Give and grow

KixiCrédito was the first microcredit scheme to offer small low-cost loans to people in Angola and has since grown from a charity to a self-funding microfinance business operating in six provinces.

In Kimbundu, one of two Bantu languages, kixi means “giving”. In the old tradition of kixiquila, people would lend each other money or labour, knowing the favour would be repaid to them.

This principle still runs at the heart of KixiCrédito, with two-thirds of loans given out through solidarity groups of up to 15 people from a local area. “Lending to groups works well because there is trust and honour in communities,” said Joaquim Catinda, executive director of KixiCrédito, which has a default rate of only 6 per cent, much lower than the banks.

“If one person can’t make their repayment, the others have to step in. Each week every member pays a fee of, say, 200 kwanzas [about $2] on top of their repayment and this money is kept and used in case someone defaults. We have rules that people from the same family can’t be in the same loan group because if there is a death or difficulty in that family, it means two people might default and that impacts heavily on the group.”

KixiCrédito borrows money from commercial banks and then offers its clients loans ranging from $100 to $10,000, with typical monthly interest at around 3 per cent. The average loan is $900, and most people use this money to fund retail or service businesses such as clothes repairers or small restaurants.

“We see many people who used to sell things in their homes getting credit and being able to open small shops and restaurants,” said Catinda. “There is a real entrepreneurial spirit in Angola because people have needed to make their own way and earn a living.”

As with many other microfinance schemes, business plans are at the heart of the loan to make sure people are not overstretched themselves or without a clear plan for the money. Catinda explained: “We have to be careful about how the money is used. For instance, selling pirate CDs or electrical items on the street is illegal, so we don’t give loans for people to do that. Also, people always ask for more money than they can afford, so we go through their accounts each time and work out what is a suitable amount.”

KixiCrédito credit is currently withdrawn over the bank counter using a letter from the loan agent, but Catinda said the plan was to make direct transfers into clients’ bank accounts. “We need people to learn to use banks in order to manage their money. Because people aren’t used to banks, they go there and withdraw all the credit at once. The same happens with their salaries each month, but we are trying to change this attitude.”

Catinda is passionate about his work and told Universo:

“Microcredit has helped many people change their lives for the better. It’s not aid; it’s about giving people access to services so they can make their own way.”

KixiCrédito’s elogan Parceiro nos Negócios or “business partner” underlines that point. Microfinance was first pioneered in Angola in 1996 by NGO Development Workshop through funding from the Department for International Development (DFID) – the UK government’s overseas aid fund among others.

In 1999, the scheme took on the name the Sustainable Livelihoods Project (SLP). In 2005, it was renamed KixiCrédito and turned into a commercial microfinance business, which is now self-sustainable with a loan portfolio of $9 million.
OPEN FOR BUSINESS

António da Silva's cantina is small and compact, the wooden shelves of the shop neatly stacked with colourful tins, bottles and packets. There are jars of sweets on the counter, and two tall fridges full of ice-cold drinks hum along with the air conditioning, drowning out the sound of the crackly television perched in the corner.

António, 39, beams with pride as he recalls how his business began with a $250 loan six years ago and explains that he wants to open a second shop and, in the longer term, a pharmacy. "It's been hard work," he says, "but worth it. I used to sell things like biscuits and sugar from my house but now I have this business and big plans for more."

António, who lives in Cassequel, beside Luanda's airport and around the corner from his shop, got his loan through KikaCredito, Angola's original microfinance scheme which began in 1996. "I did have a bank account at the time," he says, "but I never even thought about asking them for a loan. I knew they would turn me down."

António spent his first loan on two months' rent for his shop and some stock. A few months afterwards, he was given a second loan of $300 and a few years later a third for $900. In that time he had made enough profit on the items he sold to have bought the shop outright, at a cost of $4,000, install the air-conditioning system and purchase two refrigerator units and a chest freezer.

The shop – which he has called Sapochot after the local area – is open from 7.30 in the morning until 10 at night. António's wife, with whom he has a four-year-old daughter, does the morning shift and he takes over in the afternoon and evening. "I go to buy things once a week," he says, "usually from Roque Santeiro or from another big market. Sometimes you can make a lot from things when you buy in bulk, sometimes not. It just depends."

Giving an example, he says that he can buy a pack of 24 tins of mushrooms for 2,150 kwanzas (about $23) and sell the individual tins for 150 kwanzas each, making a total profit of 1,450 kwanzas (almost $16) on the original purchase. "Of course, I have to pay for my transport to bring the stock back here," he says, "and other costs like running my generator for the electricity which is about 15,000 kwanzas (about $163) a month. But I think I am a good manager and that is why my business is a success."

"Every night I cash up to see exactly what I have taken and calculate at the end of the week X and Y to see what my profits are. I make sure I take an amount each day from the till to put aside to repay my loan, that is very important."

He is now applying for a fourth loan of $10,000 to fund his extension plans. As the sign says on his shop door, thanks to KikaCredito, he is very much aberto ("open") for business.