and challenge the notion of 'culture' and how it reinforces gender roles and stereotypes	Continued group discussions 24 hours in a woman's day - self versus others
Our bodies, our selves (often split in 2)	- Become more comfortable to speak about the body, sexuality, and women's feelings - Explore women's understanding of their bodies i.e. menstruation and sexual intercourse	- Group discussion: 'womanhood' and what it means to be a woman - body mapping: menstruation, sexual intercourse
Domestic violence	- Explore a range of domestic violence experiences - Explore attitudes, beliefs and experiences of such violence - Understand how it is perpetuated linking it to gender roles and culture	-Forms of violence experienced or witnessed -Role play: mother in law speaking to daughter in law domestic violence
Gender and HIV	- Cover basic prevention, transmission and myths of HIV/AIDS - Explore reasons why (young) women are at high risk -Link social context of women's risk to gender roles, culture, domestic violence	- Basic HIV information -Women & HIV -Who is at risk? Discussion of 2 stories
Knowledge is power	- Introduce VCT and where it is available - Prepare women for thinking about VCT, reasons for testing, and fears and concerns -Bring home the reality of HIV by speaking to a PWA	-VCT demonstration -Visualisation exercise finding out HIV status of yourself or loved one -PWA disclosure,
Empowering change	- Explore why negotiating safer sex with a partner is difficult - Explore why speaking to youth about sex is difficult - Practice communication skills and exchange strategies/ personal experiences	-Role play 1: speak to your partner about safer sex -Role play 2: speak to a young person about sex
Way Forward	- Summarize and link sessions - Explore obstacles and opportunities for involvement of youth and men - Link to natural leadership training phase 2	-Review -Comment progress -Discussion what can be changed and what can't -Next steps

They regard as appropriate responses to priority issues during meetings, with support from IMAGE staff. Examples of community activities organized are visits to schools to discuss with children the issue of child abuse, discussions with parents, a talk at church, visit to clinic, an awareness march about rape involving police, department of health and the community, sharing of children to discuss sexuality, or individual conversations with neighbours or fellow centre members.

Sustaining activities - centre level

Centres continue with talks covering gender issues, domestic violence and HIV/AIDS during meetings after IMAGE has left. In this way knowledge is refreshed and transferred to group members who join SEF later.

Sustaining activities - community level

The centres are encouraged to discuss issues in their communities during centre meetings and to continue with community activities. IMAGE can be contacted for help on specific conversations or community activities.

Outreach

Table 6 shows that IMAGE has trained 11,825 SEF members in 6 branches and is currently training 3,800 SEF members from 97 centres in 2 branches. No data is available on the number of natural leaders that have been trained. Over the past three years, IMAGE has been training between 2,000 and 4,000 members of SEF per year.

Table 7 shows the number of activities that have been carried out at community level. The health talks have been carried out by the SFL trainers. The collective mobilisation activities are organised by the centres under the leadership of the natural leaders with guidance from the Sisters for Life trainers. The other activities are carried out by the natural leaders.

Results IMAGE at level of SEF's clients	Centres	Individuals
Number of clients trained		11,825
Number of centres in training	97	3,800

Table 6: IMAGE activities and output SEF client level

Results IMAGE at community level	Number	Persons reached
Community health talks by SFL trainers		5,597
Number reached via collective community mobilisation		14,134
Number reached via individual community mobilisation		6,191
Ongoing activities by natural leaders	9	495

Table 7: IMAGE activities and outreach at community level



Sisters for Life Trainers and other IMAGE Staff during quarterly meeting

Box 3: Key issues in training - Input from Sisters for Life trainers

- Ensure that the additional training is introduced well. Clients have to consider the gender training as part and parcel of the microfinance intervention. Otherwise clients will see it as a waste of time.
- Work closely with the credit officers and let them introduce you and the training as being part of the microfinance services.
- Support the MFI's message, stand behind them and help them if you hear or identify problems. They pave the way for the training and encouragement of clients to participate.
- It is crucial that the trainers have good facilitation skills to ensure trainers are able to build trust. The use of songs and dance is very effective in the African context.
- Build trust with clients by putting yourself at the same level, sharing your own problems, no judgement of clients and no gossiping about problems outside centre meetings.
- Listen to your clients to understand the problem and culture. Don't assume you understand the culture because you are from the same area.
- Do not start a session if the group is not yet ready for it, do an intermediary session.
- Be passionate.
- Small gifts for the ones with good attendance, participation or correct answers can be used to motivate clients.

