



SELF MICROCREDIT INITIATIVE (SMIT)

I. Project Summary

The SELF Microcredit Initiative focuses on stable and economically active internally displaced individuals or groups from the North West and South West Regions seeking refuge in the major cities of Cameroon; and who have the skills, capacity, and desire to actively pursue a livelihood; but lack the financial resources to transform their micro business ideas into practical realities.

This project intends to support livelihoods of these selected internally displaced persons using a credit-based approach as a sustainable and dignified way both to assist displaced people and to benefit their host communities.

Through a well-established Revolving Fund, the SELF Microcredit Initiative shall therefore provide small collateral-free and interest-free business loans to enable carefully selected stable and economically active internally displaced persons to support the start-up or expansion of small businesses or microenterprises for predominately low and moderate income internally displaced persons who demonstrate their own initiative in starting a business, or who have operational businesses needing additional capital.... and who have the capacity to pay back the loans to permit others to benefit.

The effective implementation of the SELF Microcredit Initiative shall improve living conditions and increase the, dignity, self-esteem, and economic self-reliance of beneficiary targeted internally displaced persons or groups.

II. Challenge

As the ongoing armed conflict in the North West and South West Regions of Cameroon continue to drag on, many persons in protracted internal displacement seeking refuge in host communities of the major cities of Cameroon find themselves with little or no humanitarian assistance; and increasingly without the kindness of their hosts nor the resources they need to survive.



With limited or no formal employment opportunities available in these major cities, creating small businesses in the informal market is the main route to an income for internally displaced persons. Some of them have very brilliant business ideas but lack the financial or material means to transform these business ideas to practical realities.

They do not have access to bank loans since they are perceived by Banks and other Microfinance Institutions as “high-risk” group that may simply return to their communities without paying loans. Even where access is not denied, these internally displaced persons lack the collateral security required to secure loans

III. Solution

In response to internally displaced persons’ demand for credit services and programs supporting income generating activities and entrepreneurship, Saika Elisabeth Foundation has initiated the SELF Microcredit Initiative, (SMIT) that is managing a small revolving fund and disbursing collateral-free and interest-free microloans of up to 100,000FCFA to stable, economically active internally displaced persons who possess entrepreneurial experience and or demonstrate their own initiative in starting a business.

IV. Project Goal

The goal of this project is to enable economically active and forcibly displaced people, seeking refuge in the major cities of Cameroon to pursue livelihoods in a sustainable and dignified way, through the provision of capacity building, credit and other income generating resources.

V. Project Objectives

- To provide sustainable access to loans for those IDPs who wish to become entrepreneurs and have concrete business ideas.
- To improve living conditions and increase the economic self-reliance of targeted internally displaced persons seeking refuge in host communities in the major cities of Cameroon.
- To empower eligible project beneficiaries with entrepreneurial/business management skills and leadership skills
- To eliminate the marginalization and exploitation of the internally displaced persons by money lenders or informal odd-jobs employers



VI. Expected Results

The Microcredit Initiative shall enable beneficiary internally displaced persons to achieve the following:

- acquire basic knowledge in leadership skills, business management, and entrepreneurship.
- Start-up and run their microbusiness
- acquire increased incomes, enhanced standards of living, and self-reliance
- acquire social and economic empowerment
- acquire increased self-respect and self-esteem
- acquire financial discipline and learn how to save and invest.

VII. Target Beneficiaries

Microcredit shall be provided only to stable and economically active internally displaced persons who have demonstrated their own initiative in starting a business, or who have operational businesses needing additional capital. These beneficiaries shall be in three categories as follows:

- a) Internally displaced persons that have the skills and capacity to actively pursue a livelihood; have very profitable small business ideas but lack the means to put these business ideas to practical reality
- b) Internally displaced persons that have started their small businesses, but are in need of microcredits to expand the said businesses
- c) Apprentices that graduate from the SELF IDP Livelihood Skills Training and Support Project and need microcredits to start up their microenterprises

VIII. Project Implementation

Within the framework of the SELF Microcredit Initiative, the Saika Elisabeth Foundation through its well-established Revolving Fund shall provide microcredits to selected internally displaced individuals who have expressed the need to create or expand their microenterprises or other income generation activities.

Valued at 1,000,000 FCFA for the pilot phase of the project, the microcredits shall range from about 50,000 FCFA to 100,000FCFA per borrower depending on the type of business. The loan



shall be payable within 10 months with an option for daily, weekly or monthly payments. All loan payments will flow back to the Revolving Fund in order to enable others to benefit.

