

## Celebrating the African Century



PHOTO: GIDDEON MANASSEH

*UN Secretary General Kofi Annan addresses African Century Challenge Leadership Awards dinner on February 18, 2002.*

On February 18, Shared Interest assembled 350 guests at New York City's Waldorf-Astoria Hotel to honor actor Danny Glover, Essence Magazine's Editorial Director, Susan L. Taylor, and South African jazz icon, Hugh Masekela.

The evening began with an address by UN Secretary General Kofi Annan, followed by a message from the dinner's honorary chair, Archbishop Emeritus Desmond Tutu, read by former New York City Mayor David Dinkins. Shared Interest's African Century Challenge Leadership Awards were then presented to Danny Glover by Harry Belafonte and novelist Walter Moseley, to Susan L. Taylor by actress Cicely Tyson, and to Hugh Masekela by South Africa's Ambassador to the United States, Sheila Sisulu.

Following acceptance of the awards, each honoree gave a stirring performance. Danny Glover read three moving poems by Martin Luther King, Jr., Pablo Neruda and Alexis De Veaux. Susan L. Taylor presented an original dramatic piece that was danced by renowned performer and choreographer Ronald K. Brown, and Hugh Masekela and the musicians accom-

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## Coming of Age: South Africa's Micro-Finance Industry

South Africa's micro-finance institutions are coming of age – and it isn't easy. The recent training workshop organized by the Western Cape's Micro-Enterprise Network of NGOs (MENNGOS) from November 25 to 30th embodied both the challenges of the sector and the growing maturity of those not-for-profit community lending institutions that have managed to survive in South Africa's difficult environment. Shared Interest and the Them bani International Guarantee Fund exchanged experiences with delegates from West and Southern African countries, seeking to enhance the effectiveness of their organizations and the sector.

While micro-finance is a difficult activity worldwide, it is particularly challenging in South Africa. Colonial and apartheid rule disrupted natural communities,

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### Storming entrepreneurs



*MEEC borrowers Hendrick Matlala, Dina Ragalakane, Godfrey Matlamyane and Mr. Tabane.*

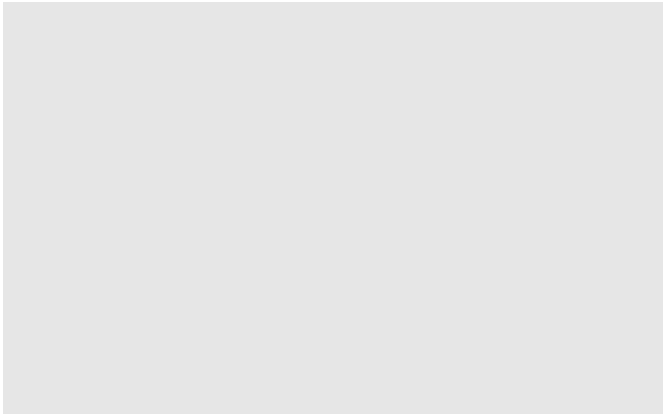
Four Mpumalanga entrepreneurs launched their construction business together with the assistance of the Mpumalanga Economic Empowerment Corporation (MEEC), the beneficiary of a Shared Interest / Them bani guarantee. "We had no cents. Nothing." recalls Hendrick Matlala. "MEEC helped us start the company." Undaunted, the four combined their skills and

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## RECENT EVENTS

### Shared Interest Honors Robert Zevin

On November 7, 2001, more than 150 friends and supporters gathered at the Charles Hotel in Cambridge, Massachusetts to honor Robert Zevin, Shared Interest board member, economist and trail-blazing advocate for social, economic and political change. One of Shared Interest's founders, Robert has just stepped down from serving as chair of the organization's board of directors for four years. The evening included tributes by Stephen Moody, Senior Vice President of Walden Asset Management, a Division of U.S. Trust Company of Boston; renowned author and activist Grace Paley; and Massachusetts State Representative Byron Rushing. Her Excellency Sheila Sisulu, South Africa's Ambassador to the United States, presented the Leadership Award. The evening's tributes celebrated Robert's unflagging lifetime of visionary, sustainable and practical responses to the needs of South Africa's people, as well as to the movements for peace, social justice and socially responsible investing in the U.S. Congratulations again, Robert!



