



## YOU CAN MAKE A DIFFERENCE

- Since 1999, **The Townships Project** has been supporting local South African microfinance institutions (MFIs) making tiny loans, starting at about \$100, to individuals to start or expand small businesses. **Tetla Financial Solutions** and **Phakamani Foundation** are the two MFIs receiving direct support in 2010.
- The results have been phenomenal – each \$50 donated can change a life through access to credit. To date your help has contributed to more than 100,000 lives changed. The South African banking system offers access to savings, insurance and other financial services, but not to microloans, often the only way a family can start a business to survive.
- **The Townships Project** helps cover their operating costs so that MFIs can then access loan capital available from a number of sources. Without us funding the “gap” between income from interest and operating expenses, they could not qualify for the loan capital.
- **Our goals** are to ensure that every South African who needs a business development micro-loan has access to it and the support needed to succeed, as well as to ensure that the South African MFIs who make these loans can themselves become self-sustaining.

## WHY SOUTH AFRICA?

South Africa is the financial engine of sub-Saharan Africa, and its political, social and financial stability is fundamental to the improvement of life on the African continent. Africa is the world’s richest continent in natural resources, but the poorest in per capita income and the only continent that is getting poorer.

Nearly 20 million South Africans are struggling to survive on \$2 a day, but only a small percentage of these 20 million have access to the kind of credit that has improved the lives of 500 million people worldwide in the past 10 years. Without access to credit, their chances of escaping poverty are grim.

## WHY CANADA?

Canada took a lead role in fighting apartheid. Widespread poverty in South Africa is a legacy of that regime, as the townships were purpose-built as servant communities during that time. Extending microfinance services to the townships is a natural extension of Canada’s steadfast anti-apartheid activism: true freedom includes freedom from poverty. A \$100 loan, small by Canadian standards, provides a life-changing opportunity for those who receive it.

## HOW CAN I HELP?

**By volunteering or donating! Lend to End [poverty]** is our annual fundraising event in Toronto, held Thursday, 12<sup>th</sup> May 2011. Why not call and volunteer ([www.lendtoend.org](http://www.lendtoend.org))!

The generosity of Canadians has kept this initiative growing since 1999. We are now donating direct support to **Phakamani Foundation**, operating in townships outside

White River, 4 hours east of Johannesburg, and to **Tetla Financial Solutions**, operating in townships outside Cape Town. We have been approached by other communities who want access to these loans in different parts of South Africa. Your financial donations are the only way we can meet these requests.

You will receive a charitable receipt for any donation of \$20 or more. **Please make your donation through our website, [www.thetownshipsproject.org](http://www.thetownshipsproject.org) or by cheque payable to:**

**The Townships Project**  
c/o Suite 600, 90 Adelaide Street West  
Toronto, ON M5H 3V9  
Attention: Yvette Noel

## WHO WE ARE

**The Townships Project** has worked with local MFIs for the past 12 years to offer tiny loans to the self-employed poor to permit them to escape from the poverty and hopelessness that engulf them. We are always searching for ways to make the loans more effective and the borrowers more successful. In 2010, those efforts led to the **Four Wheel Drive Mobile** approach to poverty alleviation described below, incorporating other existing resources to ensure that borrowers receive the best possible chance at success.

In 2010, **The Townships Project** spent 3% of its funds on administrative costs.

**The Townships Project** was started by Martha Deacon. She is Canadian, with experience as a teacher, corporate lawyer, investment banker and entrepreneur. In 1998, she sold her business and took a year to travel. Her visits to the South African townships of Khayelitsha outside Cape Town, kwaMashu outside Durban, and Soweto

outside Johannesburg changed her life and provided the impetus to find a way to offer loans to the millions of unemployed South Africans for whom self-employment is the only option. Recently that mission has expanded to working with other NGOs and businesses in a cooperative model called **Four Wheel Drive Mobile**.

**The Townships Project** is a registered charity in Canada and is authorized to issue charitable receipts for income tax purposes: #86418 8420 RR0001. Annual fundraisers include **Tip to Tip for Africa** and **Lend to End [poverty]**. For more details, visit our website at [www.thetownshipsproject.org](http://www.thetownshipsproject.org), or contact Martha Deacon, Founder and CEO, at [marthadeacon@thetownshipsproject.org](mailto:marthadeacon@thetownshipsproject.org).

## **PHAKAMANI FOUNDATION**

The Townships Project supports locally-based, locally-run microfinance institutions. It started supporting the Phakamani Foundation in 2010.

The Phakamani Foundation's loans to their members are recycled over and over again. In most cases it will take 5 to 7 increasingly larger loans for a poor woman to build her business to the point where she no longer needs what Phakamani offers.

As the member moves from one loan to the next (every 4 months), the Phakamani Development Loan Officers carefully monitor the impact that the business is having on her household food supply, general internal living conditions, the plight of children who should be in school and the general structural condition of the home. The results are noted in a process called Impact Analysis, an essential part of the Phakamani system.

## **Sesana's Story**

Sesana (26), a single mother of one, sat at home wondering how to find food for herself, her child and three adult brothers – none of whom could find a job. Then Phakamani arrived and for the first time she had the hope of changing her life and those of her family.

With her first two loans she set up a spaza, or mini market, outside her home, where she sold fruit and vegetables, bread, chips etc. With the third loan, she bought a frying machine, which she uses to make potato chips and fries to sell to her customers.

Sesana speaks shyly though proudly of what she has been able to do. As with most other people in her position, her family had relied on the kindness of others to feed them - there was never enough to eat. She smiles when she says they have more food to eat and life has become bearable for them.

At the start of her 3rd loan, the value of her business was R2490 (\$355), starting from nothing. (1\$Cdn = approx. 7 Rand)

## **FOUR WHEEL DRIVE MOBILE**

This initiative is aimed at making microfinance more effective by using it together with other poverty alleviation methods. The first "wheel" is **Asset-Based Community Development**, which asks the question "What do we have?" rather than "What do we need?" This focuses a community on using what it has to get what it wants. Microfinance, the second "wheel" supports the resulting commercial initiatives. Corporate social investment, mandated in South Africa, is the third "wheel", sought from local companies to support community initiatives. The fourth "wheel" is microfranchising and other commercial solutions to systematize, replicate and brand a business. "Mobile" technology increases efficiency.

# THE Townships PROJECT

## **SUPPORTING MICROFINANCE IN SOUTH AFRICA since 1999**

Join us in  
South Africa's March  
To Prosperity and Hope



**Ms. Sesana Mbata**

**THE FACE OF HOPE**  
March, 2011