

INNOVATIVE FINANCING FOR THE EDUCATION SECTOR IN ZIMBABWE

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INTRODUCTION

Development partners in Bulilima, Mangwe and Plumtree Districts in Zimbabwe are breaking new grounds in dealing with challenges that have kept more than 20,000 OVCs out of school. This follows a successful community based economic enterprise initiative facilitated by SNV, UNICEF and local development partners that has ploughed back profits from their businesses to the tune of US\$200,000 to finance the education of Orphans and other Vulnerable Children.

About 25,000 OVCs in Plumtree Town, Bulilima and Mangwe Districts had dropped out of school as they could not afford to pay fees or buy needed learning materials. Most OVCs would have lost their parents or Guardians to HIV/AIDS and have no one to provide for them. Support from NGOs and Well-wishers and Government grants were their only hope. This support was however erratic and depended on several factors that were beyond the control of the beneficiaries.

The new method of providing assistance to OVCs was conceived following protracted discussions between Funders, Well-wishers and other Development Partners after realising that grants from NGOs and well wishers were not a sustainable way of covering the educational needs of OVCs. A permanent and sustainable solution lay in soliciting active community participation towards supporting the educational needs of more than 20,000 OVCs in these Districts

Community enterprises with a potential to support OVC exist but many of them were noted to be 'un-bankable', and run in an 'unprofessional' manner. Enterprises involved in production have been heavily affected by inflation which has seen the cost of restocking plummeting to levels normally higher than what the organisations receive for their products.

For example ITAZ has had challenges of properly pricing the vending marts constructed for the benefit of the OVC opting to stick to council's sub-economic rentals. Tjinyunyi Babili Trust on the other hand has had reasonable successes in reaching out to a significant number of OVC, although they have failed to fully exploit the potential of the Marula resource within the districts in which they operate. This has largely been due to sub-optimal business modelling, absence of proper cracking technology and resistance to fully adopt private sector practices.

CHALLENGE

The journey started off with the undertaking of an economic mapping exercise in 2005 that identified key economic resources and business opportunities within the three districts that could be exploited for commercial purposes to support OVCs with their educational needs. SNV through the economic development sector sought to assist the education sector identify opportunities and develop strategies to harness local economic potential to support the primary education sector to find sustainable ways of catering for the educational needs of OVCs such a school fees, stationery and text books.

The concept entailed the identification of key economic domains in identified geographical areas and providing working capital to these. The intention was to instil commercial viability to these enterprises with their commitment that they will in turn use part of their profits to support the educational needs of OVCs in their respective districts. Five economic enterprises were selected to receive funding to boost their businesses. The five enterprises selected were marula processing, dressmaking, candle making, microfinance and informal trading. For all the enterprises their main constraint to growth and viability was low capitalisation.

SNV, UNICEF, the three Local Authorities from the three Districts, Ministry of Education and Community Based Enterprises came together to consolidate this programme. UNICEF provided the initial grant of up to US\$75 000 as start up capital for the enterprises. These enterprises in turn committed themselves to

avert the growing OVC challenge in the three districts through setting up of memorandum of agreement between the Local Authorities who are the custodians of the programme and themselves. The agreements stipulate the commitment of the enterprises to hold the funds in trust on behalf of the OVCs, to carry out proper accounting of funds, retain enterprise viability and ensure consistent support of OVCs.

Out of the five enterprises that were supported, two of these showed immense viability and up-scaling potential necessary for supporting OVC. These were Tjinyunyi Babili Trust [TBT] and the Plumtree Chapter of the Informal Traders Association of Zimbabwe [ITAZ]. Tjinyunyi Babili Trust is a local community organisation covering 8 wards in both districts of Bulilima and Mangwe with an interest in supporting economic development initiatives such as Livestock, Marula, Honey and other small and medium scale enterprise. The Trust also supports social development initiatives like the OVC care and support. ITAZ on the other hand is a grouping of informal traders, with a membership drawn from widows, orphans as well as other vulnerable members of the society.

METHOD

SNV has provided institutional development and strengthening of coordination support to the Local Authorities including the community based enterprises. This entailed complimenting Unicef through the provision of capacity development support to Plumtree Town Council and ITAZ through brokering for improved relationships, advocating for economic returns on the vending marts, improving the institutional accounting mechanism through the development of quarterly reports.

