PROJECT PROPOSAL

Economic Redevelopment in Monwabisi Park, Cape Town

An Interactive Qualifying Project to be submitted to the
faculty of Worcester Polytechnic Institute in partial fulfilment
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Chapter 1: Introduction

Informal settlements mark the landscape of urban areas in many developing countries around the world. War and rural poverty can cause mass migration of people and often simultaneous growth of informal development. These informal settlements are packed with people, creating an unhealthy and hazardous living situation. Many nations face the daunting task of formalizing these settlements, which are often built on vacant government land. Integrating these settlements into the urban areas and improving the conditions within them is a necessary step, but the task is not an easy one. Frequently, displaced individuals move to urban areas to look for work, and stay in the area because they are in dire need of a job (Huchzermeyer & Karam, 2006). This places a burden on the local economies, and proves an additional challenge to local governments, who must not only improve living conditions, but help assimilate these informal settlements into the economic workings of urban areas.

The issue of informal settlements has plagued South Africa since the end of apartheid, when many black Africans relocated to large cities in search of a new life with better employment opportunities. Cape Town experienced a large influx of new residents, far more than the economy was able to bear. Consequently, many of the individuals expecting to find opportunities after years of oppression found themselves dwelling on the border of the city along with thousands of others. The temporary houses that were built on the outskirts of the city grew into permanent informal settlements. These settlements do not have the education systems, resources, or community capacity to begin the process of building their own sustainable economy. Despite the great need, redevelopment efforts have been insufficient. The informal economies of these settlements are inadequate in providing their citizens the means to maintain a suitable standard of living (WPI Cape Town Project Centre, 2008).

Monwabisi Park, located in the township of Khayelitsha, is one of over 220 informal settlements on the outskirts of Cape Town. There are over twenty thousand residents within Monwabisi Park, and of that number, nearly 50 percent are unemployed (Codding, Dignam, Fitzpatrick & Pastor, 2008). A 2005 survey conducted by the City of Cape Town found that the average family size within Khayelitsha is around four people, with an average household income of R606 ($95) per month (City of Cape Town, 2005a). The people within the community who have found employment are barely making enough for survival. Since the survey was taken, the

economy of Monwabisi Park has continued to suffer from a lack of jobs and opportunities (Codding et al., 2008). Although many community members possess the skills necessary to create self-employment and a thriving economy, they lack the funding and business education (Codding et al., 2008). There is much work to be done to improve Monwabisi Park's economy, which is itself directly related to the safety and well being of the Park's residents. With the introduction of an economic redevelopment plan, there is promise for the current situation to improve.

Though the City of Cape Town is very aware of the need for redevelopment efforts in the informal settlements, the process is not an easy one. Because of the wide range of problems these settlements face, not everything can be addressed at once. However, the Shaster Foundation, a public benefit organization founded by Dianne Womersley, has been responsible for initiating various projects intended to spur growth within Monwabisi Park. The Shaster Foundation has helped form the Indlovu Project, a series of community based resources and opportunities including a youth crèche, soup kitchen, guest house and medical clinic. The Indlovu Project currently employs seventeen people and is one of the few entities that has brought employment into the settlement.

Students from Worcester Polytechnic Institute (WPI) have been working with the Shaster Foundation in Monwabisi Park for the last two years to help further plans for sustainable redevelopment. A team of four students in 2008 focused their work on economic growth and made significant progress in laying the foundation for a Sewing Centre in which sandbags would be sewn for use in building projects. Plans for the Sewing Centre were set in place, and community members were trained, yet the Centre never became fully operational due to a fire that destroyed the building and sewing machines.

The 2008 WPI team also explored techniques for encouraging economic growth, such as complementary currency and microfinance. Complementary currency is a payment system used in addition to an existing currency system, such as the Rand (Quintiliani, 2002). The WPI team believed that this informal bartering system could keep money within the settlement. Similar systems have shown to be effective in other parts of the world (Seyfang, 2003). The team also looked into microfinance, a technique for bringing banking services to the poor. Microfinance banking is specifically tailored to the unique needs of the poor, using strategies such as group borrowing as a replacement for traditional collateral in loans (Morduch, 1999). Ideas such as

complementary currency and microfinance are important background concepts when working to improve informal economies.

Despite the hard work of previous WPI teams and the City of Cape Town, many problems still remain. Due to the fire that swept through the Indlovu Project, issues such as payment and management within the Sewing Centre were never addressed. Although they were able to acquire the facilities and machines and train potential employees, no clear management system or salary arrangement was established. Additionally, the current dependence of the community on the Shaster Foundation and external funding is not ideal.

The Shaster Foundation has been very successful in bringing about numerous positive projects to Monwabisi Park, but the goal is that someday the project will be truly community driven, without the finances and management of the Shaster Foundation. Ideally, management of the Indlovu Project operations will be handed over to the community, a step which requires a great deal of planning and logistical consideration (D. Womersley, personal communication, September 18, 2009). There exists a need for the development of a community based organization (CBO) to take over the work the Shaster Foundation has been doing. The transition of management will take place gradually, with the Shaster Foundation playing a guiding role in the operations of the CBO for some time. In order to be successful, all aspects of this transition must be explored, including locating outside grants if it is deemed a necessary step for the sustainability of the CBO's work. A large part of our work will be to create a sustainable financial plan as a resource for the CBO.

Our project begins where the 2008 WPI team left off. We intend to rebuild and re-establish the Sewing Centre in order to generate jobs and help grow a local economy. We will research and implement possible strategies for managing the centre and look at ways in which workers should be paid. To aid in this endeavour, we are researching how techniques such as complementary currency and microfinance have helped in developing economies. We will also work with the Shaster Foundation to explore how the Indlovu Project can be self-sustaining and community-run. We hope to develop a business plan that the Indlovu Project can turn to for economic guidance. Our overall goal of the project is to move Monwabisi Park toward a sustainable, active economy so its residents can enjoy a higher standard of living.

Chapter 2: Background

Governments have struggled with addressing the many issues surrounding informal settlements, but in recent years more initiative has been taken to promote their upgrading (Huchzermeyer & Karam, 2006). The following section will outline the development of informal settlements in South Africa in order to create a context for the area outside of Cape Town in which the project will be focused. It will describe the history of economic redevelopment efforts in Monwabisi Park by the Shaster Foundation as well as outline the groundwork done by WPI students in 2008 in taking steps to create a sandbag Sewing Centre. This section will then examine the concepts surrounding simple business plans, microfinance and complementary currency in regards to their possible utilizations in the economic development of Monwabisi Park and outline case studies of their uses in informal settlements elsewhere where applicable.

2.1 Informal Settlements

Informal settlements are not distinct to South Africa. They exist around the world, creating a great challenge for governments and cities. Living conditions in these settlements are meagre, often unhealthy and extremely crowded. Monwabisi Park, a settlement on the outskirts of Cape Town, South Africa is no exception to this norm.

2.1.1 Monwabisi Park

Monwabisi Park is located in Khayelitsha, a neighbourhood in southeast Cape Town. Khayelitsha was formed in 1984 when the end of the apartheid regulations allowed a large migration of black workers to the urban areas. Monwabisi Park was formed in 1997 when residents from nearby areas moved onto the government owned land which was previously used as both a landfill and nature reserve. Today Monwabisi Park is home to a population of approximately 20,000 people living in an area of 691,200 square meters. Conditions are very cramped, in 2008 it was estimated that there were 5,785 shacks existing in the park. Between 23 to 43 percent of the population is unemployed, and many only hold part-time jobs that do not allow them to earn enough to provide for a basic standard of living (WPI Cape Town Project Centre, 2008).

2.2 Current Redevelopment Work in Monwabisi Park

Monwabisi Park is one of few informal settlements that have already received much attention for redevelopment. City organizations as well as non-profit groups and companies are all involved in redevelopment efforts. These many players, including the City of Cape Town, Violence Prevention through Urban Upgrading, The Shaster Foundation, EcoBeam and students from the WPI Cape Town Project Centre have all become involved in the Indlovu Project, a collection of programs and services that benefit the community of Monwabisi Park (WPI Cape Town Project Centre, 2008). The accomplishments of these key players in the redevelopment efforts will be outlined in the following sections.

2.2.1 Shaster Foundation and the Indlovu Centre

Dianne Womersley began her humanitarian work in the informal settlements of South Africa in 1993, working with communities to develop youth crèches, or nurseries, helping to raise funds and much needed supplies. In 2005, her travels brought her to Monwabisi Park where she was impressed by the strength of the community who had collectively raised R1000 to build their own crèche as seen in Figure 1. Womersley was inspired by the work of Buyiswa Tonono, a dynamic and honest leader within the community, and decided to stay in Monwabisi Park and help to expand the existing crèche to include a number of community managed programs called the Indlovu Centre. The Shaster Foundation is a registered Public Benefit Organization and was created as the legal organization to represent the work of Womersley (D. Womersley personal communication, September 18, 2009).

What started as a community built crèche has expanded to include a medical clinic, soup kitchen, vegetable garden, and a guest house, as well as a number of programs to benefit the community. When describing the progression of the Indlovu Centre development, Womersley is quick to stress the importance of working under the principles of permaculture. Permaculture is a an approach which encompasses the ideas of sustainable growth, respect of both nature and people, conservation of resources, waste management, sharing of resources and information. The eventual goal of Womersley is to help create an eco-village within Monwabisi Park which encompasses the principles of permaculture in all aspects of its operations (D. Womersley. personal communication, September 18, 2009).

Figure 1: The first crèche in Monwabisi Park.

2.2.2 Previous WPI Work

The first team of students from Worcester Polytechnic Institute (WPI) travelled to Cape Town in late 2007 and formed the initial relationships within the community of Monwabisi Park that allowed for the expansion of project work the following year. The 2008 students of the Cape Town Project Centre (CPTC) produced *The Monwabisi Park Integrated Development Plan,* a comprehensive report proposing numerous solutions to aid future development in the park. The development plan was a collaboration of six teams of students working in the areas of mapping, buildings, water and sanitation, energy, economy and communications. Advisors, sponsors, the City of Cape Town and co-researchers within the community of Monwabisi Park all played key roles in the progress of the integrated plan, which was written with the intentions of becoming a working document for future students to build from.

The team of students that focused on aspects regarding the economy of Monwabisi Park did a significant amount of research for potential ideas including job creation in the park, skills training, a community development fund, complementary currencies, fundraising strategies as well as documentation of current economic conditions and local business biographies. Of these ideas, the most valuable are the plans for the start of an EcoBeam Sewing Centre, because this is

a way in which citizens can be actively involved in the housing redevelopment process and it will bring in jobs that are directly benefiting the community.

2.2.2.1 EcoBeam Technology

Redevelopment plans for Monwabisi Park outline the use of EcoBeam technology for all of the new housing and structures to be built within the park. EcoBeam was developed as a building method specifically for use in the upgrading of informal settlements. Not only are EcoBeam structures very sustainable, they use minimal materials and require no electricity at the building site. They are as durable as traditional lumber construction, simple to assemble and fire-resistant, as well as financially practical for use in areas where affordability of housing is a large issue. EcoBeam technology is already used in Monwabisi Park and has been very successful. Many buildings of the Indlovu Centre, including the community centre and guest house have been constructed by the community this way (Codding et al., 2008).