Outcome impact assessment pilot project - client level

- high impact at client level in terms of women's empowerment, intimate partner violence and HIV&AIDS risk behaviour -

Between September 2001 and March 2005 the IMAGE program was piloted and evaluated. A total of 1409 participants were enrolled, all female, with a median age of 45. Participants included both retained clients as well as those who dropped out. After 2 years, both the microfinance-only group and the IMAGE and microfinance group showed economic improvements relative to the control group. However, only the IMAGE group demonstrated consistent associations across all domains with regard to women's empowerment, intimate-partner violence and HIV risk behaviour. More specifically:

- In relation to women's empowerment, participation in the IMAGE and microfinance intervention was associated with increased 'power within' measured by greater self-confidence, financial confidence, as well as more progressive attitudes to gender norms. Women with an intimate partner reported an increase in 'power to' measured by higher levels of autonomy in decision making, greater valuation of their household contribution by their partners, improved household communication and better relationships with their partners. Also an increase in 'power with' in terms of higher levels of participation in social groups and collective action was noted amongst the women in the intervention group.

- Over a two-year period, levels of intimate partner violence were reduced by 55% in women in the intervention group relative to those in the comparison group. The reductions in violence resulted from a range of responses that enabled women to challenge the acceptability of such violence, expect and receive better treatment from partners, leave violent relationships, give material and moral support to those experiencing abuse, mobilize new and existing community groups and raise public awareness about the need to address both gender-based violence and HIV infection.

- Young participants (14 - 35 years) had higher levels of sex and HIV-related communication, were more likely to have accessed voluntary counseling and testing and less likely to have had unprotected sex at last intercourse with a non-spousal partner.

- Women noted challenges with acceptance of condoms by men.

Other indications

- findings current program confirm evaluation pilot -

After the thoroughly researched pilot project, IMAGE started scaling up its activities and reached 6,000 clients by the end of 2008 and plans to reach another 15,600 clients by June 2011. No impact assessments have been carried out meanwhile. Though on the basis of a small sample only (10 interviews with SEF clients), combined with feedback from SEF and IMAGE staff the findings are in line with findings of IMAGE's thorough impact assessment during the pilot project as illustrated in box 4 by quotes of clients interviewed.



One of SEF's clients trained as IMAGE's natural leaders

Box 4: Clients about Sisters for Life programme

'Before Sisters for Life, some women had not informed their husband that they had taken a loan. During the training these women decided to inform their husbands.'

'I now have the power to negotiate with my husband about finances.'

'We talk about things with sisters for life. It helped me with issues of domestic violence. How to approach a problem and manage a relationship.'

'The sisters for life sessions helped me to help others, like women who have been abused, or a HIV+ person.'

'I never got married but my house looks like it is with a husband. The house, the furniture and my kids go to school'

'I now know how to listen.'

'Sisters for life has taught us to accept ourselves as we are, be happy with ourselves.'

'When you have problems or are abused, you have to find someone to talk to, do not keep it inside.'

'Before joining SEF, I was one of the poorest in the village. Now I am considered rich because of SEF. I can dress nicely, have confidence, became a role model and I am even able to speak in front of people at weddings.'

Sustaining the impact at client level

- Need for continuation of health talks going during centre meetings to refresh and transfer knowledge to new clients -

After the completion of phase 1 and phase 2, half an hour of SEF's meeting is reserved for discussions relating to Sisters for Life. Two of the centres interviewed indicated that they are still holding these sessions every now and then. In the light of the drop-out ratio's that microfinance institutions are facing, the continuation of SFL sessions during centre meetings is crucial to introduce new members and sustain results amongst already trained centres. No data is available on the extent centre meetings are continuing with their activities after IMAGE has left. Centre members interviewed, indicated that they still hold talks during centre meetings, though one centre indicated it was often skipped as centre meetings took long. IMAGE intends to organise quarterly follow-up meetings during its next program.

Outreach to young people

- High impact on HIV&AIDS prevention could be further increased if more young people were reached directly -

When considering the positive outcomes of the impact at client level, it is important to realize that only one third of the clients included in the survey was younger than 35 years. Currently only 27% of the clients are younger than 39 years. Given the high direct impact and the fact that women between 15 and 29 years are especially vulnerable for HIV infection, it will be interesting to consider whether SEF can distinguish age in its targeting tool and pilot test the IMAGE program in one centre with relatively young people. Box 5 highlight some of the issues to be considered when explicitly targeting young people.

