

Kuyasa Fund



Presentation overview

- Mission
- History
- Programme of work
- Loan conditions
- Kuyasa's clients
- Institutional performance
- Development impact
- Challenges
- Way forward



Programme of work

Community based savings groups and Kuyasa loans

- Promote and support saving groups to build the financial and social capital
- Appropriate credit mechanisms for the very poor

**IM
PA
CT**

Socio-economic impact at household & community level

**Parallel,
linked
processes**

Document & analyze practices and experiences

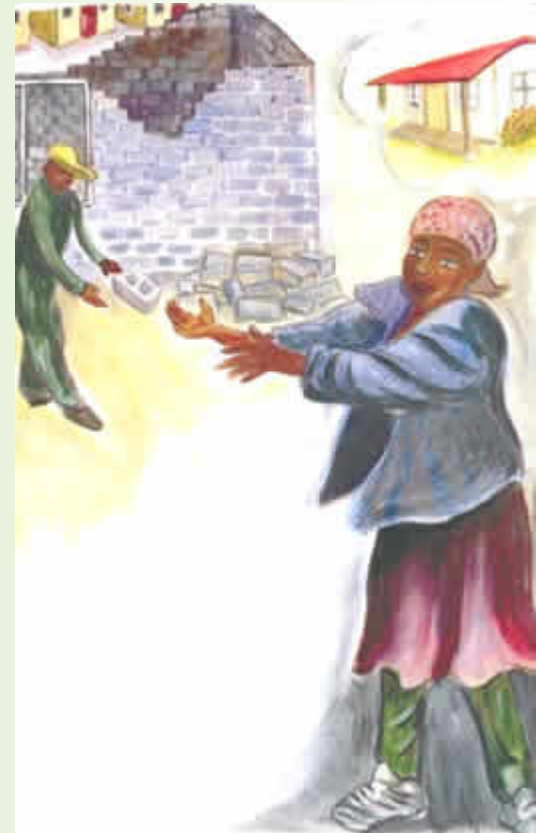
- Improve and inform own practices
- Contribute to the development knowledge base
- Impact on policy and enabling environment

**IM
PA
CT**

Impact on other communities, practitioners & policy makers

Kuyasa loan conditions

- **3 times group savings / 6 months**
- **R1 000 to R10 000**
- **32% interest per year**
- **30 months to pay**
- **Credit bureau check**
- **Cash Deposits - 10%**



Kuyasa's clients

- Women 71%
- 75% between 40 and 60 years old
- 60% Informally employed & Pensioners
- 60% earning below R1 500; 93% under R3 500
- Regular income - formal & informally employed; social security grants



Kuyasa's Institutional Performance

- **Disbursed: R21 million to 4 500 clients over 5 years**
- **Loan balance outstanding: R8,5 million**
- **Write off 5%**
- **Cost recovery at 65% of total expenses; 79% operating expenses**