*Boston Photo: photo to come*

### Justice Richard Goldstone Joins Michael Ratner for a Post 9/11 Conversation

South African Constitutional Court Justice Richard Goldstone joined New York human rights lawyer Michael Ratner for a conversation with Shared Interest friends and supporters about international human rights policies and mechanisms in the world changed by the events of September 11th. The November 16 gathering, held at the New York home of Shared Interest board member Anne Hess and Craig Kaplan, explored issues of related to international justice, security and reconciliation, and reminded the group that South Africa has much to teach the world at this time.



PHOTO: CHRIS BENNION

*Marshal McReal, Imani Countess, Lori Markowitz, Robert Taylor and Constance Rice at Seattle Showing of Long Night's Journey Into Day.*

### Seattle Film Benefit

Leading with a statement from Archbishop Emeritus Desmond Tutu ("Get all the dollars you can...") and closing with the Archbishop's traditional "God bless" Reverend Robert Taylor of St. Mark's Episcopal Cathedral kicked off an inspiring benefit showing of *Long Night's Journey Into Day* to a capacity crowd in Seattle on September 20.

The film program, which benefited the Desmond Tutu Peace Foundation, Iris Films and Shared Interest, included brief presentations from the representatives of those organizations, as well as comments from Peter and Linda Biehl, and cultural performances from the St. Marks Episcopal Choir and the Seattle Peace Choir. The showing at the Cinerama Theater in downtown Seattle drew an audience of more than 700 people, with hundreds more turned away. Outreach Director Imani Countess, speaking on behalf of Shared Interest, underscored the film's message as an "important gift, particularly at this time in our nation's history." The film showing was preceded by a reception for sponsors, the host and event committees at the home of Marshal McReal.

*Shared Interest is a not-for-profit social investment fund guaranteeing South African bank loans to community development financial institutions engaged in South Africa's reconstruction process. Shared Interest and its Swiss associate RAFAD have established the Thembani International Guarantee Fund (TIGF) in South Africa. Through the TIGF, Shared Interest strengthens grassroots organizations and enables them to provide increasing amounts of affordable credit for small businesses and social housing in South Africa's lowest income communities.*

## INVESTOR SPOTLIGHT

## Progressive National Baptist Convention



PHOTO: GIDDEON MANASSEH

*PNBC General Secretary, Dr. Tyrone Pitts, presents Danny Glover and Donna Katzin with the denomination's first loan to Shared Interest.*

As hundreds of guests gathered for the Annual African Century Challenge Leadership Award dinner, the Rev. Tyrone Pitts, General Secretary of the Progressive National Baptist Convention, privately presented Danny Glover and Donna Katzin with a check symbolizing the first of what Convention leaders predict will be a series of annual commitments. Convention leaders also presented Glover with their highest honor, the Humanitarian Award, for his achievement in the areas of human and civil rights.

PNBC, whose hallmark provision is to stand "with those who have been historically locked out and left out of the mainstream of society," and Shared Interest cemented what has emerged as unique partnership in August, during the Convention's 40th annual meeting in Tampa, FL. With the loan the PNBC joins more than fifty faith-based organizations that have lent Shared Interest the resources to impact the lives of more than 250,000 Black South Africans.

Two important features distinguish this loan: for the first time Shared Interest is partnering with a Historically Black Denomination, and the collaboration has an

explicit domestic development function. PNBC member churches, the majority of which are churches with budgets under \$250,000, are encouraged to donate funds to the Convention that are earmarked for a loan to Shared Interest. PNBC, in turn makes a five-year loan to Shared Interest. At the end of the investment period funds are returned to the denomination, allowing the convention to then re-invest in Shared Interest or to use the monies for other needs. The donations from member churches therefore have the effect of both contributing to South Africa's economic transformation while also over time enlarging the denomination's ability to meet domestic needs.

Funding for the initial loan came from some of the Convention's leading pastors, including Dr Wallace Smith, Shiloh Baptist Church; Rev. Wyatt T. Walker, Canaan Baptist Church; Rev. Charles Adams, Hartford Memorial Church; Dr. Hycel Taylor, then at Evanston's Second Baptist Church, now Senior Pastor at Pilgrim Baptist Church in Chicago, and the Convention's President, Rev. Mackie C. Daniels.

The PNBC and its members have historically been key partners in Africa's liberation and development, particularly in the efforts to end international support for South Africa's apartheid system. The Convention also makes annual grants to Historically Black Colleges and Universities, civil rights organizations and other social change groups.