Box 5: Reaching young clients - or not

Young women are often more mobile, less socially rooted and less experienced in establishing income-generating enterprises than the usual profile of older microfinance clients. In addition research from Southern Africa targeting exclusively younger clients have met with mixed success. Repayment rates tend to be quite low. As a result MFIs and groups are not very eager to include young people.

On the other hand the direct impact in terms of economic empowerment, women empowerment and HIV/AIDS prevention of IMAGE is big. How do the needs of young women differ? What are the challenges?

- Young women on the one hand need business skills training as well as other critical issues such as sexual and reproductive health, HIV in particular, leadership training negotiation techniques, gender based violence, communication skills etc.

- Training needs are considerable but have to be balanced with the time available to prevent that training sessions become too time consuming.

Youth leadership and participation needs to be encouraged. It is important to build self-confidence and leadership skills.

- Young women are not younger versions of women, They have their own situations, emotions, needs, fragilities and strengths which should be taken into account in the design of any intervention. It will be good to involve young women from the beginning which also helps to identify potential leaders later on in the program.

- Savings are sometimes more important for young women than credit. Young women are often less confident in their ability to run a business, are discouraged by family and friends because they are considered too young. Often they are able to save a little, but do not have a safe place to hide their savings. A strong savings component to a microfinance program s therefore particularly beneficial to young women and will serve to keep them involved.

It is clear that young women can benefit from an intervention including microfinance, business skills and Sisters for Life training. Specific targeting and interventions will have to be designed to ensure that needs are adequately met.



SEF's clients with SEF's development facilitator and Sisters for Life trainer

Outcome impact assessment pilot project - community level

- increased communication in homes clients, no effect measured (yet?) in sexual behaviour and HIV infection community -

The clients interviewed have been very positive on the community mobilization that took place as part of phase 2. The community activities give a boost to the confidence of the women organising the event (see also Box 6). Participation in the community activities seems also to be good. The randomized trial that was carried out in 2005, showed little effect on sexual behaviour and HIV infection rates among young people who were not directly exposed to the intervention at least in the short-term (a period over 3 years, whereby community activities only started after 1 to 1,5 years). However a significant increase in communication about sex or HIV within the homes of IMAGE participants was measured compared to the control group. This did not yet result in change in culture and norms and it might take years before it is carried broader which requires a continuation of activities after the completion of phase 2. Other potential limitations mentioned in studies on IMAGE relate to the fact that only 10% of the community is participating in the training, which might be too small to make an impact as well as the fact that SEF's clients are the poorest clients of the community at start and might not be the leaders at community level that can bring about change.

Sustaining the impact at community level

- Continued and systemized community interventions, with the involvement of men to improve sustained impact -

Currently, IMAGE is paying little attention to community activities that take place after the completion of phase 2: the natural leadership training and community mobilization and IMAGE moves to a new area / branch. On the basis of information provided by IMAGE staff and interviews with natural leaders, the impression is that only a few centres continued with collective community activities. Sometimes natural leaders contact IMAGE and inform them on activities taking place. If possible, IMAGE attends these events to support the centres. To increase the impact at community level, IMAGE is planning to:

- ✎ Hold quarterly follow-up meetings upon completion of the training and graduation of the natural leaders.
- ✎ Establish a women's movement bringing together all the women that have participated in the Sisters for Life training. IMAGE would help to set-up the movement but the movement should be owned and run by the natural leaders that have been trained by IMAGE.
- ✎ IMAGE is looking into strategies to increase the involvement of men. One of the options being explored is collaboration with Brothers for Life a national Men's Campaign, an initiative of Sonke Gender Justice and John Hopkins Health and Education in South Africa, aiming to create a movement of men that will ignite and spread throughout South Africa. to address the risks associated with having multiple and concurrent partnerships, sex and alcohol ,gender based violence and promotes HIV testing and health seeking behaviour in general. The campaign draws upon the spirit of Brotherhood that exists among South African men and to encourage men to positively influence each other as men, partners, parents and as leaders.

IMAGE is recommended to systemize the community interventions by doing more elaborate analysis of community programs so that health talks done by the Sisters for Life trainers already involve men and can link to future community activities so that they reinforce future community activities of the centres.

