

ALCHEMY PROJECT

Report for Field Visit with CORD in Zambia Summer 2004

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PURPOSE OF MISSION TO ZAMBIA

The overarching purpose of the Alchemy Project's site visit to our partner organization CORD (Christian Outreach, Relief and Development) in Zambia was to collect data on its micro-credit program and other income generating and livelihood support programs, provide technical assistance and work with the organization to establish a baseline survey instrument that will be used on an ongoing basis to monitor and evaluate the micro-credit program currently operating in Nangweshi refugee camp. The Alchemy Project sent graduate student intern Sarah Titus to the field in June to conduct interviews and focus groups and begin laying the foundation for instillation of the monitoring and evaluation instrument. Alchemy Project Director, Karen Jacobsen, joined Sarah and the CORD team for two weeks in early July to test and revise the evolving instrument, and discuss program needs and potential strategies. The Alchemy team's specific objectives for the site visit were to:

- Observe CORD's micro-credit program in Nangweshi and Mayukwayukwa and provide technical assistance.
- Field test and revise the baseline survey instrument to be used for livelihood impact mentoring and evaluation.
- Create and install a monitoring and evaluation system for CORD, and train CORD personnel in its use.
- Explore the potential for cross-border programs in the context of Angolan repatriation.
- Engage other partners for the Alchemy Partner consortium.
- Plan next field workshop (to be held in Zambia).
- Discuss possibility of partner exchange site visits.

This report sets out our observations of the CORD programs in Zambia, reports on the accomplishments with regard to the above objectives and outlines some recommendations and follow-up tasks for both CORD and the Alchemy Project concerning future work in Zambia.

BACKGROUND OF PARTNER ORGANIZATION CORD

CORD is a UK based agency that aims to address the needs of vulnerable and marginalized people, especially children, displaced communities and refugees. Founded in 1967, the agency currently has programs in 11 countries in Africa, Eastern Europe, South East and Central Asia. For the past twelve years, CORD has been implementing community services programs in relief and development settings. After the organization's success working with Rwandan refugees in camps in Tanzania, CORD was invited by UNHCR to implement community service programs in Zambia for Angolan refugees. In July 2000, CORD began working in partnership with a local Zambian NGO, HODI, to implement community service programs in Mayukwayukwa camp in the Western

Province of Zambia. Mayukwayukwa was at the time home to 21,803 Angolan refugees. In July 2001, CORD began implementing community service and education programs in Nangweshi camp, also in Western Province and home to approximately 26,257 refugees. The Alchemy Project began working with CORD in 2003 when it funded a livestock apprenticeship scheme in Mayukwayukwa camp. Repatriation began in Mayukwayukwa in June 2003 and the livestock program has since ended. Alchemy Project shifted its funding in 2004 to support CORD's micro-credit scheme in Nangweshi camp where formal repatriation has not yet begun.

ANGOLAN REFUGEES IN ZAMBIA

The Western Province of Zambia has hosted tens of thousands of Angolan refugees since the first outbreak of war in Angola in the late 1960s. Mayukwayukwa was the first refugee settlement, and since then two camps at Nangweshi, south of Mayukwayukwa were established in 2000, to accommodate more recent waves of refugees primarily from UNITA held areas in Angola. Zambia also hosts Angolan refugees in other camps-- Meheba (also in Western Province), and Ukwimi camp (in Eastern Province) where there are a small number of ex-combatants. Many refugees in Mayukwayukwa and Meheba have been in the settlements for years as they were established at the first outbreak of war in Angola in the late 1960s. A newer caseload arrived in 2000 and again in 2002 when fighting escalated between the government and rebel forces. Most refugees anticipate returning home within the next year or two, and spontaneous repatriation has occurred from all the camps. As of July 2004, voluntary repatriation, managed and supported by UNHCR and IOM, is underway from Mayukwayukwa and Meheba and is scheduled to begin in mid-August from Nangweshi. Many of the refugees in Nangweshi – cautioned by their UNITA experience—have voiced the desire to wait until 2006 to repatriate, when they can be more certain of their safety.