SNV has closely worked with Tjinyunyi Babili Trust mainly in terms of organisational development where issues of strategy and organisational structures were worked on. Stakeholder consultations, which enabled SNV and its partners to gain entry into the sector, linking with local community producer groups with a desire to commercialise the Marula resource were undertaken. The key inputs in this intervention included, assistance in the production of a business plan, advice on the production structures and logistics, pricing structures and strategies as well as market linkages. A strategic business unit plan was crafted and implemented resulting in the setting up of a Marula oil and butter processing unit

Other key challenges that the organisation were assisted in overcoming, include the issue of setting up a viable business model, acquisition of pressing and processing machinery, purchase a vehicle for the enterprise and developing important networks such as Phytotrade (trade and production support) and Criia – SADC of Namibia for machinery provision as well as exchange of experiences.

OUTCOME

Results achieved or to be expected in terms of enhanced capacity:

Up to June 2007, cumulatively 1,052 OVC had received assistance from all the Unicef supported community based enterprises of which 88.69% of these were supported through proceeds from TBT and ITAZ. The OVC issue has now been adopted as an agenda item at both the housing and community services and full council meetings. More funds were released towards the support of 93% of the OVCs needing assistance in Plumtree. The Plumtree council also resolved to commit 25% of not just the Unicef supported vending marts but of all other rentals from all the town's available and rented vending stalls to the support of OVC. To this end, a total of 100 OVCs are currently being supported through the 25% disbursements from the rentals. The Informal Traders Association of Zimbabwe (ITAZ) market stalls rentals were in June 2007, reviewed upwards from \$25,000 to \$250,000 per month in line with market related rates.

Tjinyunyi Babili Trust Marula processing improved tremendously. In 2005, 344kgs of kernels were collected by community members received over Z\$40million as payment. This yielded about 20 litres of oil from the 344kgs of kernels pressed although indications show that the yield could have been improved substantially to 86litres if appropriate machinery was available. The quality of the oil was tested and certified good by Phytotrade. In 2006 the enterprise saw a total production of 108 litres of Marula oil, 324,89kg of Marula butter and an un-quantified volume of Marula juice. From the employment perspective a cumulative total of 15 formal and 350 informal jobs were created through the number of participating households. The oil was sold to Aldevia in France through Phytotrade Africa while the butter was sold locally.

IMPACT

Gross income of over US\$3,494.86 was generated through Marula oil and butter sales. During the year the enterprise supported an accumulated 843 OVC through school fees payment.

In 2007 on the other hand, Z\$50 926 000 (€2 612) was distributed to OVC in schools for grants in lieu of Marula nuts. This has led to 22 schools and community members assisting in the collection of over 3000kgs of dry nuts. Over 800 OVC were supported. The total productivity of the uncracked nuts has not yet been fully ascertained but this strategy has helped the organisation to move their production to over 300litres of Marula oil. TBT is destined to sell 300litres of oil, priced at €15/litre bringing the projected total income to €4500 of which €1 125 is expected to go towards the support of OVC. This is set to broaden and sustain TBT's effort towards ensuring universal primary education. With this funding (a total of €3 737 for the year), the cumulative number of OVC assisted is expected to exceed 1500 when the proceeds of the oil from the 2007 production is received.

Selection of the community based enterprise to support education should preferably be centred on an existing mission to assist the OVC in education rather than an institution which has no existing mission to help the OVC. Continued community participation in the venture is also critical. The key management role of the venture remained with the community and the mission to support the OVC was part of their key mandate. Another critical factor to the success of CBEs in supporting communities' social needs is the engagement of the private sector or private sector practices which were noted in TBT's approach to significantly increase production outside the normal community levels to supply the export market. Certification as well as increases in quantities was critical for TBT in their penetration of the export market.

Stakeholders also need to appreciate the need for decent economic returns on economic investments even if the structures were set up by donors. Such economic returns for such organisations as ITAZ turn to improve the overall figure that is disbursed to the OVC.

From this intervention, it was also clear that provision of capacity development support towards mindset change, entrepreneurial development, business management and enterprise development as well as the provision of linkages and networks was critical. Binding commitments between the local authorities and the enterprises for accountability, monitoring and evaluation purposes was also an important contributor to the success of this intervention. This involves the awareness creation of the obligations that lie with the enterprise as the provider of funding and the council as the OVC custodian of donor funding.