Figure 2: Filling sand bags

Figure 3: Construction of EcoBeam guest house

(http://www.shaster.org.za/gallery/sandbag-building/)

Wooden beams and sandbags, the two main components needed to construct EcoBeam structures, can both be produced locally. Sandbags are used as the insulation within the walls and are filled with sand at the building site (see figures 2 and 3). The 2008 WPI team examined the possibilities of creating jobs in the community relating to the building of houses by creating factories for the production of sandbags and the beams used in construction.

2.2.2.2 The Sewing Centre

The project team from WPI made significant progress in the creation of a sandbag Sewing Centre in Monwabisi Park. There is a need for a large number of the sandbags within the park, as the bags created will be used in the housing redevelopment process. Mike Tremeer, the owner of EcoBeam was identified as a buyer for the sandbags, which allowed the project team to move forward in planning. Tremeer currently outsources all of the sandbag sewing to sewing factories across South Africa but is interested in moving production to cash-poor areas such as Monwabisi Park. Treemer agreed that he would buy as many sandbags as a factory in the park could produce (Codding et al., 2008).

The team found a location that could fit two sewing machines and after the space was cleaned, industrial sewing machines were purchased from Berzacks, a sewing machine distributor in South Africa. The machines, which cost R2500 each, were purchased with funding to the WPI project provided by General Electric. Berzacks included a training session with purchase of the machines, so the students, along with eight people from the park, attended a two hour training session on basic operating and techniques (see figure 4). Additional training was scheduled to take place before production began, but unfortunately both machines were lost when a fire destroyed all of Indlovu Centre buildings in December 2008 and progress on the Sewing Centre was stopped (Codding et al., 2008).

Figure 4: Sewing machine training at Berzacks in 2008

(Codding et al, pp 185).

A final work schedule or payment method was never established for the Sewing Centre. A preliminary work schedule used a two shift system where two people would work at a time and would work every other day, allowing for eight people to be employed. The fifth day of the week would be used for training sessions to teach other interested community members how to use the machines. Payment ideas included the implementation of a complementary currency system which would allow workers to earn credits that could eventually be used towards the purchase of their own home (Codding et al., 2008).

2.3 Strategies for Economic Redevelopment

2.3.1 Business Plans for Non-Governmental Organizations

The South African government is not able to provide adequate funding for redevelopment in informal settlements such as Monwabisi Park. The settlements are forced to resort to community based initiatives that generally accomplish small victories instead of a cumulative change. It is in these instances that non-governmental organizations like the Shaster Foundation step in to help facilitate the growth process. However, there is a fragile relationship that is created between the community based organizations (CBO) and the non-governmental organizations (NGO). It is important that the two groups move forward in the development, while documenting its progress (D. Womersley, personal communication September 18, 2009). It is common that documentation fades away as time passes whether it is due to a decrease in participation or an internal conflict. The need for an NGO's "business plan" becomes evident as time passes and the relationship between the NGO and CBO grow.

A plan created by a non-governmental organization should focus on describing the development initiatives on the local community, while stating that community initiative and control is essential in development. Also, the plan must move towards meaningful development, as it is important not to simply create a setting for growth, but also put other resources into place. Physical resources, such as human capital and external assistance, are important in proving that the project has true meaning. "Human capital" describes the skills and talents within the community and is required in order for any development process to remain sustainable.

All non-governmental organizations tend to follow the same business plan model to portray their vision of meaningful change. Such a model is usually comprised of sections describing: the

project overview and vision statement; capabilities; the marketing plan; an economic assessment; the development plan; the plan of action; and a cost analysis (Wolfsons, n.d.).

2.3.1.1 Overview/Vision Statement

The overview covers the objectives and goals of the development effort while expressing the need statement. The main point of the overview is to give a quick breakdown of what the organization wants to accomplish by talking about things such as time goals, productivity goals, and funding. These concepts are often captured within the project's mission statement and objectives (Wolfsons, n.d.). By expressing the need statement in the overview, it is understood from the beginning what problem will be solved as the plan evolves. Finally, the funding for the Shaster Foundation is covered in the final part of the overview to provide valuable information used to understand the concepts introduced later (Development Works, n.d.).

2.3.1.2 Capabilities

This portion of the plan focuses on the people involved and current accomplishments within the organization. This includes all community partners and their accomplishments with their work force experience. It is important that these things come together to describe the status of the organizations infrastructure. This helps to organize the business assets as well as the capabilities that come with the organization (Wolfsons, n.d.).

2.3.1.3 Marketing Plan

A marketing plan is necessary in the developmental strategy for a non-governmental organization to gain new community partners. This section must be very simple in order for the community to understand the intentions of both the NGO and CBO. Commonly, a market plan focuses on market research and finding the need for the specific business. The need for the business plan will be expressed in the overview, while the focus of this marketing plan will be on the visibility of the CBO (Wolfsons, n.d.).

2.3.1.4 The Development Plan

It expected that the CBO will be very important in running any project. Community involvement is required in development to ensure that the project will grow and expand. Within the development plan, the expected growth and how to manage it will be covered. In this

segment, the concepts of new business will be explained as well as the community's involvement. The plan should provide a "systematic process" describing the business so that in time, the process becomes routine (Wolfsons, n.d.).

2.3.1.5 Plan of Action

Once the development plan has been concluded, the plan of action will break down the described "systemic process" into chronological order. This section is complete with all the financing breakdowns of the process and each of the resources used during the development. The plan of action should organize all of the previous thoughts into a simple and manageable step-by-step process (Wolfsons, n.d.). It is vital to the sustainability of the project that the plan of action is simple and straight-forward because it will be followed and referred to as a guide by the CBO.

2.3.1.6 Cost Analysis

The last part of the business plan is the cost analysis section, and is usually compiled in a spreadsheet. This section is used to keep track of all the finances and revenue for every part of the development. This should be updated consistently to maintain organization and efficiency within the organization (Wolfsons, n.d.).

2.3.2 A Sustainability Plan

A business plan is very useful when focusing on the revenue and marketing plan of an up and coming company, but does not necessarily apply to community development (F. Miller, personal communication October 2, 2009). A sustainably plan focuses on creating a functioning organization free of external assistance. More specifically, NGO's remain a large part of economic development in informal settlements, but they cannot remain a large part forever. Eventually, the CBO must take control of their environment and run the community smoothly, without help from the NGO (D. Womersley, personal communication September 18, 2009). It is to this end that the sustainability plan hopes to construct. The plan must explain the project of economic redevelopment to great detail in order to ensure sustainability. A sustainability plan can be broken down into the following parts: operations, projections and grants (F. Miller, personal communication October 2, 2009).

2.3.2.1 Operations

The business must be described and broken down into several parts in order to explain the complete process by which it runs. Each part of the project should include descriptions of the supplies, the services provided, as well as the money in and money out. It is important that the descriptions are detailed to the point where an outside person can read and understand the entire process of the business. This transparency will become very important when creating capital. Finally, the capital of the business should be documented and developed into a budget that is easy to understand and review (F. Miller, personal communication October 2, 2009).

2.3.2.2 Projections

To secure sustainability, the operations must be clear and focused on their operations, and community involvement. Within the scenarios section of the plan, transferring operations to the CBO is discussed as well as expansion of the current project. These various options are expressed in different scenarios varying from a worst-case to a best-case. Unfortunately, it is very tough to project further than two years when dealing with an NGO, but they should have a general idea for their plan. Such projections should include all the parts described in operations as well as planning an expected budget for each scenario. It is very important that the project will remain in place as time goes on, and to show that will be sustainable without the support of the NGO. Included in the expression for sustainability of the project is the importance of the qualitative human factor that shows how the project supports the community (F. Miller, personal communication October 2, 2009).

2.3.2.3 Grants

In order to gain outside funding for the NGO and the CBO, there must be transparency of the project to prove that it is sustainable and that the funding will be used to improve the community. Besides proving that the organization is self-sustaining, the plan creates an up-to-date budget which is important when applying for grants because the most recent fiscal year's budget is required. It is important that a formal document is presented to the grants, each following their own specific requirements. However, the common aspects of the grants include, demonstrate organization is not just one person, show quality in communications, and a list of references that can confirm the organization's work. A sustainability plan is a great way to create

an organization's transparency in an attempt to gain outside funding since little funding is available for the community (Cravens, 2006).

2.3.3 Microfinance Banking

One of the difficulties for those living in poverty in developing countries is the lack of financial services available. For example, consider a poor woman in South Africa who wants to start sewing clothes in order to generate an income. However, all of her money is currently going directly into feeding her and her family, and she lacks the capital required to buy cloth and sewing needles. She is then stuck in endless cycle of poverty, even though she has the drive and desire to work.

In order to break people out of such a cycle, some governments give subsidies to their neediest citizens. But this can create an unhealthy dependence on the government. Alternatively, if this South African woman could just get a loan to finance her self-employment, she would have the capital she needs and she would feel a sense of responsibility towards paying back her loan and earning her own income. Unfortunately, the formal banking system is not well suited to help in situations like these. A bank requires some form of collateral on a loan, so they have something to fall back on in case she defaults. It is also not in the bank's financial interest to give out such a small loan. In the hypothetical example, the clothes-maker only needs to buy basic supplies to get her operations off the ground, so her loan will not be very large. It costs the bank money to maintain each loan, so it is much more profitable for them to lend large amounts to a few borrowers instead of lending small amounts to many borrowers (Morduch, 1999). The formal banking system is simply not designed for clients living in poverty.

Microfinance aims to address this issue by focusing specifically on providing banking services to the poor. Thus, most microfinance institutions require no collateral to take out a loan (Morduch, 1999) and provide the small loans that are appropriate for the micro businesses of poor communities.

2.3.3.1 Microfinance Infrastructure in South Africa

Access to banking is sorely needed in the poor areas of South Africa. Only 47 percent of the general population and 28 percent of the black population have access to a bank account, and

only 19 percent have the ability to take out a loan (Ikhide, 2009). To alleviate this situation, microfinance can step in where traditional banking has failed.

Microfinance has generally been most successful in developing areas of Asia, but most areas of Africa have not been able to replicate that success with microfinance quite as well (Pronyk, Hargreaves, & Morduch, 2007). However, there are a few microfinance institutions in South Africa that seem to be working efficiently and delivering positive social results. Microfinance in South Africa can and has made a big difference in the economic conditions of many communities.

There are a number of different players that work together to bring in funds that can be lent out to disadvantaged South Africans. The figure below illustrates the general flow of money that allows an individual in the United States to lend to a micro business or housing improvement project in South Africa.