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undermined the stability of family life, and made it illegal for black women and men to operate small and micro-enterprises outside of their designated areas – the poorest in the country. In this context, with the exception of traditional leaders, black families and communities have not been allowed to acquire land, amass capital, or launch income-generating activities – becoming instead a pool of low-wage labor. To make matters worse, many South Africans' literacy and numeracy skills have suffered as a result of "bantustan" education, while people remain spread across areas that are difficult or expensive to reach as a result of "apartheid geography."

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panying him performed two stirring jazz pieces. Hostess Charlayne Hunter-Gault, head of CNN's South Africa bureau, kept the program flowing and insured that all the participants and guests shared the feeling of celebration and community that filled the evening.

The event marks the third year of Shared Interest's African Century Challenge – an initiative co-chaired by Danny Glover and Susan L. Taylor. The Challenge has succeeded in building the support Shared Interest and the Them bani International Guarantee Fund have needed to increase the scale and scope of their work in South Africa, and to develop their collaborations with African-American investors in the U.S. It has also succeeded in focusing attention on South Africa and the achievements and potential of its grassroots communities at the dawn of what South Africa's president, Thabo Mbeki, has called "the African Century."

Shared Interest's board chair, Marco Masotti, opened the program announcing, "We gather tonight to honor

three people whose creativity, compassion and courage have helped make history. Through their drama, prose and music, Danny Glover, Susan L. Taylor and Hugh Masekela have made a powerful cultural contribution to the new South Africa. They dramatized, analyzed and galvanized before it was fashionable, educating and inspiring millions of people around the world to support the struggle to end apartheid. They honor us by allowing us to honor them. In so doing, we celebrate their significant contributions and their lives of leadership. Moreover, we renew our commitment to the task of building, with them and South Africa's people, a just nation that serves as a beacon for the world."



*RIGHT Ambassador Sheila Sisulu and honoree Hugh Masekela.*



*LEFT Honoree Danny Glover and Harry Belafonte.*

*BELOW Dinner hostess Charlayne Hunter-Gault and honoree Susan L. Taylor.*



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Current conditions present their own obstacles. With unemployment officially hovering around 30 percent, and HIV/AIDS undermining the economic stability of many communities, economic and physical survival are not a foregone conclusion. The peoples' economies that have fed, clothed and sheltered the residents of South Africa's townships, inner cities and rural communities are further challenged. Today, once again, South Africa has recaptured the dubious distinction of having the highest index of economic inequality in the world as measured by the Gini coefficient. While this creates some potential opportunities for small businesses, it also exacerbates the difficulty of bridging the gap.

As young South African micro-finance institutions seek to grow in this harsh terrain, they face both shrinking support and tough competition. For many, the initial grant funding that capitalized them since the early 1990's is drying up, while their high operating expenses (that include technical assistance for clients) and deliberately low interest rates undermine their ability to cover their own costs.

Moreover, some institutions have found their conditional assistance from overseas and South African government agencies discontinued when the young lenders experience difficulty in meeting prescribed operational objectives. Finally, South Africa's banking laws prohibit the smaller micro-finance institutions from holding savings, further constraining their ability to build their capital base and provide clients with additional financial services.

At the same time, in response to the escalating demand for credit, the competition has mushroomed. South Africa's thriving "cash loans" industry – which charges borrowers annualized interest rates of up to 400 percent – continues to grow. At the same time, the banks themselves are finding ways to extend credit to low-income working consumers, particularly by linking consumer loans for working borrowers to payroll deductions, siphoning off clients who could otherwise

improve the profitability of not-for-profit lenders. Finally, retail establishments such as furniture stores are beginning to expand their credit plans. In all, by the end of November, 2001, there were 1,334 registered lenders with 5,051 branches serving the low-income market. The institutions, which include banks and listed companies as well as cooperatives and non-governmental organizations, have a combined loan book of \$1.6 billion. They compete actively with micro-finance institutions for both clients and qualified staff.

However, while the cash lenders, banks and retailers expand their lending operations, they seldom provide the country's lowest income people with vehicles for savings, group economic activities or non-financial services. To supply these services and build innovative institutions to provide them, additional attention and resources are sorely needed. Thus the industry as a whole is pulled between its dual objectives of addressing the country's pressing development needs and operating sustainably and competitively.