Western Province is remote and undeveloped. This causes strain on both the economic activities of the refugees and on the work of implementing partners such as CORD who face logistic and financial constraints getting material and human resources to the field locations. However the security situation is good, and there are few reported problems between locals and refugees; on the contrary, locals value the presence of the refugees who are widely regarded as hard workers, and for whom there is sympathy arising from the long and brutal war in Angola. There is plenty of land in western Zambia, although it is not fertile.

CORD'S MICROCREDIT PROGRAM IN NANGWESHI AND MAYUKWAYUKWA

Overview of Nangweshi Program

CORD developed its micro-credit program in Nangweshi in consultation with the refugee population in February 2003 as part of CORD's shift from relief oriented program interventions to a community development oriented approach. The goal of the micro-credit is to improve the income level of Angolan refugees living in Nangweshi refugee camp. CORD lists three objectives it plans to meet in while pursuing this goal:

- 1) To enable refugee community groups/individuals to engage themselves in micro business activities
- 2) To improve the livelihoods of the vulnerable groups living in a refugee community through micro-credit delivery
- 3) To build the business skills of individuals and groups in the refugee community

CORD's microcredit program has three components. The first consists of *training* in capacity building for entrepreneurship. Prior to the start of the loan program, a training of trainers occurs. CORD's Community Services Officer trains the members of the Loans Committee (refugees) in the ILO's *Start Your Business* program. The Loans Committee then conducts *Start Your Business* training for all potential loan recipients who must attend the training in order to develop their business plans and apply for a loan. The second component of the program is *short-term monetary loans*, and the third component is *business counseling* to individual clients and groups in order to build their self-esteem and awareness in business, as well as aiding the Loans Committee in the monitoring and evaluation of the loan program.

The scheme is structured to encourage repayment through community accountability and group pressure. Refugees wanting to apply for a loan form groups of 12 from their sections of the camp, and attend the five-day training in which the program details are explained and participants learn how to develop a business plan. After completing the training, the groups submit their loan applications to the Loan Committee which assesses the viability of the plans, and gathers character and business information from the Community Development Workers (refugees who represent each section of the camp). When a group's application is approved, the group decides which 6 members receive the loan first. The first round loan is in the amount of 250,000K (\$50) and is paid back in 5 monthly installments of 50,000K (\$10) plus 4,500K (\$1) interest. Half the interest goes to the Loans Committee as incentive for their work and the other half feeds back into the program. CORD developed an easy, effective and transparent accounting system for managing the loan repayments. Loan recipients make their payments to the loan officer in the camp and receipts for the transaction are filled out in triplicate. One copy is given to the refugee for his/her files, one remains on file in the Microcredit Office (with the Loans Committee) and the third copy remains in the books for CORD.

The program is designed such that the loan amount will double in the second and third rounds. There is currently no penalty if an individual is late repaying their loan, except that their group will then be the last to receive the second round and may forfeit their chance to receive an increase in the loan size. To date there have been very few problems with repayment, only minor delays due to illness.

As of June 25, 2004, the CORD staff member in charge of overseeing the microcredit scheme was Community Services Officer for Vocational Training and Microcredit, Joachim Mumba. Joachim provided us with current data regarding the program. As of the time of that meeting 185 individuals had benefited from the loan. The total amount of loan money distributed equaled 46,250,000KW (approximately \$9,250). 31,850,000KW has been recovered (\$6,370) along with an additional 2,848,500KW (\$570) in interest.

The current total arrears stands at 2,850,000KW on the principle. The percentage of the portfolio at risk is 33% and the current repayment rate is 92% - down from its previously notably high rate of 96%.

During the course of three site visits to Nangweshi during June, July and August, the Alchemy Project conducted individual interviews with both microcredit clients and non-clients, held five different focus groups, spoke with several key informants (including the refugee translators themselves), and met with CORD staff to gather information about the program. The following are Alchemy's key findings in terms of the general observations, the impact of the program on the community and on clients and some of the constraints and challenges that the scheme currently faces.

General Observations of the Microcredit Program

- Despite only a short time in operation, the program has been able to reach 185 number of clients.
- The feedback from the refugees concerning the scheme is overwhelmingly positive, both in terms of the training and the loan program itself.
- Awareness of the program and understanding of its structure is high within the community.
- CORD has worked to empower the community to hand over control and management of the program. In many ways the Loans Committee is running the program – they conduct the trainings, select the participants, collect the payments and counsel the recipients in business matters. Nevertheless, the Loans Committee and the overall refugee community recognize that CORD still maintains ultimate authority over the program. This is evidenced by their questions directed at the CORD and Alchemy staff as to whether or not the CORD can establish the program in Angola.