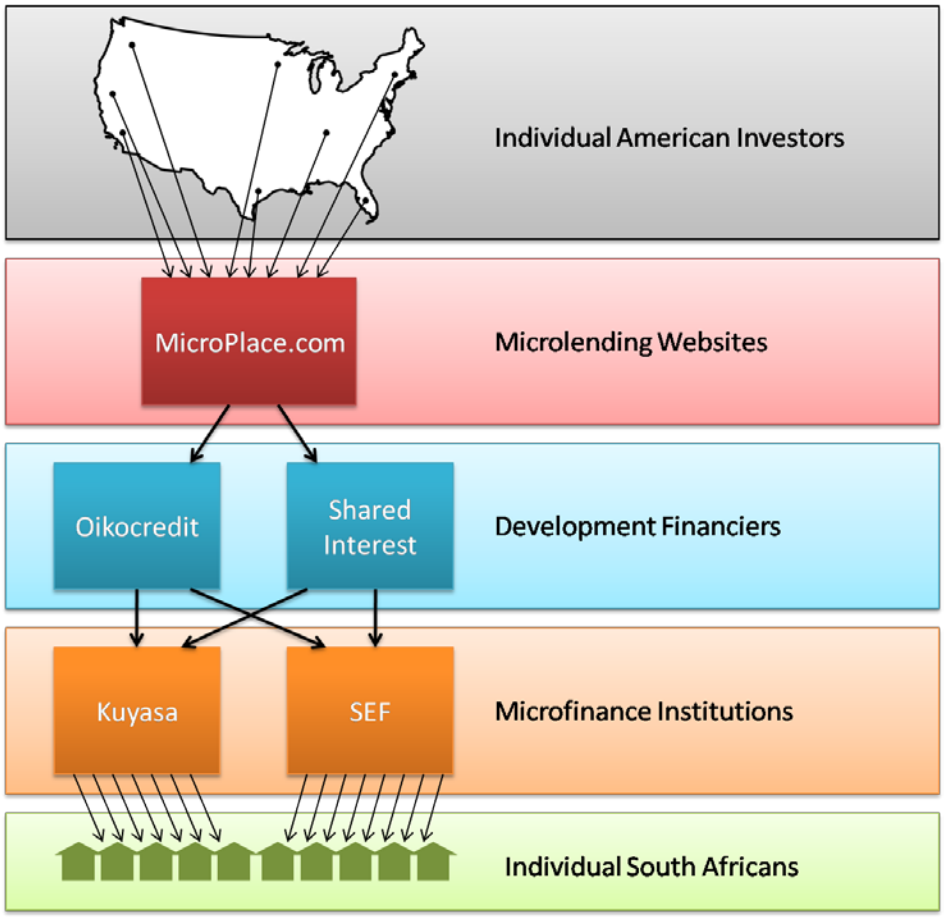

Figure 5: An example flow of money in South African microfinance

Initially, the investor in the United States finds a microlending website like MicroPlace.com. The American selects which development financier they want to lend money to. Say for example they chose to lend $50 to the Oikocredit organization. Oikocredit then pools all of the money they receive from the private investors and is able to lend funds to the microfinance institutions in South Africa. Two such institutions that Oikocredit is actively lending to are The Kuyasa Fund and the Small Enterprise Foundation (Small Enterprise Foundation, 2008; The Kuyasa Fund, 2007). The Kuyasa Fund can then use the money it receives to lend to families in Khayelitsha for housing upgrades. The Small Enterprise Foundation uses the money it receives to supply loans to groups of women starting their own businesses. Eventually, these microloans will be paid back, and the microfinance institutions can pay back their loan from Oikocredit. Oikocredit then pays back the original American investors via the MicroPlace.com website.

This is just one of the many ways money can be made available for microfinance institutions to lend to their clients. The next sections go into more detail for each of the important players in South Africa's microfinance process.

2.3.3.2 Funding for Microfinance Institutions

The internet has allowed microfinance institutions access to a wide audience of potential investors. One of the most well-known internet lending sites is Kiva.org, which facilitates peer-to-peer lending via trusted microfinance institutions across the globe. Unfortunately, as of September 2009, Kiva has not partnered with any institutions in South Africa (Kiva, n.d.).

MicroPlace.com is another micro-lending website that does support institutions in South Africa. Unlike Kiva, investors at MicroPlace do not lend to a specific person, whom they get information and updates about. Rather, they lend to the microfinance institutions via development financiers (MicroPlace Inc., n.d.). Currently, the two South African financiers available to lend to on MicroPlace are Oikocredit and Shared Interest. Oikocredit is an international organization that funds microfinance institutions worldwide. They also accept investments from individuals all over the world.

Shared Interest is a New York based organization which solicits American investors specifically for microfinance and community development institutions in South Africa. Shared Interest's partner organization in South Africa is called the Thembani International Guarantee

Fund. The money from the US is not actually the money that is loaned to the South African institutions. Rather, the money they collect serves as a guarantee for loans taken out from the formal South African banking system. They prefer to keep all the actual loans within South Africa in order to keep foreign debts growing out of control (Shared Interest, 2009b).

2.3.3.3 Microfinance Case Study: Small Enterprise Foundation

The Small Enterprise Foundation (SEF) is a microfinance institution (MFI) based in the Limpopo province, where some of the poorest citizens of South Africa live in unbanked rural communities. SEF is the largest microfinance institution in South Africa, serving over 50,000 clients (Micro-Credit Ratings International Limited, 2009). It is also notable for being almost completely self-sustaining, as critics of microfinance have doubted the ability for MFIs to exist without substantial help from governments or other external sources (Morduch, 1999).

SEF works by loaning out to groups of primarily women. Each woman in the group is working toward her own business venture, and each member of the group acts as a co-signer for every other participant in the lending group. Thus, it is in each group member's interest to make sure everyone else is making their payments reliably and that only trustworthy and responsible members of the community are initially included in the group (Small Enterprise Foundation, 2008). Before the group can take out a loan, the group members must first go through a training program by the SEF as well as open a group savings account and demonstrate their ability save and plan (Hietalahti & Linden, 2006). Throughout the loan duration, members are required to attend meetings in which they discuss financial issues as well as community and social issues. For example, SEF has recently been coupling HIV/AIDS education with these meetings to effect even more positive change in their areas of operation.

With all of these measures designed to take the place of traditional collateral in guaranteeing a loan, SEF has seen great payback success. Nearly 99 percent of all loans are paid back (Micro-Credit Ratings International Limited, 2009). The SEF program has also been successful in effecting real improvement in the lives of their borrowers. Before every loan cycle, each client is interviewed to determine quality of life factors, such as food and housing quality. On a scale of -2 to 2, initial clients rated their food quality on average a -0.45. With each loan a client takes out, this average rating increases, up to 0.18 (a 41 percent increase) for clients who have completed seven loan cycles (Small Enterprise Foundation, 2008).

Having seen all of this success, SEF is working to expand rapidly. They have already opened some branches in the Eastern Cape, and plan to serve over 100,000 clients by 2012 (Small Enterprise Foundation, 2008). Currently, the organization is focused on rural areas, but their techniques may translate well to the informal settlement areas, and there is certainly much to learn from their success.

2.3.3.4 Microfinance Case Study: The Kuyasa Fund

The Kuyasa Fund is an MFI based in Khayelitsha. Kuyasa loans are meant specifically for housing improvements for families living in shacks in the informal settlement. The government of South Africa provides housing subsidies for first-time home owners earning less than R 3,500 a month (Government of South Africa, 2008). These subsidies can provide for a small starter home, but are generally much too small for a family to live in (Mills, 2007). Kuyasa provides loans specifically to these families who want to expand their house to be larger or more secure than the government assistance alone would provide.

Conceptually, the idea is similar to a mortgage in a formal banking system, except that these loans are much smaller and are typically paid off within twelve to eighteen months (Mills, 2007). Some borrowers take out a loan from Kuyasa at the same time as they receive their housing subsidy, so they can initially build a larger house; others take out a loan after the house has been built to expand their house or to improve upon its insulation or security (Mills, 2007).

Kuyasa follows group banking methodologies similar to those used by the SEF. In order to take out a loan, the applicant must first join with other community members to form a savings group. Each member of the savings group regularly contributes funds and also receives payouts. After saving for at least six months, the client can apply for a housing loan. In order to keep defaults low, Kuyasa relies heavily on the relationship between Kuyasa staff and the loan borrower. By leveraging peer pressure and the knowledge that one's neighbours would know if one was behind on loan payments, Kuyasa uses social pressure to augment the low financial collateral available.

As an example of how Kuyasa works, take the story of Eunice and Govan Mbane (Shared Interest, 2009a). The couple moved from a neighbouring township to Khayelitsha in order to escape the violent clashes prevalent the 80's. Now they have three teenage children – one of whom wants to be a doctor someday – and they used the government housing subsidy in

conjunction with their own savings plus a $350 loan from Kuyasa to build a four-room house. After completing the building and paying back their loan, the Mbane's were then able to take out a second loan to finance improvements in the house's walls and insulation. In this way, many Kuyasa clients can now experience the pride and well-being that comes with owning sturdy and safe house.

2.3.3.5 Microfinance in Monwabisi Park

The successes of certain microfinance institutions have shown that it is quite possible to run well-functioning informal banking systems that allow poor South Africans to lift themselves out of poverty. However, running a microfinance institution is complicated, and many other attempts to bring microfinance to southern Africa have not been successful (Akindele & Rakuena, 2005). It may not be feasible or desirable to start up a new MFI in Monwabisi Park, but it will help to understand the general microfinance infrastructure in South Africa if, for example, we want to lure the expanding MFIs into Monwabisi Park. There are also valuable lessons to be learned from the successful MFIs, such as the strong effect of group lending and saving. When working to redevelop Monwabisi Park, we should take advantage of such techniques and keep our eyes open for natural opportunities to use microfinance.

2.3.4 Complementary Currency

Complementary currency, also known ascommunity currency, is a payment system that can be used in complement or in addition to the existing currency. In order to be implemented, a community must formally agree on a structure or a recognized means of bartering. A complementary currency is used in addition to current national currencies to expand boundaries and use sellable resources that national currencies disregard (Quintiliani, 2002). The point of these currency systems is to keep government control out for several clear cut reasons. Severing ties with the overall national and global economies means shying away from a world of instability with cutthroat competition in the marketplace and an appalling lack of unity (Roukens de Lange, 2001). Complementary currencies encourage communities to work together rather than against each other. For these reasons, there has been experimentation with these currencies worldwide.

2.3.4.1 Types of Complementary Currencies

There are several types of defined complementary currency systems in existence. For instance, the fiat currency system starts with a single central figure that is in charge of running the entire operation rather than a group of individuals (Roukens de Lange, 2001). All national currency systems run on this idea. The single group leader must regulate supply and demand within the system and be sure to keep significant records so that all those participating know they are getting the exact product or service that was agreed upon (Roukens de Lange, 2001).

Another type of complementary currency system is backed currencies. These begin, once again, with a single central figure in charge of running the operation. The difference between this and other complementary currencies is the ability to exchange your credits for items of legitimate value, like precious metals (Roukens de Lange, 2001). You can spend credits as if they were cash within businesses that have previously agreed to accept them, but only within regions where the original authority figure chooses to operate (Roukens de Lange, 2001).