Box 6: Community Activities

'An awareness march was held about rape involving police, department of health and the community. The natural leadership training gave us a lot of power. After Sisters for life left this is less, we now just talk on the phone.'

'After the awareness march on rape, people have started telling problems.'

'We went to a school to raise awareness about child abuse. At first, kids were embarrassed and laughing. But later kids talked to their teachers and the social workers involved. Perpetrators have been arrested, parents called and kids counseled.'

'We also held a meeting for parents, during which mainly mothers showed up. We are now talking to the chief to organise a meeting in the Chief's palace to involve men.'



This photo of a collective community activity appeared on December 3 2003, in the local newspaper *The Steelburger*.

Impact on SEF's performance

- better performance in terms of drop out and centre vulnerability -

During the pilot project, SEF compared the branch with IMAGE interventions with those without. As can be seen in Figure 7 and 8, the dropout rate in Burgersfort branch where the IMAGE program is run, has been consistently lower than in other branches. In addition exit interviews with clients showed that none of the clients at Burgersfort left SEF because of the training offered.

Another indicator is the centre vulnerability. A centre is considered vulnerable when one or more of the criteria set for savings compliance, attendance of meetings and repayment/arrears is not met. As can be seen in Figure 7 and 8, Burgersfort branch also performed better than the other branches in terms of vulnerability.

However this information is old and relates to a pilot project which was heavily monitored and supervised. During the first scale up phase taking place from July 2005 to June 2008, challenges were encountered with the training at Sekundelo branch which was the worst performing branch before the start of the IMAGE program and it could not change the poor performance. In addition it negatively impacted on IMAGE's performances as half of the centres did not carry out the community mobilization activity that was planned for phase 2.

The information on client drop out rate and vulnerability is not tracked for centres where IMAGE is currently running the Sisters for Life Program. During interviews, SEF staff reported some cases whereby Sisters for Life Training resulted in increased attendance and active participation, reduced drop-outs and the attraction of new clients. However no hard data are available to substantiate these claims. IMAGE is recommended to ask SEF for this information to keep track of those data before and after arrival of IMAGE as it is likely to also be a good indicator of the success of IMAGE's training.

Other benefits IMAGE brings for SEF

- high pay-off from social side -

Apart from the positive impact of IMAGE on the financial performance of SEF, SEF is very enthusiastic about its contribution to SEF's developmental objectives in terms of the additional confidence of women, reduction in domestic violence and reduction in HIV&AIDS risk behaviour. In the light of the high HIV/AIDS infection rates in South-Africa and the impact this is having on SEF's clients, SEF feels it is an important issue to address.