Impact on the Community and on Clients

- Refugees and organizational staff reported an increase in the number of goods and business people in the market. As a result of the program, people have been able to diversify their businesses and many have moved from selling their rations to trading in different goods.
- The refugees report that the business training provided by the Loans Committee has increased the number of people in the community with business skills
- There appears to be no notable increase tensions among the refugees due to the loan program: refugees not yet participating hoped to do so in the future.
- The program has raised the profile – and possibly empowered – those associated with implementing the scheme, such as Loans Committee members.
- There is some evidence of improved economic situation for participants as reported by income increase, change in diet and increased purchase of household goods.
- Clients show an increased market/business orientation.
- There is some evidence that clients have acquired business and financial skills through their participation in the program– many came from farming backgrounds and they are now managing small businesses.

Constraints and Challenges

- Access to markets is the biggest challenge facing the program participants. Nangweshi is in an extremely remote and isolated area, therefore transportation is reported a major obstacle for refugees wishing to engage in business. The high cost of transportation – in both money and time – means that the loans are often too small to grow the business.
- The demand for loans of any size far exceeds the funds available for the program.
- The ability to move in and out of the camp is at the government Refugee Officer's discretion and therefore the loan recipients cannot count on regular access to markets outside of the camp. Incidents with Zambian police regarding business transactions as well as movement between the camp and local community have also been the source of problems for refugees engaged in businesses.
- Due to geographical constraints and clashes with local Zambian practices, there have also been reported problems with the purchase of livestock.
- The second round of loans is not happening fast enough due to personnel problems on the part of CORD. The Loans Committee felt frustrated at their inability to live up to the promises made to the community and were unclear as the reasons for the delay. There seemed to be a breakdown in communication between the Loans Committee and CORD.

Future Opportunities and Recommendations for CORD and Refugees

The following ideas are suggested to develop and improve the micro-credit scheme:

- 1) Develop and formalize ways to link the Vocational Training Center (VTC) and agricultural programs/community gardens to the micro-credit program and/or expand credit-in-kind schemes including programs like work-for-tools, purchasing refugee made goods/products as part of rations or as import substitutions. In addition, CORD can consider lobbying this to UNHCR and other implementing partners.
- 2) Increase the amount of the loan (at each stage) and change the term to a period of six months instead of five.
- 3) Consider raising the interest rate, but do an assessment first.
- 4) Conduct an early assessment of the camp and surrounding communities to better understand the supply of and demand for goods and skills on the part of refugees. For example, when refugees are first registered, they could be asked about their skills, and in this way, teachers, nurses, craftsmen and so on could be identified quickly.
- 5) Develop a transport scheme whereby CORD provides a vehicle once a month to take a selected number of program participants to markets in Senange or Mongu that are too distant to be reached by foot. The selection could be done by the refugees themselves. Those refugees participating in the transport scheme would be responsible for paying fuel costs and determining whom from their groups should make the trip.
- 6) Encourage groups to pool their loans and conduct joint business ventures on a larger scale than much of the petty trading currently practiced in Nangweshi.

- 7) Create a budget for the Loans Committee (for materials and training support) and provide them a second round of training on business development.
- 8) Separate the training component of the program from the loan. Consider charging a small fee (e.g. 3,000KW) for individuals to attend the training sessions.
- 9) Continue to monitor the availability of other sources of credit in the community. Find out about other programs such as the rumored loan program through CMML.
- 10) If possible have someone not affiliated with CORD (or Alchemy) test the assessment instrument to see if results are similar. Such a test would help us to know whether or not an individual would really use increased income to expand their business as was repeatedly stated to CORD/Alchemy.
- 11) Prepare the groundwork for potential cross-border programs by gathering information about where in Angola refugees intend to go and what cash or collateral they are able to take with them.
- 12) Develop and distribute certificates of completion for those who have successfully repaid their loans.