In 1999, South Africa began to attempt to increase the sustainabil-

ity of the micro-finance industry and protect low-income consumers from abusive practices (principally by "loan sharks") by establishing the Micro-Finance Regulatory Council (MFRC). To be licensed, micro-finance lenders must now register and sign a contract with the MFRC, and reregister on an annual basis while presenting externally audited statements to the MFRC. Moreover, supportive networks of micro-enterprise organizations are providing an increasingly sophisticated array of support services to address their members' needs.

Last November's MENNGOS international workshop assembled 36 participants from micro-finance institutions in South and West Africa. It explored the internal controls micro-finance institutions require to insure that their funds are most efficiently lent, recuperated and documented. Participants compared experiences



*Shared Interest presentation at MENNGOs workshop on November 22, 2001.*

## FROM THE EXECUTIVE DIRECTOR

With the presentation of South Africa's budget proposal for 2002 – 2003, Finance Minister Trevor Manuel demonstrated once more that the government is walking a tightrope thinly stretched between the exigencies of fiscal discipline and the needs of the majority of the population. During the days leading up to the annual budget speech, the People's Budget Campaign, a broad formation including the South African Council of Churches, Congress of South African Trade Unions, South African NGO Coalition and the Treatment Action Campaign lobbied heavily and took to the streets. They called for a budget that would demonstrate the "renewed commitment to social solidarity" required to eliminate poverty by raising income taxes for the 20 percent of South Africans who can afford to pay them, and by providing a basic R100 (\$8.70) a month Basic Income Grant (BIG) for each impoverished South African. The Campaign further demanded that the government implement a national treatment plan to permit people with HIV access to anti-retroviral drugs.

The official budget did address some of the Campaign's agenda for combating poverty, but chose to do so largely by banking on a model of economic stimulation. In all, the proposed budget cut R15 billion (\$1.3 billion) in taxes – a move it calculated the country was able to afford, having increased its tax income alone beyond the previous year's projections by R878 million (\$76 million) from individuals and R14 billion (\$1.2 billion) from companies.

In between stimulation measures based on tax cuts and the social safety net of basic income grants lie a broad range of strategies to increase the poorest South Africans' ability to support themselves. The government's commitment to ending poverty will also be measured by direct efforts to create jobs, and to encourage industry to do the same. It will be further evaluated according to its support for the country's informal sector, whose small and micro-enterprises have been the only net creators of jobs during the past few years. Policies and programs that unlock financial and non-financial backing for the undocumented, unmeasured and untaxed economies that are the lifeblood of South Africa's townships, urban and rural communities are likely to prove extremely productive, as Shared Interest has found in the projects we have been privileged to guarantee.

In the context of the budget battle, South Africans are also debating the advisability of the country's multi-million rand arms deal. Molefe Tsele, General Secretary of the South African Council of Churches,

summed up a position valid well beyond his continent, saying, "The real security of our country will come from eliminating poverty in the region."

Sincerely,



Donna Katzin

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went into business. Mr. Matlala was an experienced builder who had spent more than 15 years "making other people rich." When asked what motivated him to go into business for himself, he explained, "You get a job. And then it's over. But you need to have something to eat. So you start a business. It was very difficult at first. They look in your bank account. If you



*Storm water drainage system built by Matlala, Ragalakane, Matlamyane and Tabane.*

don't have the money they don't give you the job."

Mrs. Ragalakane, whose children ages 4 and 19, gained experience when her brother died of AIDS four years ago, and she took over his small construction business. "I didn't get the first tender I applied for," she recalled. "I hope I get the next one. The job is not hard. I

like it. And my oldest child wants to be an engineer. He says he wants to work with his mother."

Today the company is constructing storm drainage systems in two rural Mpumalanga communities with a R120,000 (\$10,435) loan issued by MEEC. The canals and aqueducts are extremely attractive, constructed with large reddish-brown stones from the area imbedded in a durable mixture of cement and river sand.

## BOOK REVIEW

I will go Singing, by George M. Houser and Herbert M. Shore, The Robben Island Museum, in association with The Africa Fund (Ndabeni, South Africa: 2001)

In their new book I will go Singing, George Houser and Herbert Shore present an informative personal perspective on nearly a century of South Africa's struggle for freedom, as recounted by one of its primary architects and fathers – Walter Sisulu. Houser and Shore have gleaned a powerful account from the 28 hours of taped interviews they conducted with Sisulu between 1995 and 1997. Their questions are shaped by their own work in the anti-apartheid movement, including relationships with Sisulu that span 50 years. The resulting intimate conversation depicts Sisulu's relationships with the key leaders of South Africa's liberation movement, and recounts his country's struggle for freedom within the broader national and international contexts of his time.