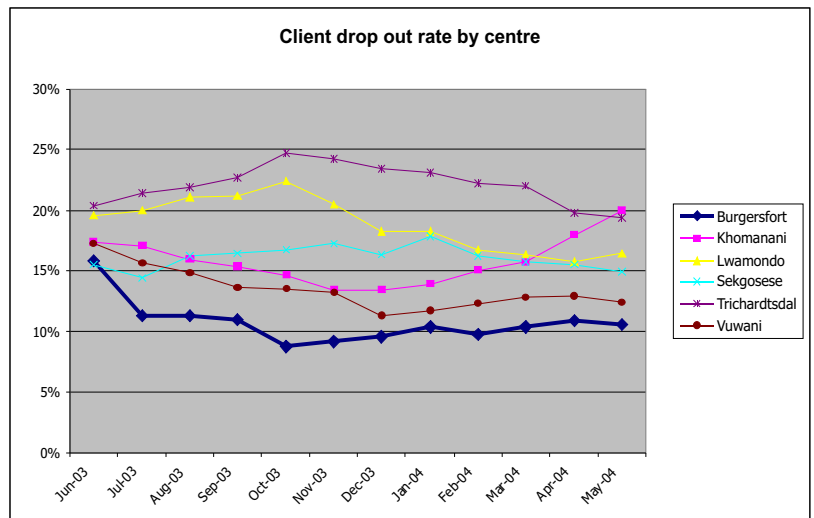


Figure 7: client drop-out rate by centre during IMAGE pilot

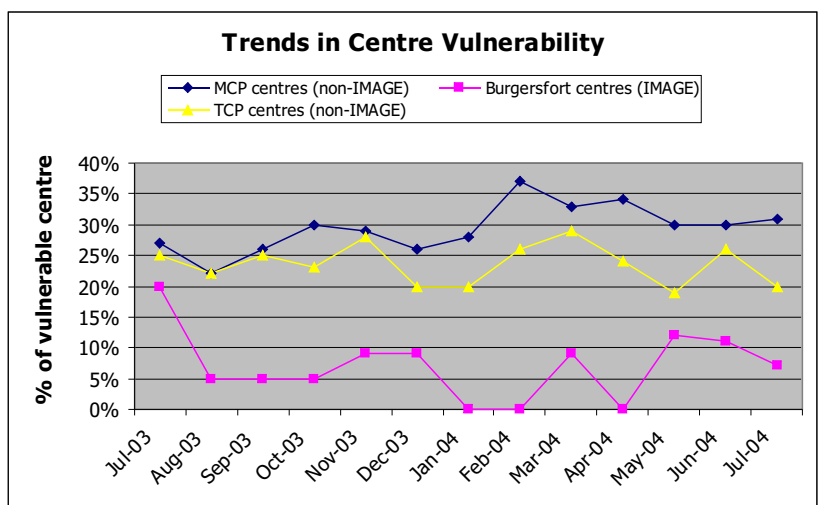


Figure 8: % of vulnerability per centre during IMAGE pilot

Box 7: Criteria for IMAGE to start SFL training at Centre

- At least an average of 70% attendance in the past 6 months.
- The centre has at least 6 groups.
- The centre is at least 6 months old.
- There are not too many outstanding issues in terms of tension between groups, patching and centre's leadership.

Organisational set-up

- **Set-up as a separate program, closely linked to the microfinance institution -**

IMAGE has been set-up by SEF and RADAR. SEF was worried about the impact of HIV & AIDS on its clients and therefore on its organisation. RADAR felt that HIV prevention activities should also address structural factors contributing to the spread of HIV & AIDS, being poverty and gender inequality. From a health and gender point of view, the collaboration is attractive as it provided RADAR with a captive audience working towards reduced economic dependency. After SEF unsuccessfully tried to collaborate with another HIV& AIDS organisation, top management of IMAGE and SEF met informally and the idea for collaboration was born. A 2-day management training workshop on gender, HIV/AIDS and Microfinance was held at the SEF offices and this was followed by a separate one week workshop for RADAR and SEF field staff. These workshops raised awareness and knowledge around key issues to allow program staff to become acquainted and to begin generating a joint vision and joint ownership over IMAGE. IMAGE has grown into a separate independent organization. It has its own finances, human resource and administration and is linked to its mother organisation: Wits Health Consortium. IMAGE is based at SEF's head office in Tzaneen, uses the same IT infrastructure. SEF allocates staff time to align its program with that of IMAGE.

Corporate buy-in and communication

- **Communication at all levels within the organisation is key -**

It is important to get buy-in from all staff within both organisations. This requires commitment from the top level and good communication to ensure that it is clear why the organizations are collaborating, the common goals as well as the respective roles. The Sisters for Life intervention has to be seen as part and parcel of the microfinance programme. This message also has to be sent out to the clients.

There is continued regular communication at all levels. SEF and IMAGE have put structures in place to facilitate good communication at all levels. SEF's development facilitators undergo a one week Sisters for Life training before the training starts at their centres. SFL trainers are linked to one DF and they operate as a team Monday to Thursday. They communicate directly and in case there are issues, the senior trainer and branch manager are contacted. In case there are still problems, IMAGE's Operations Manager and SEF's Zonal Manager get involved. On Friday's SEF and IMAGE have their team meetings. Once a month a joint meeting is held attended by IMAGE's SFL trainers, senior trainers and operations manager and SEF's DFs, branch managers and zonal manager. In addition, IMAGE project director attends SEF management meetings and SEF's senior managers are a member of IMAGE's Advisory Board, which also meets monthly.

Monitoring, evaluation and quality control system

- **A good monitoring, evaluation and quality control system in place -**

IMAGE has a monitoring and evaluation platform in place tracking client numbers, geographic distribution, mapping of progress of training sessions against detailed time lines, community health talks and community mobilization activities. IMAGE is also monitoring the quality of its activities. Different phases can be distinguished:

Controls before the start of Sisters for Life Training such as:

- training of SEF's development facilitators (DFs);
- good introductions of SFL trainers to DFs and to clients; and
- criteria in terms of attendance and size to ensure branches are working properly (see box 7).