Mutual Credit, or Local Exchange Trading System (LETS), is probably the most popular form of complementary currency. It is a formal bartering system created by a group that wishes to volunteer more within their community. The cost, or credit amount of a good or service, must be agreed upon in advance, like a business deal. These recorded transactions, or amount of credits, are kept in a banking system (Roukens de Lange, 2001). For a mutual credit system to work, it is important that all people participating understand the system, be well organized, and know what will be required of them. It takes a certain level of dedication before it can be put into operation because of the system's complexity, especially in regions that are undereducated and underdeveloped (Roukens de Lange, 2001). There have been many attempts to establish a mutual credit currency system, mostly defined under the term "time banks," within South Africa to aide in the improvement of their economy, however, most end up unsuccessful (Roukens de Lange, 2001). This is perhaps due to the fact that the poor communities do not understand the reasons behind it, what they are getting from it, or even that the smallest of support for someone else can make a world of difference.

2.3.4.2 Time Banks

One of the largest issues facing the informal settlements within Africa is the community's lack of unity in fighting against the poverty and neglect that engulfs them. They face a wide

array of issues, and without proper communication there is no way of knowing which to tackle first. Because of this, their sense of community is seriously lacking, any pride is diminished, depression reigns, and the people are left wanting. The only way for them to mend this feeling of vulnerability is to come together on common ground and to realize that they are all facing the same issues. Why not work through them together?

The idea of time banks began in the United States in the mid 1980s when Edgar Cahn, after observing the area around him, decided it was becoming corrupted by the money economy (Seyfang, 2002). It has come to a point in society that people will no longer do something for nothing. Money is the cause of this thought process. After all, why should a person perform a task as a favour when they can be paid for it? Cahn decided to implement "time dollars," or credit points that could be spent, that you would receive in exchange for a given service (Seyfang, 2002). His system was eventually used to form the skeleton idea of a time bank.

The general definition of a time bank is that it "reward[s] participation in community activities, or help for neighbourhoods, with time credits which can be saved up and then donated or spent on services from other participants" (Seyfang, 2002). Another important aspect to time banks is the idea of the time broker, who is basically the manager of the project. This broker keeps a record of the current points of the participants, takes "orders" when it comes to the needs of the partakers, and records all the skills and abilities of each person should someone else need a favour (Seyfang, 2002). In order for time banks to work successfully, community members need to work together to ensure the system runs smoothly, that people are participating, and that participants are following the rules of the established program.

2.3.4.3 A Tool for Development

Time banks have many positive aspects when implemented in a community. The first is active citizenship. Active citizenship is the idea of "mobilising voluntary activities and channelling informal support among populations where levels of participation are generally low" (Seyfang, 2002). In other words, it is an idea that calls people within a community to action, to work towards making their community a better place for everyone. Volunteer work is becoming obsolete because people do not want to work without getting rewarded or recognized for it. The goal of active citizenship is to get people more involved and to make them want to work together towards one common goal (Seyfang, 2002). The sense of unity and satisfaction they get from

helping one another can be extremely rewarding. When time banks promote active citizenship, it encourages people to join other local groups within their community (Seyfang, 2002). Many times, these groups have major leadership roles and can be used as good recruiting tools for the time bank.

Time banks can also help raise the self esteem of those who participate. It is important to realize that a time bank system runs on equality and that for one hour of work, a worker receives one credit, no matter the task or service (Seyfang, 2003). This is done to show people that they are all equal and that no one person's skill is particularly better than another's skill. The entire point of a time bank is to give back to the community, which is why it is measured by the amount of time you give, not what you are giving. Generally, people feel a boost of happiness when they help others. It is important to have pride in the community that you live in and pride in yourself. In the end, most people that participate enjoy knowing that they have support in the community and that they always have someone to rely on when they need them (Seyfang, 2003). It is an added bonus that instead of accepting their reliability as charity or a gift, the receiver will eventually pay the giver back.

In addition to raising the self esteem of the community, Time banks also help to bridge social divides between different groups (Seyfang, 2002). All throughout the world there are racial, political, and gender separations. But Africa, after facing apartheid, could not be a more divided country. Disagreements within smaller communities have a caused a remarkable amount of tension. Time banks help to mend some of these broken ties. It forces groups that are normally socially excluded to join in on community activities (Seyfang, 2002). Groups that would never normally associate with each other actually end up doing each other favours. Once again, this brings up the idea of unity and coming together for a common cause.

Another aspect of time banks that would serve to progress African informal settlements is the many improvements it brings to the local community. Currently, the amount of volunteer work done is exceptionally low. People would rather work jobs that they get paid for (Seyfang, 2003). However, the point system within time banks would give recognition to those who do good deeds and strive to make their community a better place to live in. The time bank system also promotes informal employment, since they are technically being paid for the services they provide (Seyfang, 2003). On top of extra volunteer work and the creation of informal jobs, time banks are one effective way of keeping money within the community (Seyfang, 2002). For

starters, the government cannot tax people on skills and services that are traded within a complementary currency (Seyfang, 2002). Also, if people are willing to put the work in, gain points, and believe that they will actually get a good or service in return, than the system should be successful. It will have accomplished the goals for which it was established. Through the support of local businesses, time banks could be more effectively executed. Businesses could accept the points in exchange for their goods (Seyfang, 2002). If people know that the points they are earning can be spent like a normal national currency, they will be keener to participate in the program.

For time banks to be successful, people who participate need to have a specific skill that they can barter with. Many people, especially in Africa, are undereducated and do not have any talents they would deem worthy of using in this situation. Therefore, it is important to have some sort of skills training in addition to the time banks. A good example of this is the Rushey Green time bank, located in the United Kingdom, that employs a project officer part time to help participants learn a new skill and to shadow them to make sure they are doing good work (Seyfang, 2002). If, in the end, the skills bank does not work out, at least the participants were able to learn something from the experience that they may be able to use in the future. Besides learning new skills to trade, there is also the idea of rewarding people with credits so they will attend literacy and professional development classes. This idea was put into practice by a local economic development organization, Gorbals Initiatives, to encourage people to strive for a better education (Seyfang, 2002). This could be especially valuable in Africa where the education comes up short.

2.3.4.4 The Downfalls of Time Banks

Despite the fact that time banks have so many positive aspects, there are an abundance of barriers to establishing and maintaining them that many times cannot be overcome. For starters, people are generally reluctant to ask for help, and most people would rather make their own living than accept charity or a gift from someone else (Seyfang, 2002). Even though complementary currency is an exchange, people still feel awkward asking for a favour from someone else. They would rather give to another than take. Another hurdle that needs to be overcome to establish a time bank is funding. Most time banks that start either fail because they lack the funds needed for survival or they live facing a “constant struggle for finances” (Seyfang,

2002). A major cause of this is ineffective promotion for the time bank. If more people were willing to participate and more local businesses became involved, then they would be more successful. New means of communicating the idea of time banks need to be explored so that more people are aware and able to participate (Seyfang, 2002).

Probably the biggest issue of time banks that will need to be overcome is the overall acceptance of a currency that is intangible. Ultimately, people will be content buying an item or service with their credits, but unhappy when they receive these credits in exchange for a service they provide (Seyfang, 2002). This craving for national currency is what will deter people from participating in the program. Without backing for the time banks, they will eventually fail. Ultimately, "to make complementary currency really work will require active trade-offs and community negotiations" (Roukens de Lange, 2001).

2.3.4.5 Getting Started

Despite all the different barriers to establishing a time bank, there are many throughout the world that have been very successful. TimeBanks USA is an organization that offers help for groups to start up time banks. Although its purpose is for those trying to set up a time bank within the United States, the information can be applied anywhere in the world. TimeBanks USA grants access to a "Time Bank Directory" for those that are just interested in joining but also offer a "Start-up Kit" for those who want to begin their own. This kit is equipped with many different materials: a guidebook, which teaches about the logistics of time banking and the best way to recruit others to join, a "How-to Manual" which offers "guidance for explaining Time Banking to others, finding members, running orientation meetings, dividing up leadership roles, and more", a collection of short essays by Edgar Cahn, creator of time banks, motivational videos to inspire people to get involved, and, most importantly, time banking software which keeps track of all exchanges and participants within the time bank (TimeBanks USA, n.d.). The kit provides all the necessary tools to bring a community together in the worst of times.

Besides how-to guides, studying past errors and accomplishments in the creation of time banks would be beneficial to establishing one. Seyfang writes about the experience of setting up the Gorbals Initiative time bank and has suggestions for other who are trying to establish a time bank (Seyfang, 2004). For starters, he notes that it would be beneficial to begin the time bank through an already existent community organization (Seyfang, 2004). In this way, the organizers

are appealing to a group of people that already has credibility within the community. This can be used as leverage when trying to convince other community members to join. Many members of long-standing community organizations understand the needs and wants of other people within the area, which would also be a tremendous help throughout the establishment process. Seyfang also remarks on the importance of gaining the support of other local businesses and organizations (Seyfang, 2004). The more support there is, the more people will want to join. If outsiders see that they can spend their credits at local businesses and actually get something back for the work they are doing then they will want to take part. Local business support is a good way to jump start the time bank. Seyfang also stresses the importance of involving all branches of the community, even those that are normally the most excluded (Seyfang, 2004). This would mean constant contact between different groups that normally would not interact. Through these new encouraged relationships, real personal growth and maturity can occur as well as newfound bonds and lasting friendships. In short, for a time bank to be successful within a community the creator needs to be sure to involve the entire community, regardless of the difficulty.

2.3.4.6 Complementary Currencies within Africa

Although time banks and the design of time dollars began in the United States, similar ideas have been attempted all around the world. For instance, the UK, by mid-2002, had 36 time banks in operation. Within these 36 time banks, there were about 2,196 total participants that exchanged a total of 63,756 hours since the banks were first established, demonstrating a tremendous success (Seyfang, 2003). Residents of one low-income area of Ithaca, New York, boast a famous complementary currency system known as the HOURS system (Quintiliani, 2002). Members of this low-income community perform favours for one another to help improve their standard of living, and the system has successfully brought the area together. This, in particular, is applicable to an African informal settlement, since its residents are working through a similar situation. In addition to the United States and United Kingdom, poorer areas of Thailand and Mexico have also used complementary currency systems in an attempt to improve their community economies (Quintiliani, 2002).

Informal settlements within Africa provide good starting groundwork for a complementary currency system. After apartheid, “South Africa's poor communities [were] densely populated, where communities of up to 20,000 live[d] in 25-50 square meter shacks, constructed side-by-

side forming a sea of shacks filling a defined plot of land" (Quintiliani, 2002). Because of these close quarters, stress and tension mounted and made it difficult for them to work together to achieve the newer, better lifestyle they were all striving for (Quintiliani, 2002). Ultimately, the people's pride and sense of community dwindled. Starting with small projects as simple as community gatherings or a straightforward system of give and take could raise the self-esteem of the community to new heights. If the African people can learn to trust one another and work together, then complementary currencies will benefit them in the long run (Quintiliani, 2002).

Chapter 3: Methodology

The overall goal of this project is to help the Shaster Foundation in developing a sustainable economy within the community of Monwabisi Park. In order to achieve this goal, we have established three main objectives:

- Update understanding of current economic conditions in Monwabisi Park.
- Re-establish the Sewing Centre and explore expansion options, including microfinancing and complimentary currency.
- Generate a sustainable plan for the Indlovu Project.