Sisulu's story begins with his earliest experiences growing up in his aunt's house in Cofimvaba in the Transkei. The narrative flows easily between the currents of the struggle in which he participated – the religious community, the trade union movement and civic associations – culminating in his leadership of the African National Congress Youth League and the ANC itself. During the early 1940's Sisulu's real estate office in Johannesburg became a gathering place for emerging political leaders, including Nelson Mandela, with whom he forged a friendship and political collaboration that deepened over half a century.

Sisulu describes some of the overseas figures – such as Wellington Buthe, W.E.B. Dubois, Marcus Garvey, Mahatma Gandhi, Martin Luther King and Kwame Nkrumah — who shaped his outlook and aspirations. The work's most unique contributions, however, are its insights into the internal discussions and debates that shaped the ANC and South Africa — from the Defiance Campaign, formation of the ANC Youth League and development of the Freedom Charter to defense strategies of the Treason and Rivonia Trials and the deliberations leading to South Africa's first democratic elections. These include the roots of non-racialism, and discussions resulting in passive resistance, armed struggle and South Africa's peaceful negotiated transition.

Throughout his lifetime, including his 25 years in prison, Sisulu never lost his unfaltering political convictions and courage. Reflecting on his anticipations of the death penalty at the Rivonia Trial, Sisulu recalled, "I thought I must go to the gallows singing – for the sake of the youth who follow us, so they will know that we fulfilled our task in life...We must show that our deaths would not mark the end, but would be an inspiration to our people..."

In fact, the lives of Sisulu and his colleagues achieved the same purpose, and more. In closing, Sisulu notes, "I feel we are entitled to say we have achieved a great revolution... the peaceful means of fighting one of the most dangerous things – racialism...Having succeeded in fighting that, we are now voting and we are having our government. This achievement is one of the greatest assets of South Africa. It is the beginning of something new."

### Yes, I support South Africa's democratic development!

- Please send me information about how to invest in Shared Interest.
- I am enclosing a tax-deductible contribution for \$\_\_\_\_\_ to support Shared Interest's work.

Or, please bill my:  VISA  MASTERCARD  AMERICAN EXPRESS

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Thank you for your generous support.



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in developing cost-effective programs to serve and monitor isolated rural borrowers spread across vast geographic areas; techniques for recruiting, training, motivating and retaining qualified staff; and operating systems and information technology particularly suited to their organizations and borrowers. Shared Interest and the Thembani International Guarantee Fund reviewed their risk-rating and monitoring systems and described their work with innovative grassroots organizations as well as mainstream banks.

More than addressing the needs of particular organizations, the workshop bore witness to the increasing maturity and complexity of South Africa's micro-finance sector, and the significant challenges faced by its lenders – Shared Interest's and Thembani's primary partners. In this context, it is clear that while the not-for-profit micro-finance institutions are coming of age, they will require continuing financial and non-financial support for some time to come. This is particularly necessary to encourage the innovative approaches required to serve the country's most economically marginalized people.

**Welcome Alexandra**

On March 4, Shared Interest welcomed Alexandra Kennaugh as its new Development Director – a position previously held by Mary Semela, who left the organization



*Alexandra Kennaugh*

in January to work with The White House Project. Shared Interest expresses its appreciation to Mary for her fine work, and is delighted that Alexandra has joined the team.

A South African by birth, Alexandra came to the U.S. with her parents during the apartheid years, and received her Masters degree in Public Policy and International Development from the Duke University Sanford School of Public Policy. Most recently employed as a resource management consultant for ICF Consulting, she has previously held development and program positions for Environmental Defense, Conservation International, the Eleanor Roosevelt Institute for Genetic Research, the Timbavati Nature Reserve (South Africa) and the El Pomar Foundation. Welcome Alexandra!



121 W. 27th Street, Suite 302  
New York, NY 10001

*Address Correction Requested*

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**[www.sharedinterest.org](http://www.sharedinterest.org)**

Let us know what you think of it!