Controls during Sisters for Life Training Program, being:

- 360 degree performance evaluation of SFL by the senior trainer and 4 clients per session evaluated at least once per month whereby 80% is the minimal acceptable score;
- At least one monthly visit of senior trainer to one of SFL's community projects; and
- rehearsals of training sessions by SFL trainers during weekly meetings to allow for learning and feed-back from peers.

Currently, quality control measures are focusing on the first phase (training of SEF's clients in Sisters for Life). With a planned increased focus on community level activities, IMAGE is recommended to keep track of centres trained, natural leaders trained and to further work out its quality control system to include community level activities of SFL trainers as well as the centres and natural leaders.

Getting to scale

- **Funding and strategy required to increase scale and cover large part of SEF's clients -**

Over the past four years, IMAGE has annually trained between 2,000 and 4,000 clients per year. This is a small portion of SEF's client group of almost 70,000 clients spread over more than 1,600 centres. Considering SEF's average annual growth rate of 20% over the past 7 years, it is estimated that SEF will annually serve between 300 and 500 new centres or between 12,000 and 20,000 new clients per year over the next three years. IMAGE will have to work out a strategy and acquire adequate funding to increase its outreach to be able to reach a significant part of SEF's client meeting IMAGE's selection criteria.

Costs

- All of IMAGE's direct costs are financed by grants aiming for health and gender improvements -

SEF's operational sustainability, the ratio of all operating income (loan plus investment income) to all operating expenses, including finance costs and loan loss provisions, has been fluctuating between 85 and 97% over the past five years. Grant funding has been used to finance expansion, and more recently also costs relating to the development of some business skills training (see page 9 for more information). The finances of IMAGE's program are completely separate from those of SEF, though SEF contributes to IMAGE program by availing free office space, the use of IT and MIS infrastructure as well as staff time to participate in meetings from staff to Advisory Board level and to train development facilitators.

The costs per client of the IMAGE intervention equalled USD 43 during the trial phase (excluding the impact research) and USD 13 to the subsequent 2-year scale up phase. The difference between those two phases follow from the higher costs to develop training materials as well as consultant fees paid to overseas experts during the trial period. When set against the effects on participants that were estimated from the trial, the costs are USD 711 during the trial phase and USD 213 during the first scale-up phase per women per intimate partner violence free year.

Currently Anglo-American, a mining company, finances the direct costs of the training. Additional funding from a wider range of donors is needed to scale up, stay in touch with centres that have already been trained after the completion of phase 2 as well as to increase scale and keep track of SEF's growth rates.

An important objective of this report is to come up with lessons learned by the IMAGE and SEF collaboration which other MFIs, gender or HIV/AIDS organisations can take into account when interested in replication of this successful programme. The following are the major lessons learned:

1. Addressing gender issues alongside HIV can provide important synergies: raising issues such as gender-based violence adds relevant context to HIV prevention messages, while the risk of HIV adds immediacy and legitimacy to tackling gender inequalities.
2. It is important to address basic material needs through income-generation activities alongside raising awareness about gender and HIV. Microfinance can provide a strong foundation for maintaining sustained contact with a gender and HIV intervention.
3. In addition to the additional development impact, the MFI benefits from an HIV/AIDS and gender intervention. Branches with the IMAGE program showed lower drop-out rates, higher meeting attendance rates and lower arrears.
4. It is important that the partner MFI is well established and does not have too many operational issues.
4. Only run additional training programs in well performing centres. If there are too many conflicts or other issues outstanding, the training is not well-received and results will be sub-optimal. A training program like IMAGE cannot solve the problems of poor performing centres.
5. It is important to build a joint vision at all levels of both organisations' staff.
6. In the case of SEF, a new HIV&AIDS program was set-up by an existing organisation working in the field of HIV & AIDS. The program completely focused on the microfinance institution allowing it to be flexible and fit in with the operations and structure of the microfinance institution. This has contributed to the success of the program.
7. It is crucial to have corporate buy-in from top-management to field level. The program, its objectives, the benefits to clients and to the MFI has to be communicated to all staff members. SEF's development facilitators all undergo a one week IMAGE training which has proven to be a successful method to get their buy-in.
8. Structures to facilitate communication between staff members of both organisations have to be put in place at all levels. Field staff and supervisors meet monthly, IMAGE staff attends SEF's management team meetings and SEF's management is represented in IMAGE's advisory Board.
9. The additional gender and HIV intervention needs to be compulsory and should be presented as a unified package of the microfinance program.
10. The training in gender and HIV/AIDS issues requires specific facilitation skills and knowledge and is best provided by specialised trainers. A parallel approach with different organisations with their own staff and funding is recommended.
11. Given the focus on social interventions, grant funding seems to be the most appropriate financial instrument.
12. In the case of business skills session SEF is developing an integrated model, i.e. training is facilitated by SEF staff. This is most appropriate as the required facilitation skills and knowledge are closely related to the background and current tasks of the development facilitators as SEF calls its loan officers.
13. It is important to mobilize community members not directly targeted by the intervention. To increase impact, it is important to also reach men and youth. As 99% of SEF's clients were female and the age of most female microfinance clients is higher than the age group which is especially at risk of HIV infection: the 15 to 29 years old the outreach to the wider community is considered to be crucial.
14. No quick gains at community level should be expected. Changing culture and norms around gender, domestic violence and HIV transmission is a long process.
15. IMAGE is planning to put in place mechanisms to sustain activities and increase chances of long-lasting impact at community level. Examples are quarterly follow-up visits after completion of the training, continuous monitoring, and support with the organisation of community activities either directly or via a women social movement. Youth and men should be reached through the community program.
16. Regular and systematic feedback from clients and supervisors helps to continuously monitor the quality of the training provided. IMAGE's quality monitoring system for its training sessions is recommended.
17. It is good to start small, evaluate and refine the methodology before rolling out the program.