These objectives, as well as a visual representation of our overall methodology are shown in the flowchart in Figure 6.

Our team will be working on site in Monwabisi Park and in Cape Town from October 26, 2009 through December 18, 2009. We will be working closely with our sponsor and liaison, Dianne Womersley of the Shaster Foundation, co-researchers from within Monwabisi Park as well as several other teams of WPI students. Upon arriving in Cape Town, our first objective will be to get the Sewing Centre up and running. As that project is moving forward, we will also be actively developing a business plan for the Indlovu Project and considering how the Sewing Centre fits into those plans. Concurrently with the exploration and development of these two focal areas, we will be conducting a survey of local businesses along Mew Way so that the city can have a more comprehensive economic picture of the area against which to compare future progress.

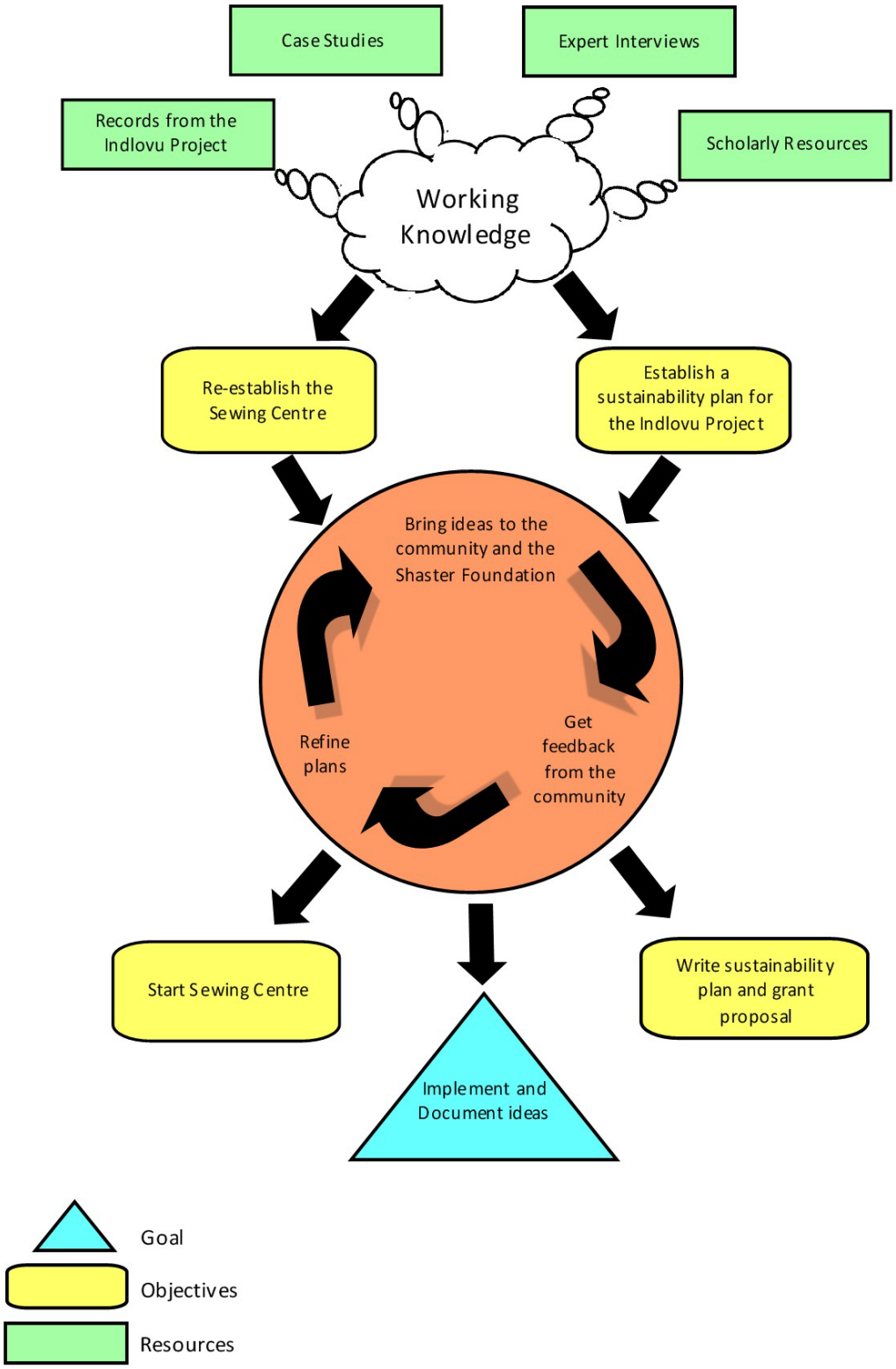

Figure 6: Methodology flow chart

In order to complete each of our objectives the team has developed a preliminary timeline to help organize our work while in Cape Town. The timeline, shown in Figure 7, outlines the goals for each of the seven weeks we will be onsite.

Tentative Tasks Week:	PQP	1	2	3	4	5	6	7
Literature Review								
Interview Key Informants								
Document Existing Conditions								
Present Initial Plan for Sewing Centre								
Implement Test Phase of Sewing Centre								
Finalize Sewing Centre Operations								
Meet with Directors of Indlovu Project								
Present Sustainability Plan								

Figure 7: Proposed Gantt Chart

3.1 Update Understanding of Current Economic Conditions

Though it will not be the first priority for our project work in Cape Town, one of our objectives is to gain an understanding of the economic conditions within Monwabisi Park. The City of Cape Town has expressed interest in obtaining an economic profile of businesses along Mew Way, a main road that creates the northern border of the park. Creating an economic profile will be beneficial to the City of Cape Town but it will also be important for our own team in order to further our understanding of economic activity within informal settlements. Along with focusing on businesses along Mew Way, our team will create an updated map of businesses within Monwabisi Park and interview a number of business owners within the park to further our understanding. Hearing the stories of individual business owners will provide us with firsthand information that will help us make suggestions that will best aid in economic development.

3.1.1 Economic Profile of Mew Way

The City of Cape Town is specifically interested in obtaining an economic profile of business activity along Mew Way. Mew Way is one of few main roads abutting Monwabisi Park and a popular business area. The city is looking for a simple collection of baseline data and observations about the economic activity along Mew Way that can be used to track changes in the area.

Our first step in completing this task will be to complete field observations. The area of Mew Way we will be looking at is only a few kilometres in length and can be easily walked. We plan to bring along an aerial photograph of the strip of Mew Way that runs across Monwabisi Park. Numbers will be assigned to each business location on the map. We will then correlate any notes and observations about a business to its numbered location on the map. We plan to spend time observing the events in the area as well as making physical observations that will help us put together an overall economic profile of the area. Specific information we hope to observe and collect is shown in Figure 8.

Observations for Economic Profile	
Activity	**Physical**
• How many people are around the area? • What types of interactions are taking place?	• Location of business • Size of business • Type of business

Figure 8: Economic activity observations

Our second step in creating an economic profile of Mew Way will be to complete a simple survey of the businesses in order to obtain quantitative data. The survey questions, included in Appendix C, will ask business owners to rank their feelings on a few questions as well as name the type of business they operate, the number of people employed and whether or not their business has utilized any government assistance in the past. The survey questions will be refined after discussion with city officials in Cape Town to find out what types of economic information they are specifically interested in. While in Monwabisi Park we will have the opportunity to work with a number of co-researchers who are residents of the park. Our team plans to use the assistance of these co-researchers to conduct the surveys along Mew Way.

After making field observations of the area and conducting the surveys we will compile the information collected and organize it into a simple, presentable document that can be given to the City of Cape Town. This document will contain a map that marks the location of each type of business as well as a descriptive section on what the observed economic activity in the area is and a presentation of the quantitative data collected. While in Cape Town we plan to explore the

possibility of creating some type of photo documentation of Mew Way with the help of another team of WPI students, or using GIS to map the locations of businesses as well.

3.1.2 Business within Monwabisi Park

The students working in with the Cape Town Project Centre in 2008 began efforts to document the economic conditions within Monwabisi Park by conducting surveys to obtain employment statistics, mapping the businesses existing within the park and profiling local business owners. Our team will expand on this work and explore any recent economic developments in the area that might have occurred in the last year. It will be beneficial to overall redevelopment efforts to continue documentation of the current conditions and study changes that have occurred. The two goals will be to map the businesses operating within the park as well as interview a sampling of business owners to obtain more detailed information.

3.1.2.1 Mapping of Local Businesses

We plan to work with the co-researchers to help us map the existing businesses within the park as well. This process was used by the 2008 team of WPI students, so we anticipate it taking only a short time. It was found in 2008 that the co-researchers were able to identify businesses and map the locations when shown aerial photographs of Monwabisi Park. We plan to replicate this procedure again this year. With the co-researchers' help we will be able to produce a map of all the businesses within the C-section of the park and compare this to the 2008 map to see if there have been any changes. We will also use this map to help us identify potential interview subjects to gain further information.

3.1.2.2 Interviews of Local Business Owners

Conducting interviews with business owners within Monwabisi Park will help our team gain a greater understanding of the economic activity within the park as well as the challenges that businesses face operating in an area that is very weak in economic activity. Because this aspect of our project is not the most important, the interviews will be scheduled around other work that will be going on at the same time. We will have limited time to dedicate to the interview process so we plan to interview a sample of business owners in order to gain as much information as we can in the time we have. Ideally we will interview business owners representing each of the most common types of businesses present in the park, and within these,

find a mix of ages and experience of the business owners, in order to get representation from as many groups as possible.

Co-researchers will assist in the interview process by helping us identify good interview subjects, by providing translation and guidance during the interviews when needed and by helping bridge overall communication gaps. The co-researchers will be a critical resource to making the interviews successful, because it is important that the interviewees feel comfortable talking to us and that we are able to thoroughly communicate our objectives. We want the interviewees to understand that we are working with the sole purpose of understanding business activity within the park only so that we can help the economic situation. Some businesses might be initially reluctant to share sensitive data for fear of competitors getting information or causing potential rivalry within the community. Co-researchers can help us make sure our objectives are clear to interviewees who may not be as fluent in English and may not understand us as well.

Interview Topics for Business Owners			
Historical	**Business**	**Opinion**	**Physical**
-Age of business -How started -Funding obtained -Skills/education	-Number of employees -Customer base -Goods sold/services offered	-Safety issues -Challenges faced -Needs	-Size -Location -Storage space -Energy used -Transportation use

Figure 9: Chart of interview topics

The interviews will not be as structured as a formal interview, but we will be prepared with a list of discussion topics to guide the conversation from. Our interview topics, listed in Figure 9, will give us valuable insight into how the business got started and the current business operations as well as concerns of the business owners themselves. Our goal for these interviews is not to make the business owners feel like we are quizzing them for information or looking to find any confidential information. We will be careful to explain our objectives before starting the interviews and hope to become friendly with the business owners through the process. In order to get more informed consent, we will present them with a copy of last year's report so they can better understand how the data will be used. Ideally we will find business owners who are happy to share their stories with us as this will help us gain greater understanding of how businesses operate within the park.

