

**PAMOJA NGUVU**  
(samen sterk)

*This adapted business plan for 2023 and further is adapted with:*

- \* Learnings from the first 5 years of operation,
- \* Information obtained from (commercial) microloan banks in Tanzania and
- \* Many visits to clients and meetings with our team during a long stay in Tanzania with the team in the first months of 2023.

**Mission:**

To motivate and actively support underprivileged women, having a small business in rural and urban areas around Meru district, becoming financially sustainable and independent, to grow them substantially to a level where they have gained capital to handle small setbacks.

**Vision:**

To improve the social and economic living conditions of our target groups

- We provide, in principle, two micro loans to grow the businesses.
- We provide twice a basic training on economic principles, entrepreneurship, bookkeeping, family planning and domestic violence.
- We provide expert knowledge as support for agriculture businesses and basic livestock keeping.
- We advise women to increase flexibility by adding more sources of income.
- We provide health insurance to cover up for medication costs whenever it occurs.

**Organization**

PN exists of a Dutch and Tanzanian team. The board is based in Holland and exists of:

Jacqueline de Bruijn, secretary,

Fred Arp, treasurer,

Matti Emondts, chairman.

Monique Emondts, adviser to the board, communications/website

The board has delegated specific tasks and responsibilities to the Tanzanian entity.

The Tanzanian Team exists of three people; our Manager Fahtma Mwidanyi, Irene Peter and Jesca Kinysi as Project Coordinators. The Manager is fully responsible for the day-to day operations of the local organization.

For administration and bookkeeping we have made an agreement with Happy Watoto, to use the services of their bookkeeping department.

Happy Watoto organization, with an official NGO status in Tanzania has agreed to manage our back office at a management fee.

Staff working for PN will have a job description based on PN activities, there will be no hierarchical relations with HW management.

## Way of working

### Selection

#### Target group underprivileged women

Through our Tanzanian team, contacts are established in a geographical and economical entity in the greater Meru region.

The village executive officer will be informed about the goals and way of working of our organization. Through contacts in the village PN will check which women, underprivileged and with a strong drive and ambition, could be selected for receiving a micro loan. These women should not be the poorest, since for them daily survival is the main goal. When selecting these women, they must meet amongst others the following criteria:

- having already a small business and earning some money.
- poor according to the PPI-score: score between 80-63
- willing to work in a group.
- can explain and discuss her business idea with PN.
- not having an addiction, herself or in the direct family.
- being approved by the village executive officer.
- not having other loans.
- not related to PN- and HW- employees.
- having a fixed place for living.
- not having a criminal record.

We are looking for powerful women who have a dream and drive about their future. They need to be able to explain how to grow their business and convince our PC's about the realizability.

When several women are found, during training, PN will help to define, by setting criteria, who can become a chairwoman of a group of average 5 to 20 women.

The chairwomen need to be good in record keeping and show leadership skills.

Thus, a loan group is formed, in which the members receive individual loans and work individually but have a common responsibility for the total loan amount of the group.

(The common responsibility is only for incidental repayments)

The members in a group can have completely different economic projects, so they are not competing amongst themselves.

There will be a great solidarity in this group (they all know each other). It will have its effect when taking care of each other's children or helping when in financial need (during illness) or making savings for something to the benefit of all group members.

Social control will be strict and motivating.

This idea is being based on one of the pillars of the success of the start of micro loans in Bangladesh (source: banker of the poor. M. Yunus)

## Loans

All loan requests are registered in forms, signed by the client and guarantor, and checked and stamped by the VEO. Collaterals will be added to the contracts.

Loans will be granted at a zero-interest rate. (Here we take a different approach than other organizations) reason for doing so is to enhance the chance of success because the loan is “cheaper”. We realize we will miss income from interest but accept this for the above- mentioned reason.

All loans will have a **guarantor**, either within the loan group or extern. Moreover, we will ask for a collateral, being mostly household. It will be written in the contract.

For **first loans** we expect amount between 200.000 (urban area) to 350.000 (rural). The team will strictly apply the selection criteria based on growth targets of the client and the type of business, the PPI and the customer objectives and the “business plan”.

New PPI definitions are available since 2022, we have defined new minimum and maximum scores. Goal is also to raise the bottom level a bit so we will target clients, who have the best chance of permanently improving their businesses.

Also, if possible, the amount will not be given in one amount, unless for example to buy a cow.

Repayment term remains 6 months.

When repayment is done an evaluation will follow and the client must tick several boxes in order to obtain a **second loan**.

Repayments must have been met right on schedule, the business must have shown growth (based on increase in stock and/or sales and/or qualitatively observations, there must have been some sort of bookkeeping. If bookkeeping is not a complete tick of the box, the client might still get a second loan, but only after taking another training and the amount of the second loan might be reduced. Amounts will be 500.000 max and repayment within 9 months as it is nowadays.