On the basis of a minimum of 50,000FCFA per business project on average, the SELF Microcredit Initiative envisage the financing of about 15 business projects during the first phase. The monitoring mechanism put in place will encourage beneficiaries to progressively repay the capital acquired through the profits generated without negatively impacting the business activities. The recovered funds will thus be used to finance the project of other potential and eligible beneficiaries.

The management system of this fund shall include the project steering committee. The role of the steering committee shall be to identify internally displaced persons that are in need of credit to start-up or expand their businesses; and screen them using the eligibility criteria before validation.

In order to be eligible for the microcredit, the potential borrower must:

- be an internally displaced person from the North West or South West Regions of Cameroon
- be 18 years and over
- have been internally displaced for at least three years, stable in one locality, and have a fixed residence
- be a starting or existing business owner
- undertake to reimburse according to a schedule
- ensure that current need for credit does not exceed 100.000 FCFA.
- not have benefited from other business creation credit or support in the past

The principle adopted for financing from the competitive fund is that eligible beneficiaries shall not receive cash directly. All purchases shall be made by the Steering Committee following the list submitted by the beneficiary.

IX. Project Activities

Activity 1 - Mobilization of beneficiaries: The project will mobilize potential internally displaced persons to benefit from the SELF Microcredit Initiative. This mobilization shall be done through village development associations, churches, and word of mouth.

Activity 2: - Screening and Approval of Microbusinesses: The steering committee shall use the eligibility criteria to select and approve micro businesses to be financed.

Activity 3 - Capacity Building Workshop: Before receiving the loan, eligible beneficiaries shall be obliged to undergo an intensive two-weeks training in basic entrepreneurial business management and Leadership skills. This will also be an opportunity for beneficiaries to become well informed about the principles and procedures of the SELF Microcredit Initiative. During this training too, potential borrowers must satisfy the project staff of their integrity and seriousness, show their understanding of the principles and procedures of the project and demonstrate the ability to effectively run their businesses and repay their loans.

Activity 4 - Signing of loan contracts: Selected and trained beneficiaries shall sign loan contracts that will specify especially the loan amounts, type of business, and agreed repayment plans depending on the type of business.

Activity 5: Disbursement of micro loans: With the loan approved, capacity building done, repayment plan established, and contract signed; micro business loans will be made available to individual and/or group beneficiaries. These beneficiaries shall not receive cash directly as all purchases shall be made by the Steering Committee following the list submitted by the beneficiaries in their business plans.

Activity 6: Baseline survey: Baseline survey: This baseline survey will be undertaken for the beneficiaries of the SELF Microcredit Initiative in order to acquire an information base against which the effectiveness of the project shall be evaluated and assessed at the end of the first phase of the project. The key focus of the baseline survey shall be to understand the current livelihood situation of the project beneficiaries (information on demographics, displacements and current status, housing and facilities, household and productive assets, livelihoods and income, expenditure, and food consumption).

Activity 7 - Loan repayment: Depending on the loan amount and repayment plan of different micro credit beneficiaries, repayment shall be expected to start two months after the disbursement of the loans and run for 10 months. This means that each borrower will be expected to reimburse an average amount of 400 FCFA per day.



Activity 8 - Monitoring and Supervision: Regular business counselling/coaching, business mentoring and loan tracking shall continue throughout the loan period and report making will be a continuous process. The project shall provide ongoing support, mentoring, and coaching to the financed micro businesses. This shall include assessing how the business is going; how business records are kept; what kind of challenges the business is facing; and assisting them to address these challenges. Beneficiaries shall also be accompanied to create Credit Union Savings Accounts and encouraged to do obligatory savings.

Activity 9 - Impact Evaluation: An impact evaluation including beneficiary household surveys will be done on the 15th month to determine the impact of the program on the internally displaced persons and their households. Both performance and operational indicators will be used to measure progress and achievements of the initiative.

X. Project Activity Plan

S/ N	Activities	Number of Months															
		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	
1.	Mobilization of beneficiaries																
2.	Screening/approval of microbusinesses																
3.	Capacity Building workshop																
4.	Signing of loan contracts																
5.	Disbursement of micro loans																
6.	Baseline survey																
7.	Loan repayment																
8.	Monitoring and supervision																
9.	Impact Evaluation																