The focus of the Alchemy Project's field visit was to establish a monitoring and evaluation instrument specifically for the Nangweshi micro-credit program since the refugees there are likely to remain for at least another year. In Mayukwayukwa, the credit program is winding up as repatriation is already underway, and no new loans are being distributed in the camp. The Alchemy team did visit Mayukwayukwa on two occasions to further test the new monitoring instrument and gather additional observations and lessons learned from the experiences with IGAs and the micro-credit program there. These observations are incorporated into the Annual 2004 Alchemy Report.

The Baseline Survey – Implementation and Follow-Up Tasks

The Alchemy Project met with staff in headquarters in the UK to explain the baseline survey instrument and the strategies for implementation during the field visit in Zambia. The instrument was then also discussed with the Acting Country Director, Angela Fowler in CORD's office in Lusaka, prior to the first trip to the field. The purpose of the instrument was explained, as well as Alchemy's hope for CORD's adaptation of the tool for future monitoring and evaluation purposes. In Nangweshi, thirty-eight interviews were conducted during the first field visit in June, twenty-nine of which were with clients and nine with non-clients. During the second field visit to by Alchemy staff in mid-July, the survey instrument was revised to better fit the context of Nangweshi refugee camp. The Alchemy team conducted twelve interviews with the modified instrument. The data was entered into a new sheet in the project's database to separate it from the results collected with the original survey being used in all of the Alchemy Project's locations this summer. After further consultation with the CORD staff, the survey was again revised to shorten the length and capture only the information that will be useful to CORD – for monitoring and evaluation purposes – in the future. On the final day of this field visit, the Alchemy team accompanied Joachim to the camp and assisted in five interviews with the new instrument. Joachim administered the survey with ease and the team agreed at the end of the session on the final version that CORD will begin with the new round of loan recipients. It is advisable that CORD interview the 25 individuals who received loans on June 10, in order to have immediate access to a large starting

sample (provided they can do this in the next few weeks before the loans have the chance to make any appreciable impact on their income/wealth status).

The final version of the survey instrument was sent to Nangweshi for translation into Portuguese the week of August 23rd. The data will be maintained in an excel spreadsheet on Joachim's computer, with a copies of the template in the Lusaka office with the Alchemy Project in Boston. Alchemy has advised CORD that they can send the data periodically to Boston for analysis by project staff. Updated copies of the spreadsheet should be sent to the Country Director at intervals for back-up storage in Lusaka. Alchemy has left it with the Joachim and Angela to discuss the further implementation of the monitoring and evaluation tool with Country Director Bill McDonald when he returns from his leave at the end of August. It still remains to be decided who shall conduct the interviews. Preliminary discussions suggest that it would be best to have two or three Community Development Workers (CDWs) trained in the administration of the survey – and rewarded with an Alchemy Certificate attesting to their newly acquired skill. Both CORD and Alchemy felt the Loans Committee is too heavily involved in the scheme to conduct the interviews without bias or without temptation to potentially rush through interviews as they are familiar with the clients and may feel they can anticipate the responses. CORD and Alchemy also recognize, however, that the CDWs will be busy in the upcoming months as repatriation begins. Therefore, the Project Manager in Nangweshi will be consulted as to the CDWs availability and a plan will be made as to who specifically shall collect the data.

In summary, the next steps in the agreed workplan between CORD and Alchemy are as follows:

- 1) Angela will meet with Nangweshi's Project Manager to determine the availability of CDW's for data collection purposes.
- 2) Selected CDWs (or other individuals identified) will be trained by Joachim in administration of the survey.
- 3) Alchemy Project will send certificates of training in baseline survey/monitoring and evaluation tool distraction to CORD to be distributed to those trained in Nangweshi.
- 4) Interviews of the latest loan recipients will be conducted by newly trained team (supervised by Joachim) in August/early September.
- 5) Data will be entered by Joachim into CORD's database and sent to the Lusaka office.
- 6) The interview process will be repeated as each new group of recipients enter the micro-credit program.
- 7) Lusaka office will send the Alchemy Project the updated database every six months (or at other appropriate interval).
- 8) Angela will review this report and with Bill McDonald and identify any additional items that need follow-up, either in Nangweshi or with the Alchemy Project in Boston.