Outputs for 2007 - 2009

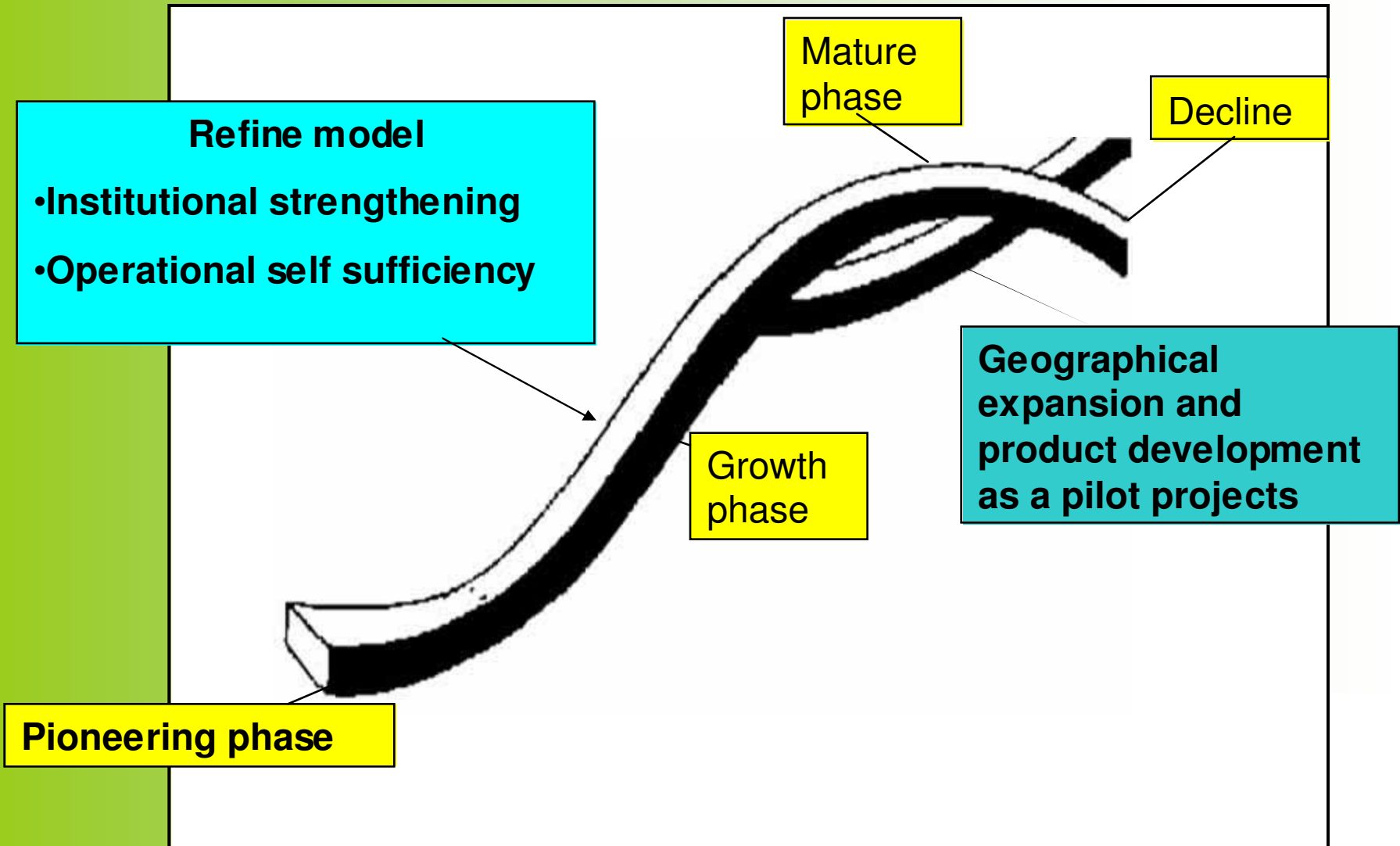
Indicator	2006/7	2007/8	2008/9	Total
No. savers	6,000	9,000	11,500	26,500
Value of savings	2,640,000	3,460,000	5,000,000	11,100,000
No. loans	2,500	4,200	6,000	3,909
Value of loans	R10 mil	R13 mil	R19 mil	R42 mil

Key lessons

- **Product:** development based on existing experiences, must evolve
- **Collections:** Relationship building & fieldwork
- **Operations:** Information management
- **Sustainability** - window: 5 – 7 years
- **Access to capital** – critical to support growth
- **Effective micro finance practise requires strong & integrated social process**



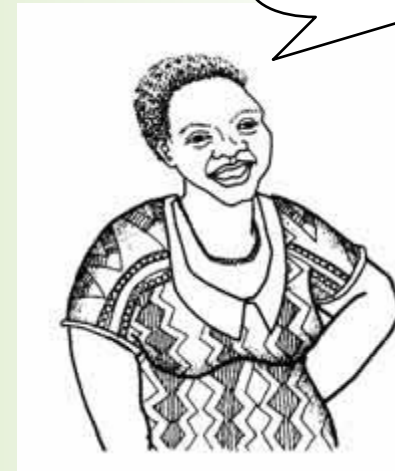
Growth Strategy



Challenges

- **Appropriate replication and expansion strategy**
- **Staffing, Management and institutional capacity**
- **Funding and financing strategy**
- **Management of supply chain and partners**

Okay, when is Kuyasa coming to the Eastern Cape and I would like a loan to start a business



Kuyasa Development Impact

- Number of clients
4500; Individuals
22 000
- 3 330 women headed households
- R9.5 million savings
- Added value to R40 million subsidies



Loan usage

New homes	57%
Extensions	23%
Thermal Efficiency	16%
Finishes	4%



Kuyasa Development Impact

- House size from 36m² to 60m² in Kuyasa projects vs 23m² contractor
- Opportunity to build equity through housing
- Challenges existing micro-finance and banking paradigms