3.2 Re-establish the Sewing Centre and Explore Expansion Options

The Sewing Centre has the potential to be a central point of economic growth in our redevelopment seed of Monwabisi Park. Because Mike Tremeer of EcoBeam has made it clear that he will buy as many sewn sand bags as the Centre is able to produce, the Centre can provide a stable and sustainable source of employment within the park itself (Codding et al., 2008). Sewing sand bags at the centre unifies our redevelopment strategy, as the bags sewn there will be used to construct the houses and community buildings planned by other IQP teams in Cape Town. This clear connection between sewing and construction may also help the community feel pride and responsibility in the houses they are helping to create. For all of these reasons, the Sewing Centre will be one of our top priorities and we will be working immediately on its re-establishment once we arrive in Cape Town.

3.2.1 Physical Logistics

Our first challenge will be to determine the physical logistics of the new Sewing Centre. We must figure out the most sensible location for the Sewing Centre. The location should be large enough to fit two to four industrial sewing machines and a worker for each. There needs to be enough room to store the completed sand bags out of sun light, and each sewing machine needs at least one electrical outlet (Codding et al., 2008). The building should also be secured with locks so that the machines and sand bags do not get stolen (Codding et al., 2008). The space should also be well ventilated and have adequate lighting and temperature control so that the workers are treated humanely. Once we get to Monwabisi Park, we will get a better idea of exactly what buildings could possibly be available to us. After visiting each location and discussing the advantages and disadvantages of each, we will talk with the Shaster Foundation or whoever is in charge of the facility to see if it can be used for the Sewing Centre. One building we are already considering is the Community Centre, and we will evaluate it and talk with Dianne Womersley once we get there.

In addition to securing a place for the sewing machines and workers, we will also need to obtain the sewing machines themselves. We will first need to determine how many machines to get, based on the amount of money available and the space we have in the Sewing Centre building. Once we determine the number of sewing machines and a place to put them, we will contact Berzacks, a sewing machine distributor in South Africa (Codding et al., 2008). While we

are waiting for the machines to arrive, we will be actively seeking workers from the community and working with them to develop a work schedule and payment plan.

3.2.2 Contact and Train Workers

When finding employees to hire in the Sewing Centre, first priority will be given to those who already began training last year. Upon contacting them, we will ask if they would like to participate in the program again and be retrained in sewing the sand bags. If we have more than the two machines that last year's team had, or if the employees from last year's Centre are uninterested, we may want to hire additional workers from the community. We plan to work with community organizations such as the C Section Street Committee and the VPUU to see if there is an existing program for determining motivated and responsible individuals looking for work. We also plan to select one or two well-qualified workers to act as managers of the Sewing Centre. These managers will work more closely with us, and observe more closely how the overall Centre is run.

Once we have determined who the employees will be, we will arrange for a training session at Berzacks, as last year's team did (Codding et al., 2008). During this training process, we can begin working with the employees to figure out a fair work schedule and payment plan.

3.2.3 Payment Methods

3.2.3.1 Research Comparable Salary Figures

An important factor in implementing the Sewing Centre is deciding how much Rand to pay each employee. To establish the salary figures we are going to research the current salaries that other employees are getting within the Indlovu Project. Since the Sewing Centre will be a part of the Indlovu Project, payment of the new employees there will need to be consistent with the employees in other facets.

We must also take into consideration the minimum wage laws of the City of Cape Town. Our understanding is that the Shaster Foundation currently pays minimum wage, at least, to all those they employ. This needs to be taken into account when deciding what to pay the Sewing Centre employees.

3.2.3.2 Complementary Currency

In our vision, complementary currency is applied in the Sewing Centre through an idea that we've come to refer to as "housing credits". We've come to understand through our advisors, other teams, and our key informant, Dianne Womersley, that the City of Cape Town is hesitant to start building new housing for the people of Monwabisi Park. No one has established a concrete plan for who will get the first housing when they start building, and the city is concerned it will cause serious tension within the community.

When considering the implementation of time banks and complementary currency, one must consider why the participants would be willing to participate for. At this point, new housing is a necessity for the community of Monwabisi Park and the people are desperate for it. This brings up concerns such as how the community members will pay for the new housing. The purpose of "housing credits" would be to aid in solving the problem of deciding who will get the first houses built within the community. It would be a way of recognizing community members in their work toward the collective good. For instance, those who work in the Sewing Centre could receive one "housing credit" per hour of work in addition to earning Rand, since it will be hard to find employees that will work for payment besides the Rand. Besides working in the Sewing Centre, those who help build the houses, fill the sandbags, work within other facets of the Indlovu Project, promote tourism, or do something good for the community will receive "housing credits". When it comes time to build the housing, we are hoping that those who gave back to the community the most and earned the most housing credits will be the first to get the housing. Ultimately, we would like to propose this idea to the City of Cape Town and the community to see if they consider it feasible.

To make our idea of "housing credits" feasible, we looked deeply into implementing time banks in underprivileged communities. We spoke with the 2008 WPI team who recalled their different attempts at this venture. Although they felt it was a good idea in theory, they determined upon their arrival to Cape Town that the plan wasn't practical. Despite their efforts in communicating the eventual outcome of a complementary currency system to the community members, the team found that people weren't interested in a currency system that was intangible. The people of Monwabisi Park are fighting a constant battle for survival, and they believe the Rand is the only exchange they can benefit from. Although the efforts of the 2008 team were well researched, they weren't able to begin a time bank in the area without a way of motivating

the community to participate. After reading through all our research material, we are hoping to build the groundwork of a time bank that will expand over time. We determined that although we would be able to begin a very straightforward and uncomplicated complementary currency system while in Monwabisi Park, trying to implement a full-fledged, working system would be infeasible in our time there. In the end, however, we are hoping to plant the seed for a complementary currency system that will eventually be successful by pulling together several different ideas and working from numerous trials in other areas of the world.

In our first interview with Dianne Womersley she communicated to us the importance of constant contact with the community (personal communication, September 18, 2009). It is vital to remember that these are real people we are trying to help and that their opinion is the one that matters most. Therefore, the first step in implementing a time bank within Monwabisi Park would be to talk to the community and determine what would motivate them to participate. We need to give the community a reason to participate. Before they will be willing to give back to the community, they are going to need reassurance that they will eventually benefit from their services. At this point, from hearing what other teams, our advisors, and our sponsors have to say, we can only presume to understand what the community would want in return. Upon our arrival to Cape Town, we intend to conduct interviews with the community members and the Street Committee to gain their feedback before implementing any of our ideas.

The next step in starting a time bank within Monwabisi Park would be to set up a simple version of a "credit bank" with a "credit broker". This type of establishment would make the time bank more concrete and would, in turn, motivate more members of the community to participate. Through our research, we found that time banks that have been implemented in the past used a computer software program to keep track of everyone's credits within the community. In order to use this idea, we would need to provide them with the software, either by purchasing one that's already been made or by creating our own version. This would be another expense we would need to look into. Some other complications in purchasing the software would be training community members to use it and choosing one person alone to manage the software. Another way of keeping track of credits could be through a simple "bank book" or paper system. This would be easier to train the community members to use and would be just as effective as computer software, at least to start.

Within this “credit bank” we would need to hire one, or possibly more, community members who could be trained to use the new software or bank books and to keep track of all the credits. This is yet another way to create employment within the community. They would also need to be trained to handle any disputes that should arise over the time bank credits. We would need to determine the best system of payment for these “credit brokers”. These brokers will not be responsible for learning credit exchange rate between participants since we learned through our background research that equality within time banks is the key to their success. For every hour of service you give, it equals one credit, no matter the service. This will help raise the self esteem of the residents of Monwabisi Park since they will all be treated as equals. In the long run, we hope local businesses will start accepting the points, which actually would require creating a plan of exchange for different items. If local businesses in Monwabisi Park started endorsing the new complementary currency system, then it would most likely get more participants. Getting businesses to participate would not be easy. Like individual participants, they would have to know they will eventually benefit from the new exchange. To start, we could recruit businesses that are really willing to make sacrifices and take chances for community improvement. But for now, we hope to start small so future students can expand on our work.

Finally, through our research, we decided that everyone within the park will start with the same number of credits so that they all have something to work towards and so that no one assumes they are superior. Eventually, the “credit broker” would need to be able to keep control over the entire complementary currency system by the time we leave Cape Town. Our goal is to build the ground work for a “credit bank”, so that the community members can continue to expand on it until it becomes a fully developed complementary currency system.

The Violence Prevention through Urban Upgrading (VPUU) currently has their own credit system set in place for their community volunteers. Our last objective in establishing a complementary currency payment plan will be speaking to the VPUU, finding out how they established it, if it is a system that works well, and what benefits it has brought to their organization. We would also like to interview their employees and see if they are happy with the implemented credit system. In understanding the successes and failures they have encountered, hopefully we can learn from the VPUU and put a time bank into practice in Monwabisi Park.

3.2.4 Explore Expansion Options

We would also like to look into different options for expanding the Sewing Centre that the 2008 WPI team implemented. The community is in need of many other things that can be sewn within the Centre, like school uniforms and church uniforms. Every school and church in South Africa requires a different uniform and it can be pretty expensive for the community members. Dianne Womersley mentioned in an interview that many times children will not even attend school because they can not afford to dress accordingly (personal communication, September 18, 2009). If we can expand the Sewing Centre to include these other items then we could look into employing more community members to work the sewing machines.

Dianne Womersley also mentioned "Hay baskets," a method of home cooking that requires a bean-bag type object to be sewn (personal communication, September 18, 2009). If we implemented these into the new Sewing Centre we could work closely with the Energy team to determine what the most inexpensive methods of creation would be, and perhaps give the community members a newer and safer way to cook.

In addition, we are hoping to add more sewing machines to the Sewing Centre. The 2008 team added two, which was sufficient for sewing the sandbags used for the housing. However, if we hope to expand the Sewing Centre to include other items such as uniforms, we are going to need more sewing machines to make the development a worthwhile effort. Also, if we have more sewing machines available we will be able to hire more employees and train more people on how to use a sewing machine.

Finally, Dianne Womersley mentioned that, in the long run, she would like to see sewing machines in individual community homes so that people are able to sew their own clothing items (personal communication, September 18, 2009). One idea we would like to look further into is using microfinancing to make this vision possible. If people were able to purchase sewing machines for their own homes, they could sew the clothes they need inexpensively as well as sew for others as a living.

3.3 Develop a Business Plan for the Indlovu Project

The final objective of our project is to document the sustainability process into a plan that will contain information about the Indlovu Project while simultaneously expressing creative and new ideas for expansion. This plan will explain all operations of the Indlovu Project, from a

work schedule to a working budget. It will explore expansion options for the Indlovu Project and look into several other ideas focused on creating more jobs and more revenue. Scenarios will be developed that vary with the number of expansion options available, along with and a worst-case situation. From this, the plan's main purpose is to create a financial baseline for the operation in order to transition towards CBO management. We also hope that the plan can be used to facilitate operational transparency with the intentions of gaining outside funding for further expansion.