Conclusions

A parallel and unified training program works well

Provision of training by a third party can be integrated into the microfinance program and still be presented as a unified package that comes with the microfinance.

Proven positive impact on clients' empowerment

The Sisters for Life training contributes to the empowerment of women in terms of self-confidence, financial confidence, challenging gender norms, autonomy in decision making, perceived contribution to the household, communication within the household, relationship with partner, social group membership and participation in collective action. This has been proven during a thorough 3 year impact assessment and it is likely that this impact is also true for the scaling-up phase.

Possible positive impact on SEF's program

IMAGE can result in higher attendance, lower drop-out ratios and more new clients joining. However this impact does not come automatically and depends to a large extent on the performance of the centre. IMAGE does not solve the problems of non-performing branches and the impact of the SFL training program in non-performing branches is sub-optimal.

Organisational set-up

Corporate buy-in and good communication between all levels in both organisations together with corporate buy-in are crucial for a successful program.

Sustaining the activities

One of the challenges of IMAGE's program is how to sustain the SFL talks during centre meetings as well as the community activities after the completion of the natural leadership training and the subsequent community mobilization event. Indications are that extra encouragement and guidance is needed to ensure continuation of activities resulting in improved longer-term results with (new) clients as well as at community level.

Good quality control

Currently, good quality control measures are in place, though focus is currently on the first phase (training of SEF's clients in Sisters for Life).

Recommendations

Compare performance of centres with and without IMAGE
SEF and IMAGE are recommended to include the performance of centres in terms of attendance, drop-out ratio and new clients joining and to compare this with the performance before the start of the SFL training program as well as with SEF's overall average in IMAGE planned evaluation and in IMAGE future management information reports.

Monitor performance SFL talks after departure IMAGE

There are no measures in place allowing IMAGE to monitor the frequency and quality of SFL talks at the centre meetings after IMAGE program has come to an end. It will be good to look together with SEF into possibilities to keep track of this performance to be able to motivate continuation of talks on health, HIV, domestic violence and gender issues high and/or to plan for an annual event at all centres that have been trained.

Improved community strategies

Develop and implement strategies to sustain activities at community level through more follow-up activities, establishing a social movement
Look into possibilities to let SFL's community activities reinforce future community interventions of the centres

Improved quality control at community level

IMAGE can further improve its quality control system by including community level activities.

Look into ways to scale-up taking into account SEF's growth

IMAGE will have to work out a strategy and acquire adequate funding to increase its outreach to be able to reach a significant part of SEF's clients.

Importance of continued activities

Given the high drop-out ratio and the influx of new clients in centres, it is important that SFL activities are sustained during the centre meetings. IMAGE's plans to organise quarterly follow-up visits are encouraging, It will be good to look whether this visit can also be linked with community activities.

Pilot in a centre focusing on young people

Given the high direct impact and the fact that women between 15 and 29 years are especially vulnerable for HIV infection, it will be interesting to consider whether SEF can distinguish age in its targeting tool and pilot test the IMAGE program in one centre with relatively young people.

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