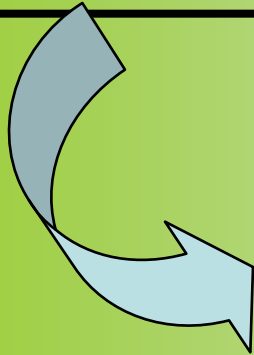
Housing as a an asset

- Housing is first and foremost:- shelter and emotional need
- Post construction incrementality is a function of the housing delivery process
- House as financial asset is linked to the social processes of the community



Housing Microfinance the lever to develop housing assets

- Financing complete units



Economically active poor people:

- Finance needs incrementally and affordably
- Financial sustainability of provider

Housing Microfinance the lever to develop housing assets

Government delivers:

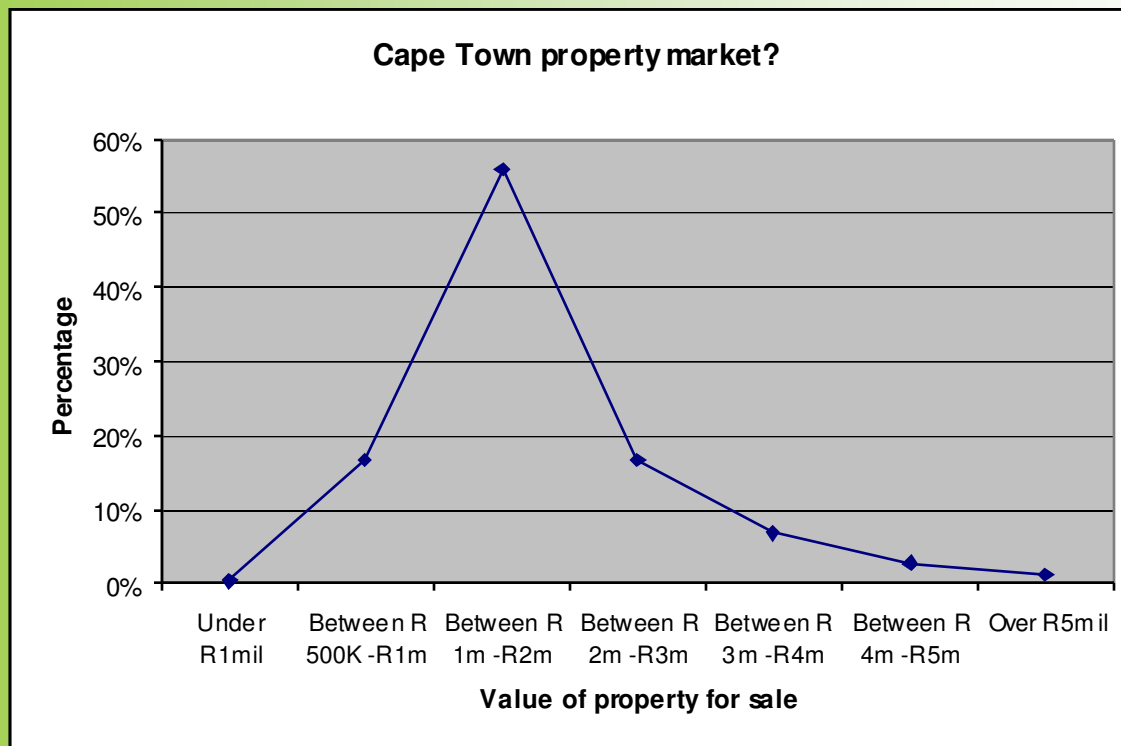
- 18 – 36 m²
- Tenure

Microfinance

Banks require:

- 60 m² – finishes
- Tenure
- Credit worthiness:-
 - Individual
 - Community

The market?



Questions

- How do we achieve a working secondary market in low income communities?
- How do we assure asset appreciation without pushing poor people to the peripheries – subsidised housing?
- What is the optimum combination of housing typology, tenure options, subsidised housing to ensure well functioning non exploitative markets?