3.3.1 Operations

In order to create a plan focused on the operation of the Indlovu Project, we will take several steps. The first aspect is interviewing key informants to learn the current workings of the Indlovu Project and its operating procedure. By understanding their system, we can work to develop documentation of this process and apply it to our plan and our working knowledge. Another way to gain working knowledge of the project while in Cape Town will be by spending time learning about each facet of the project. By receiving hands on experience with each section of the Indlovu Project's operation, it will be easier to document and understand what parts we need to focus on within the sustainability plan. We hope to gain information such as operating times, number of visitors, number of workers, supplies used, services provided, etc.

A similar yet separate task for understanding the operations is creating a working budget based on the several parts that are explored. Sources of income and expenses will be broken down for each operating piece of the project. We have already received a brief breakdown of the project's budget that includes number of employees paid and several expenses within the Indlovu Project. This information, as well as that obtained while working in Cape Town, will be documented and updated to maintain a working budget.

3.3.2 Projections

While we are obtaining the working knowledge of the various operations, we will also be meeting with the directors of the Indlovu Project and potential members of the CBO. The meetings with both the directors from the Indlovu Project and the CBO will run through our entire time in Cape Town. We hope to gain a better understanding of Dianne Womersley and the community's goals through these meetings. As the Sewing Centre begins its test phase, various expansion options will be explored such as complementary currency. It is in these meetings that

the new ideas will be discussed to determine what ideas should be focused on and further explored within the Indlovu Project.

The next part of the sustainability plan describes the projections, or potential scenarios, of the CBO development process. We intend to develop a plan that expresses the expected outcome of the Indlovu Project in a two year period, while including a budget that covers the expansion process. Within this section of the plan, we will have to look ahead two years, and predict several potential outcomes. By looking into many possible results, we're giving the community options and recommendations for their decision making process.

We feel we will best get an understanding of where the project will be in two years from the meetings and discussions with the Shaster Foundation and the CBO. An example of looking forward two years would be the Sewing Centre and its operation. Will there be a greater number of machines than when we left? Or will there be fewer? What if there were to be another fire within the project? What if a second community centre were added to the community? These questions will be difficult to answer in only one projection for the Indlovu Project, so the focus for the projections will be broken down into several scenarios. The scenarios will include a worst-case, best-case and expected outcome scenario. Hopefully the scenarios, or offered options, will create not only a picture for the future, but also a reference that the Shaster Foundation and the CBO can use to better understand the progression of the project.

3.3.3 Outside Funding

Although the main focus of the sustainability plan is to create documentation and to gain a better understand of the Indlovu Project, an underlying aspect of the plan is to eventually obtain outside funding and grants towards further development. A grant proposal provides a problem statement as well as the need for a solution and the possible resolution of the problem. The request for funding should express that a plan is in place within the Indlovu Project, but a need for further funding is necessary for community improvement. The sustainability plan is clearly going to display the problem statement and the plan in place, as it describes the complete operation of the Indlovu Project and an up-to-date budget with a breakdown for projected revenue.

We also plan to research different grants that are offered to communities similar to Monwabisi Park. We will look at their requirements for application, the types of candidates they

are looking for, and the best steps to take for consideration. Through this process, we hope to learn more about the overall application process and believe the community will have a better chance to eventually receive the outside funding that it needs.

3.4 Conclusion

In order to reach our overall goal of helping to spur economic growth in Monwabisi Park, we have enumerated concrete objectives with which we hope to effect real change in the area. By documenting current economic conditions, we intend to provide a baseline against which further change can be measured. We also hope that by updating our understanding of the conditions, we can be more informed and thereby more effective in the recommendations we suggest and the prototypes we build. By establishing the Sewing Centre, we will be creating jobs and facilitating a tangible connection between residents' efforts and their new housing. Finally, by developing a plan for the sustainability of the Indlovu Project, we can create a model for economic growth within Monwabisi Park that is both realistic and promising.

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Appendix A: Annotated Bibliography

Complimentary Currency

[1] Quintiliani, J. (2002, March). Complementary Currencies and South Africa. Retrieved September 4, 2009, from : http://www.sane.org.za/pubs/complementary.htm

The author notes that the people's dire conditions have led them to lose their sense of community. He describes the history of complimentary currencies and some recent successful ones. He discusses why a complimentary currency could work in Africa, the best ways to implement it, and the different types to experiment with. Trust and confidence will be the greatest issues surrounding a complimentary currency.
Submitted by Emily Herries

[2] Roukens de Lange, A. (2001, July). A Parallel Currency to Pay for a Basic Income in South Africa. Retrieved September 4, 2009, from : http://www.sane.org.za/docs/views/2001/sv03.htm

Very useful resource. The author discusses a citizens basic income and the feasibility of a complementary currency system. He lists the various types of local currencies and defines them.
Submitted by Emily Herries

Economic Development

[1] Business Support and Skills Development (2008). Retrieved September 7, 2009, from http://www.capetown.gov.za/en/ehd/Pages/BusinessSupportandSkillsDevelopment.aspx

Useful source for background on current resources available to business owners in Cape Town. Details programs available for business support vouchers and applications.
Submitted by Kayla Schutte

[2] Pastor, K. (2009, September 7). Cape Town Economic Redevelopment. (J. Silvia, Interviewer)

The interview provided a different insight in understanding the culture and the environment in which we will try to provide economic redevelopment.
Submitted by James Silvia

[3] Rogerson, C. M. (1999). Local Economic Development and Urban Poverty Alleviation: The Experience of Post-Apartheid South Africa. Habitat International, 23(4), 511-534.

This source will be fairly useful to us. The causes of urban poverty are outlined and the report then looks at the role of policy in developing initiatives for local level economic development in South Africa including several case studies describing past government interventions to help improve the economic situations in informal settlements and the results of these attempts.
Submitted by Kayla Schutte

[4] The City of Cape Town Economic and Human Development Department. Donor Directory for Development: A Resource for the Non-profit Sector in Cape Town(3rd ed.). Cape Town, South Africa: Development Works. Retrieved from

http://www.capetown.gov.za/en/ehd/Pages/Publications.aspx

This directory will be a useful source in finding outside funding for redevelopment efforts. The directory was funded by the City of Cape Town but put together by an outside organization and lists numerous resources for obtaining funding from government resources, internet sites and corporate funds.
Submitted by Kayla Schutte.

[5] Nel, Etienne (2001). Local Economic Development: A Review and Assessment of its Current Status in South Africa. Urban Studies, 38 (7), 1003-1024. Retrieved September 13, 2009, from <http://www.informaworld.com/10.1080/ 00420980120051611>

This article discusses local economic development in South Africa. It is also talks about the community's integration into the development and the results that occur.
Submitted by James Silvia

[6] Gooch, J. T., and T. W. Manyathi. *24th Annual Southern African Transport Conference*. South Africa. Pretoria: Document Transformation Technologies cc, 2005. Electronic.

Useful source focused in the development of a strategic infrastructure plan for both the public and private sector. Reviews existing business and their ability to grow while encouraging the creation of new industries.
Submitted by James Silvia

History

[1] Western, J. (2001). Africa Is Coming to the Cape. Geographical Review, 91(4), 617-640.

This is a good source that should be used when discussing the liberation from apartheid and the rapid African influx into Cape Town. Also, the author focuses on the Africanizing of the city and its sociocultural tensions.
Submitted by James Silvia

Informal Settlements

[1] Huchzermeyer, M., & Karam, A. (2006). *Informal settlements : A perpetual challenge?*. Cape Town: UCT Press.

This book will be a very valuable resource for gaining information on informal settlements specifically in South Africa. The book contains a number of pieces written on the challenges facing the redevelopment of informal settlements including policy issues, case studies and past redevelopment efforts.
Submitted by Kayla Schutte

Khayelitsha

[1] City of Cape Town Social Study 2004 Survey of Residents of Joe Slovo; Nonqubela K-Section; Sweet Home(2005). Cape Town.

This source is a survey of residents of informal settlements in Cape Town and provides information on a range of issues including sections on employment and economic activity in the area which will be useful for our work. The survey will be a good source to obtain economic data from the Khayelisha area.
Submitted by Kayla Schutte

[2] Worcester Polytechnic Institute (2008). *Envisioning Endlovini: Options for Redevelopment in Monwabisi Park Cape Town, South Africa*.

Excellent source that gives economic background through 2008 and discusses several ideas in the redevelopment of Monwabisi Park's economy. It is a lengthy report, but pages 159-190 gives much insight into the progress made last year in the eco-economy redevelopment.
Submitted by James Silvia

Microfinance

[1] Akindele, O. A., & Rakuena, T. L. (2005). Investigating the feasibility of adapting bank finance to progressive housing: The case of Maseru, Lesotho. International Journal for Housing Science and its Applications, 30(1), 59-67.

This article examines the practicality of using microcredit to finance homes in the poor area of Maseru, Lesotho. The authors also examine the receptiveness of the locals to microfinance, and find some resistance, which is important to keep in mind if we intend to use the ideas of microfinance in Cape Town.
Submitted by Jennifer Spinney

[2] Mills, S. (2007). The Kuyasa Fund: Housing Microcredit in South Africa. Environment and Urbanization, 19(2), 457-469. doi:10.1177/0956247807082825

A very relevant article that summarizes the methodology behind the Kuyasa Fund, a microfinance institute set up to provide credit to residents of Khayelitsha specifically for housing development. The authors conclude that microfinance in this area can be successful. As this takes place in Khayelitsha itself just two years ago, it presents a scenario very close to the one we will face ourselves.
Submitted by Jennifer Spinney

[3] Muhammad Yunus, & Alan Jolis. (1999). Banker to the Poor : Micro-lending and the Battle Against World Poverty. New York: PublicAffairs.

This book, written by the Nobel Peace Prize-winning man who invented microcredit, explores the underpinnings, philosophy, and practical side of bringing finance to poor and underserved populations. It doesn't deal specifically with Africa, but the ideas are meant to be universal. If we decided to delve into microfinance, it will be useful to understand the perspective of the man who pioneered it.
Submitted by Jennifer Spinney

[4] Pronyk, P. M., Hargreaves, J. R., & Morduch, J. (2007). Microfinance programs and better health: Prospects for sub-Saharan Africa. JAMA: The Journal of the American Medical Association, 298(16), 1925-1927. doi:10.1001/jama.298.16.1925

This article serves as an overview of the microfinance practices in sub-Saharan Africa and argues why microfinance leads to a stronger economy, which in turn will lead to better health for Africans. The article also addresses some of the reasons microfinance hasn't succeeded as well in Africa as it has in poor communities in Asia and what can be done to make the model work in Africa. This resource will be moderately useful, and may be a good starting off point.
Submitted by Jennifer Spinney

[5] Wahid, A. N. M. (1994). The Grameen Bank and Poverty Alleviation in Bangladesh: Theory, Evidence and Limitations. American Journal of Economics and Sociology, 53(1), 1-15. Retrieved from http://www.jstor.org/stable/3487196

This article serves as a good overview of the general concept and methodology behind microfinance by describing the work of one of the most successful microfinance institutions, the Grameen Bank. This article doesn't deal with Africa, but it does describes how well-functioning microfinance systems work in general, so it will be a good source to draw from.
Submitted by Jennifer Spinney

Time Banks

[1] Seyfang, G. (2003). Growing cohesive communities one favour at a time: social exclusion, active citizenship and time banks. *International Journal of Urban and Regional*, *27*(3), 699-706.