Exploratory Work on Cross-Border Programs

During the field visit, the Alchemy team and CORD discussed the possibilities of developing a cross-border micro-credit program in Angola to assist the repatriating refugees. Some of the constraints were identified including:

- the difficulty of identifying one particular area in Angola where the Nangweshi refugees are likely to go;
- lack of access to and infrastructure in most provinces in Angola;
- working out a system of transference agreeable to the Loans Committee and refugee community in Nangweshi.
- CORD's current human resources constraints, and the likelihood that an institutional/organizational partner in Angola would have to be identified

Despite the obstacles, both CORD and Alchemy remain interested in pursuing the idea of a cross-border program, and are in the process of exploring this possibility.

Field Note from Alchemy Mission

Contact was made with several other NGOs working with refugees in Zambia, as well as with IOM (to explore a cross-border program in Angola, and with the Zambia Initiative.

Alchemy met with the following officers and organizations:

- Executive Director of JRS, Michael Gallagher and learned about his organization's advocacy work. JRS has drafted an amendment for the new Refugee Bill that will likely come up again in 2005.
- Chileshe Chilangwa-Collins, Executive Director of HODI, a local development NGO that has previously partnered with CORD in Mayukwayukwa. HODI runs several income generating programs Chileshe thought they might like to attend the fall workshop if it is held in Zambia.
- Mohamed El Ferjani, the Program Coordinator for the Zambian Initiative. The initial meeting was held in the Ministry of Home Affairs office in Lusaka and provided us with an overview of the goals of the project, as well as insight into El Ferjani's personal philosophy about development work and microcredit schemes. The program aims to serve both the local communities and refugee populations in Western Province and is based on a participatory approach. In the year since its start, the Zambian Initiative has helped communities build schools, dig wells, establish health clinics and provide credit to enable farmers and carpenters and other tradesmen and women develop their business. The program is modeled after two similar projects developed by El Ferjani in Sudan and Lebanon. Two weeks later, Alchemy met again with El Ferjani and four of his Zambian government colleagues in Mongu. During the meeting we were given materials and reports on the Initiative and gained insight into the Zambian Initiative's perspective on their relationship with UNHCR and other NGOs. Mr. El Ferjani described the possibility of linking UNHCR and UNDP in Zambia, particularly as UNHCR considers expanding its mandate under the new policy of the Four Rs – Return, Rehabilitation, Reintegration, and Resettlement. The Alchemy Project will stay in contact with El Fajani to monitor the progress on this innovative and potentially effective development program.

Planning for the Alchemy Project 2004 Workshop

Alchemy discussed further with CORD Acting Country Director Angela Fowler, the possibilities of having the Alchemy Project Workshop in Zambia with CORD acting as the host partner. It was decided that Livingstone would be the best location for the event because of easy accessibility – flights fly into the airport in Livingstone daily from Johannesburg and other parts of Africa – and availability of a range of accommodation. We had an outside look at the likely spot for the workshop itself, The Sun and the rate seems reasonable. CORD is willing to help with the logistics, though Angela has warned that she will be leaving the Lusaka office in October and therefore, all arrangements will need to be discussed with Bill McDonald, the Country Director, when he returns in early September. We were advised though to send the Lusaka officer tentative dates so that the Sun could be booked as soon as possible. Alchemy and CORD will continue to be in close contact about further development on the workshop in the upcoming weeks.

Final Remarks on Field Visit

The Alchemy Project's visit to CORD in Zambia – to the Lusaka office and the programs in the camps – was extremely productive and accomplished the intended objectives. Moreover, the reception that Alchemy received from CORD staff in all locations was extraordinarily warm and accommodating. CORD went to great lengths to make sure that the Alchemy team had access to people, information and any material resources needed. We were continually impressed with CORD's high level of professionalism and the openness with which staff members at all levels discussed programs, challenges and suggestions with us. In addition, the CORD team was very receptive to the recommendations we made concerning the installation and execution of the baseline survey and plan for ongoing monitoring and evaluation, despite that it means an increased workload for the local team. Finally, most notable throughout our visit in Zambia was CORD's continued effort in every aspect of their work allow programs to be driven by the communities themselves. Operating under financial, geographical and cultural pressures that frequently lead other implementing partners astray, CORD holds firm to its community development as opposed to relief oriented approach, and never fails to treat its refugee colleagues with understanding and respect.