Summary

The Market

- Micro finance is the bridge between the two lowest property markets
- Lack of market information – grasping the complexities – key lever – learn by doing
- Understanding the interplay of social capital and financial capital
- The optimum combination of relationship banking and technology



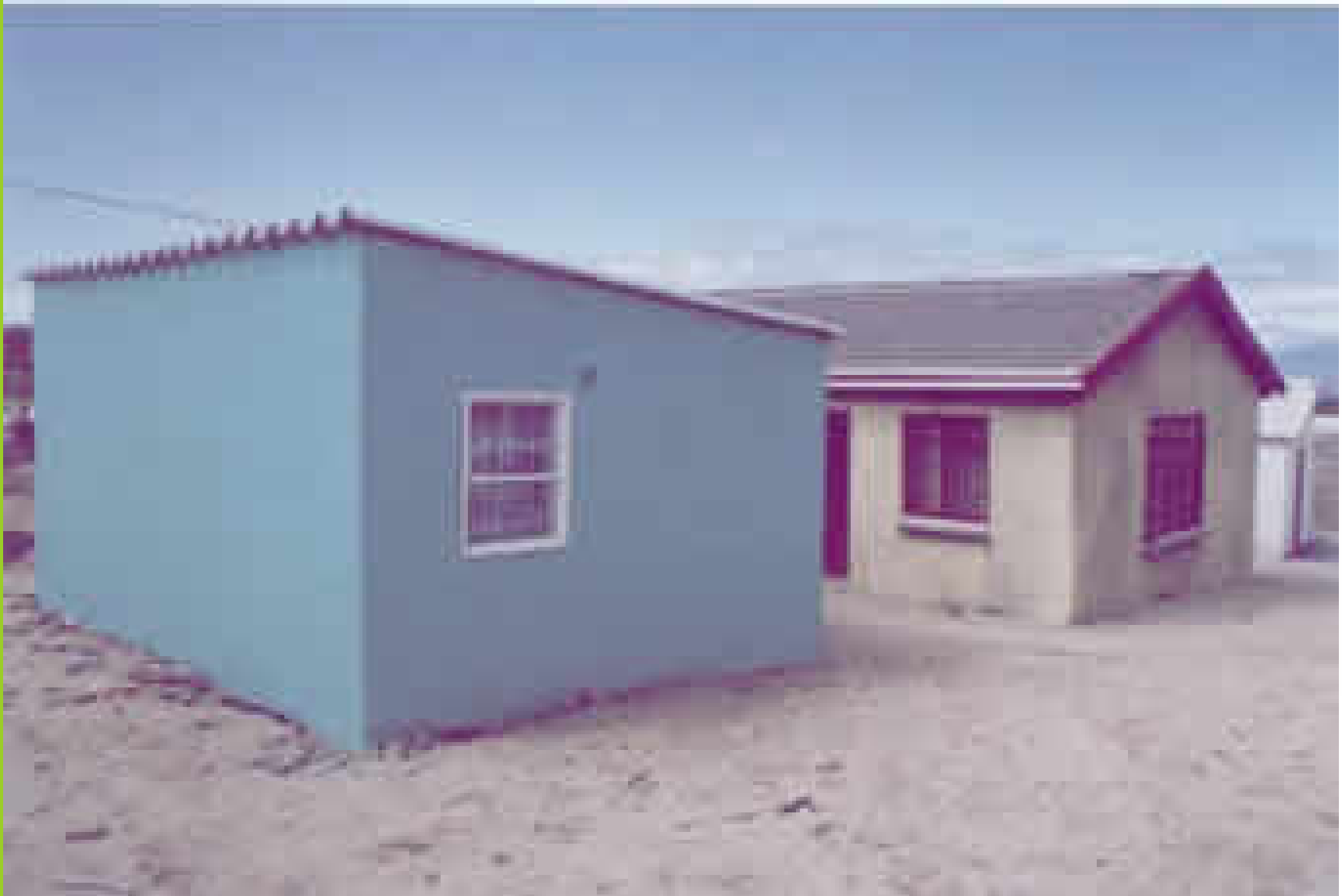
Summary (cont)

The Enabling environment

- Government and Banks must find the balance – guarantees and policy
- Consumer rights vs consumer obligations
- Government's message to consumers
- Holding the banks accountable for the undertakings they have made **but**
- Lower targets – real learning, risks and rewards might be more useful



Example of a RDP (front) house vs a Kuyasa House (back)



We don't invest in the stock
exchange, equities or blue chips
stocks

**We invest in futures
where**



A child sleeping dry, warm and safe



People live



Children play, learn & grow...



Friends meet



Communities Grow



Transforming a neighbourhood from this ...



To this!



Destroying a shack to make place for a home



A subsidy, combined with savings and two loans of R5 000 can build this...



Example of a basic 62 m² house