This is a very useful resource because the author discusses how time banks can help bring a community together. The author says that time banks not only help improve the economy of a community but also promotes social inclusion. People are more compelled to volunteer in their community if they are rewarded for it. He also notes that time banks are under researched and gives one major example of a time bank, Rushey Green Time Bank, and its resulting statistics.
Submitted by Emily Herries

[2] Seyfang, G. (2002). Time on our side: Time banks and active citizenship. *New Economy*, *9*(4), 242-247.

Very useful resource. Author notes that people's sense of pride in their community has diminished over the years and action needs to be taken to promote "active citizenship". He mentions the idea of a time broker to manage people's credits and make sure people are giving a receiving the correct services. Time banks can also be linked with local employment and training opportunities. Most importantly, the author writes about the barriers and implications of time banks.
Submitted by Emily Herries

[3] *Time Banking*. Retrieved September 25, 2009, from : http://www.timebanks.org/

Very useful. This website tells readers how they can set up a time bank, what they are, and why they are valuable to human growth. It also tells of some current time banks already in existence

within the United States. This would be the perfect tool for anyone considering starting a time bank in their area, even if it isn't in the United States.
Submitted by Emily Herries

[4] Seyfang, G. (2004). Time banks: rewarding community self-help in the inner city? *Community Development Journal*, *39*(1), 62-71.

This source discusses the origins of time banks more in depth. It is a case study of the Gorbals Initiative time bank. Most importantly, making it a valuable resource, is that it has the lessons learned and suggestions for someone who is trying to establish their own time bank.
Submitted by Emily Herries

Appendix B: Key Informant Interviews

Interviews with Dianne Womersley, The Shaster Foundation

Interview 1: September 18, 2009

Phone Interview
Interviewee: Dianne Womersley
Interviewers: Emily Herries, Kayla Schutte, James Silvia, Jennifer Spinney

Topics Discussed:

Personal Involvement

- In 1993 first went into a township and saw how people were living and knew it wasn't good and wanted to do something about it.
- Started with Crèches
- In 2005, she met Buyiswa who started the Crèche in the Indlovu Project and started working with her.
- In 2000 or 2003, went to Australia where she took a course of Permaculture
- Permaculture, in her mind, has the ability to eliminate poverty in the world.
    - Critical to our work
- Came up with this project with the idea that Permaculture could improve the lives of these people
- Indlovu Project started gradually from the original Crèche and grew.
- One of the things that came up was housing.
    - Biggest problem is the lack of housing.
    - EcoBeam

Revenue for the Indlovu Project

- Had to generate their own income.
    - Decided to build a guest house.
    - Benefit from tourism in Township tourism
    - The money from the guest house was going to be used to buy medicines for the clinic
    - Clinic is manned by a nurse, he can not dispense pharmaceutical medicines

        - People come from all over to get medicine
- Volunteer Program = biggest source of income this past year
        - 200 Rand a day to stay in 6 person apartment

Job Creation

- In terms of the economy, the focus that would be incredibly useful is how an eco-village can generate new jobs.
- People in the community to generate their own income.
- They're responsible for earning their own living using their particular skills and talents
- Not a high level of education there so this is difficult.
- Get away from this linear type of thinking: where you go to school, and you get a job working for an employer
- Imaginative ways for people to earn a living
- Handcrafts
        - Handcraft can be boring, something new
        - Something for physically disabled people to do
        - Waste material as a resource
        - Pillani - weaves plastic shopping bags and they weave them into rugs
        - The sewing centre could facilitate some hand craft projects
        - Seeing homemade toys that the children make
            - Children use whatever they have at hand
- Organizing cooperatives of women working together.
        - Co-ops help spread income around
        - Split income

Buildings and Sewing Centre

- City of Cape Town keen on our EcoBeams system.
- Sandbags needed per house
- Company that owns Eco-beam technology has agreed to buy all the sandbags from the Indlovu project sewing centre.

- Mentioned a price at 20 cents per sandbag excluding the materials?
- Look at jobs created around the building.
    - Sewing, filling of sandbags, stacking sandbags, as well as making the EcoBeams
    - If we have a shipping container that can be converted into a little factory we can start making the beams there but, no idea of the cost of that so that's something we'd have to look into

Tourism

- Generate income from tourism somehow.
- 2010 World cup next year to think about
- Very high number of visitors in cape town
- Only 10 people in guest house, and 6 in the little apartment where the current volunteers are staying
    - 250 rand a head for bed and breakfast
    - Somehow we need to keep that full
- Tour groups
- Tours of the sewing centre
- Community hall (seats 50)
- Tours that include lunch and entertainment
    - Traditional dancing and singing (Xhosa talents)
    - Lunch could be made by many different people, traditional African meal
    - Great Permaculture, many functions, get people back into their culture and traditions
    - Generates income
    - Keeps children out of trouble

Expansions of the Sewing Centre

- 4 Industrial Sewing machines with people trained to sew them
- Ultimately she wants to see the centre used for skills training
- Microfinance for someone to have their sewing machine at home

- Expand
    - School Uniforms
    - Track Suits
    - Church uniforms

Basic Business Plan Ideas

- People need to pay their own salaries and keep the project self sustained
- Does no good for the Shaster Foundation to stand there with a "cash umbrella"
- Grants and funds from different trusts and foundations,
    - Much more willing to fund an organization that has a huge sustainable component as well as and employment component
    - Look at international organizations
    - Business proposal that's put together will be sent to all those foundations to ask them to invest in the project.
- Important to look into growing it into working at home using Micro-financing
- Does the average person have access to banking or finance?
    - They do have banking
    - A lot of people consider the eastern cape their home so they send money home to their families or keep it in banks
    - Everyone who works for the Indlovu project has a bank account b/c salary payments are done through EFT
- Different people in charge of the different parts of the centre – management.
- Email book admin@shaster.org.za
    - Soraya – can give you a general breakdown of bookkeeping

Keep it Simple

- Agrees that all ideas need to be kept incredibly simple
- Even though we all speak English and have television, they're very different than our country.
- You'll get incredible satisfaction if you think outside the box and be open to whatever comes to you.

Other

- Improving people's nutrition.
- Improve this to make them more productive. Encouraging people to grow their own food.
- Used to be sand dunes. So there's no fertility in the soil. Encourage compost heaps. Encourage earthworms. Human waste management systems. Give us the fertilizer that we use to grow food.
- New forms of cooking and energy use

Interview with Fabienne Miller, WPI Professor

Informal Interview
Interviewee: Fabienne Miller
Interviewers: Emily Herries, Kayla Schutte, James Silvia
October 2, 2009

Topics Discussed:

- Gave her an overview of the Cape Town Project Centre, The Shaster Foundation, how the teams are divided up, what the Economy team is working towards (Sewing Centre)
- Overall goal is to transfer ownership of Shaster Foundation to a CBO (Community Based Organization)
- Sites that'll give you format – not geared towards non-profits
- SBA? Links to a few places, most for manufacturing and up and coming firms
- Know someone who works in business plans a lot (Gina, office downstairs, entrepreneurship program, x5761, gbetti@wpi.edu, 216A office)
- Exposure to business plan is more the financial side
- Operations piece, financial piece, marketing piece
- Plan, and hope you can project where/what you want to be at so many years down the road
- An Income Statement (are you going to make money or lose money?)
- You can not stay in business too long if you do not have the cash coming in (grants)
- Microfinancing (not sure if we'll be able to apply it)

- **Current situation**
    - Get some financial info on
    - What do they spend their money on?
    - How quickly are they planning to transfer ownership? Over a few years
        - Give people a chance to learn new management skills
    - Not starting from scratch, so it shouldn't be too difficult
    - **Operations** - What do we do? What is the business about? – Consider different parts of the Indlovu Project; think about what kind of money is coming in. Look into soup kitchen, medical clinic, etc. First job is really understand the big groups, what services they provide, how they're going to make money
    - There'll be a cost for the food; somehow that money needs to come back in.
    - What's the revenue and what are the different costs.
        - Wages?
        - Supplies?
        - Insurance?
        - Management?
    - Paying 17 wages
    - Guest house is their main source of income from volunteers that stay there
        - Want the experience of helping out
    - Money from private donors
    - What money comes in the project and how is it used???
        - Will not be able to make projections for the future unless you understand how it is currently working

- **What is going to change?**
    - Look over several years
    - The only people that can probably tell you where it is going to go is probably the foundation
    - Are they missing something? Do they have insurance (especially to protect the workers)? Do they have all the protections in place?

- Ask foundation!
- Ultimately making projections
- If you do not think about what could go wrong, you could have all kinds of problems
- Ex: Gardens – could eventually have draughts
- Consider all different possibilities for each piece of the project
- Be realistic
- Try to do 2-3 scenarios – worst case scenarios – something optimistic
- What new projects might be added to the Sewing factory – for instance, expanding the factory further so eventually sewing machines are in their home
- Doing a lot of interviewing people, asking what they think
- Pay workers, bringing enough money to cover costs
- List how you came up with that scenario – what assumptions did you make? Did you plan on selling 2000 bags? Did you plan on selling 2000 meals?
- Not just what we hope to happen, but what could
- Grant agencies want business to be there for more than a year – this proposal could be important
- It is tough projecting beyond two years
- Important to show that it will stay in place over the years, especially if you're including some expansion ideas –quantify it
- Good to have other projects, but the more you'll have to do research – what kind of money will you need to start it, cost of building, materials, etc!
    - Cost of running the project after as well
- Include people learning new skills, etc for **qualitative** factor – other benefits that are really tough to measure but are still really important parts in the process
    - It helps, but how?

- If they've already done some kind of business plan then base off of that – what matters most?
- Show that the project is there to stay for awhile

    - Ultimate goal

- **Formats that are expected/Applying for grants**
    - Looking for certain things, just the way standard accounting information is
    - Lended us a book, called a budget
    - We're budgeting, planning, looking into the future, trying to forecast where we're going to be
    - Balance sheet shows cash – how much cash group has?
    - Accounts payable vs. accounts receivable, not necessary
    - Use terms and lay things out in a manner in which government agencies that give grants will understand
    - If you have any ideas of what grants they might be looking for get requirements for that grant
    - Might even give you some idea of the format they want information presented in
    - Standardizing what you're doing in a way others will understand

- Growth would come only from new projects, not from extended marketing
- Could this shrink, could this grow? Think about it
- Could the need for so and so project eventually disappear?
- Extent of what we need to ask ourselves
- Think In terms of growth and decline – what can you do to prevent major decline?
- Forecasting!

Appendix C: Interview/Survey Questions

Mew Way Business Survey Questions

Business location number: _____

How many employees do you have? : _____

What products or services do you offer? :

_____

_____

Circle the number that best answers the following questions:

How safe do you feel where your business is located?

Unsafe	1	2	3	4	5	Very Safe

How well is your business doing in general?

Very Poorly	1	2	3	4	5	Very Well

How well is your business improving?

Very Poorly	1	2	3	4	5	Very Well

Have you obtained financial assistance from the government for your business?

Yes No Do Not Know