We will have a total 1<sup>st</sup> evaluation after repayment of the second loan and a 2<sup>nd</sup> evaluation after the client has been out of our program for a year.

First evaluation consists of repayments, growth of business, customer objectives and observations by the team, the 2<sup>nd</sup> one the same. To measure the growth, we have financial data and an extra measurement is to see if the client could be eligible for “official micro loans” through local banks

Our local PC’s will visit the clients regularly, monitor the progress and check the repayments. PC’s will help the clients to start repayments through local bank accounts.

Also, our PC’s will advise women to add other sources of income, where applicable, to reduce being dependent on only one sort of product. (e.g adding different type of vegetables and fruits, adding chicken or goat etc.)

Especially the **chairwomen** play an important role in making sure weekly repayments are done. Prime contact will be between PC’s and chairwomen. Chairwomen must have regular meetings with women in their group.

During these talks all members of the loan groups must be present. If an individual member of a loan group cannot repay the loan, the repayment must be done by loan group members.

The number of chairwomen in a group can vary from 1 chair on 5 women to one chair on 20 women, depending on type of business and area.

Although we mention repayments many times here, our PC’s should first and for all be **coaches** to the clients to improve their businesses.

To avoid the risk that loans will be invested in other than the prime business, we will not give out loans during school fees payment periods or around celebration moments.

We will hand out **certificates** for clients that have successfully repaid loan 1 and loan 2. This certificate

will motivate them (it might be the only certificate apart from our training certificate the client will have) and it might help them get easier access to the official micro loan companies if the client would want to.

### **Education/Training/Experts**

Every project will start with a basic education.

Without successful participation, no loan will be given. The training will be about entrepreneurship, basic economics, family planning and domestic violence. The number of women participating at the training will be a minimum of 10.

There will be 3 half day trainings (given by our Tanzanian Team)

After the training an extra hour training will be given to chairwomen about their specific role.

For women who are getting a second loan (after proven success) an extra training day will be organized.

The women who successfully complete the training will receive a certificate.

We will start hiring an **expert** on farming (agriculture) and livestock. We will test in 2023 if this expert help can add value to our clients and Pamoja Nguvu will pick up the bill of the advice. In a later stage we can see if we need to have more experts advising us or if we need a combi function Project Coordinator/Expert.

Also, we organize **focus groups** to share best practices and help the clients to grow their business. The experts can also play a role in the focus groups. 4 focus groups a year are planned.

Our clients mention during training that especially the **health insurance** we provide for them, when having a loan, helps a lot, since they have access to medical support for themselves and their family (up to 6 persons) now without setting them back financially.

We will maintain this policy.

### **Area of operation**

We will shift our **focus** from 100% loans in populated area to **50% in urban** area and **50% in rural** area. As minimum, we strive for 40/60. For the urban area we have raised the PPI score as to reduce the risk of repayment failures.

Reason for the shift in the area of operation is that loan sharks do not operate in rural area, so we reduce our exposure that our loans are used to pay off loan sharks! Also, we will keep using the Village Executive Officer in selecting the clients of which we are (almost) certain they have no other loans.

Another reason for the shift in area is that we are going to concentrate more on micro loans for **food production**.

We have currently one dedicated food group (farmers, wholesalers, retailers, and restaurants in one group). The performance of the first food group will teach us how to optimize the construction of these food groups.

Since there are no banks in the rural areas the chairwomen have a more important task. They collect the money from the clients, notes who paid what, and **transfers** the total amount, with the specification into PN account, or on PN mobile number as phone payment.

In order not to lose time, to grow our number of clients, we are flexible on the **group size**, this can be smaller than 20 if training sessions are still effective and not take up too much time.

## **Funding/Figures**

The funding for organizational costs will be guaranteed and supplied by the founders. Several sponsors have showed interest in helping financially over the last years. Money received from sponsors will be earmarked a 100% for loans and education, unless discussed otherwise with the sponsors.

New sponsors need to be found consistently, fundraising will be done by the Dutch board.

We do not foresee further growth in the amount of annual new first loans and second loans. (180 first loans, 120 second loans a year). This amount of loans can be handled by the present Tanzanian Team. If we know the results of our adapted strategy and the spread over rural and urban areas in 2024, we might decide to grow to other areas nearby. But first we want to make sure that our system and organization work as optimal as possible before expanding.

In the 5 year of operation (4 effectively, since the first months were building the organization) we have helped 515 women with first loans and some 200 with second loans, making over 700 loans granted. Over these years, despite problematic years with Covid, high inflation and governmental actions impacting the business of our clients, repayments have never been below 92%.

Even more important is the fact that, based on our evaluation system, 82% of the loans have proven successful, 15% performed under average and 3 % was unsuccessful.

