GUIDELINES FOR
ESTABLISHING AND
OPERATING A COMMUNITY
DEVELOPMENT FUND
INTRODUCTION

These guidelines on Community Development Funds are prepared for individuals and organizations that provide community infrastructure, utilities and services, such as:

- Promoters of community development
- Community leaders
- Representatives of local and district authorities
- NGOs involved in community development fund management
- Members of community based organisations.

The guidelines are presented in the form of tools that cover five major areas of Community Development Fund (CDF) processes, namely: promotion, preparation, establishment, organisation and operation. They have been produced with the support of Deutsche Gesellschaft für Technische Zusammenarbeit, GTZ (German Technical Cooperation) and the Urban Management Programme (UMP) as an example of an instrument which facilitates urban management and strengthens the links between urban administrations and urban communities.

The guidelines were elaborated by national and international consultants on the basis of a long and detailed research on Community Development Fund management as well as consultations with both formal and informal sector fund managers. The consultants were the Centre for Community Studies, Action and Development (CENCOSAD) Accra, Ghana, led by Mr. A.J. Annorbah-Sarpe, Executive Chairman and Director, and Mr. Roland Ziss from SUM (Settlement and Urban Management) Consult, Wiesbaden, Germany.

The present guidelines are the result of an on-going process. They are intended to facilitate debate and stimulate the further development of practical tools for community approaches to fund mobilization and management. They might help communities initiate processes towards self-financing of projects, facilities and services.

Those who use these guidelines are invited to help improve them; they should send their suggestions to:

URBAN MANAGEMENT PROGRAMME
Regional Office for Africa
UNDP/World Bank/UNCHS/GTZ
01 BP 7172 Abidjan 01 Côte d'Ivoire
Phone (225) 487457
Fax: (225) 443976/419074
E-mail: fmenguele@bnetd.sita.net
araoul@bnetd.sita.net
INTRODUCTION

These guidelines on Community Development Funds are prepared for individuals and organizations that provide community infrastructure, utilities and services, such as:

- Promoters of community development
- Community leaders
- Representatives of local and district authorities
- NGOs involved in community development fund management
- Members of community based organisations.

The guidelines are presented in the form of tools that cover five major areas of Community Development Fund (CDF) processes, namely: promotion, preparation, establishment, organisation and operation. They have been produced with the support of Deutsche Gesellschaft für Technische Zusammenarbeit, GTZ (German Technical Cooperation) and the Urban Management Programme (UMP) as an example of an instrument which facilitates urban management and strengthens the links between urban administrations and urban communities.

The guidelines were elaborated by national and international consultants on the basis of a long and detailed research on Community Development Fund management as well as consultations with both formal and informal sector fund managers. The consultants were the Centre for Community Studies, Action and Development (CENCOSAD) Accra, Ghana, led by Mr. A.J. Annorbah-Sarpei, Executive Chairman and Director, and Mr. Roland Ziss from SUM (Settlement and Urban Management) Consult, Wiesbaden, Germany.

The present guidelines are the result of an on-going process. They are intended to facilitate debate and stimulate the further development of practical tools for community approaches to fund mobilization and management. They might help communities initiate processes towards self-financing of projects, facilities and services.

Those who use these guidelines are invited to help improve them; they should send their suggestions to:

URBAN MANAGEMENT PROGRAMME
Regional Office for Africa
UNDP/World Bank/UNCHS/GTZ
01 BP 7172 Abidjan 01 Côte d'Ivoire
Phone (225) 487457
Fax: (225) 443976/419074
E-mail: fmenguele@bnetd.sit.a.net
araoul@bnetd.sit.a.net
These guidelines contain 9 sets of tools which provide guidance through the establishment/operation of a Community Development Fund (CDF).

In part 1 the first set of tools deals with issues on urban management and community development funds. They inform on how to promote a Community Development Fund. They explain a CDF in general terms giving information on its expected benefits. It is hoped that these tools will help to create awareness and interest in CDFs at the community level.

In part 2 the second set of tools covers the processes a community will follow once it decides to establish a CDF. It describes all major steps to prepare a CDF. These include how to assess the needs and potentials of a community in order to make a proper fund design. Some practical instruments are introduced to ascertain community participation at all stages in the process.

In part 3 the third set of tools deals with the establishment of a CDF. The tools seek to assist potential users, namely community leaders and their advisers, in the decision-making process concerning the specific characteristics of the fund, including the formulation of by-laws and legal registration. They show how communities will get their fund established through official recognition or certification and incorporation of their fund as well as how to open a bank account.

Organisational tools are set in Part 4 to guide potential users and community leaders with management responsibilities on how to deal with issues related to managing a CDF. The tools relate to the bodies and positions within the organization of CDFs as well as to the functions and designation of persons who will administer the fund.

In case you have a question:

- Check if it falls under the listed key questions or which key question is closest
- Make sure that the typical situation is similar to yours
- Have a look at the corresponding tool

For example, the key question on the benefits of a CDF is explained by Tool No. 3 whereas the identification of community needs is dealt with by Tool No. 6.
## HOW TO USE THE GUIDELINES

<table>
<thead>
<tr>
<th>KEY QUESTION</th>
<th>TYPICAL SITUATION</th>
<th>TOOL FOR SOLUTION</th>
<th>TOOL N°</th>
<th>PAGE N°</th>
</tr>
</thead>
<tbody>
<tr>
<td>What is a Community Development Fund (CDF)?</td>
<td>A community wants to know about ways of mobilizing resources to solve local development problems</td>
<td>What is a Community Development Fund?</td>
<td>1</td>
<td>7</td>
</tr>
<tr>
<td>Is there an example we can look at?</td>
<td>Most communities have no experiences in fund mobilization and utilization.</td>
<td>The experience of the La Mansaamo Kpee Fund</td>
<td>2</td>
<td>9</td>
</tr>
<tr>
<td>What are the benefits of a CDF?</td>
<td>The community lack awareness of the usefulness of a CDF.</td>
<td>Benefits of a Community Development Fund</td>
<td>3</td>
<td>11</td>
</tr>
<tr>
<td>What possible types of CDF can we find?</td>
<td>The community wants to know about the different types of CDF that exist.</td>
<td>Different types of CDF (Identified in Ghana)</td>
<td>4</td>
<td>13</td>
</tr>
<tr>
<td>What is the difference between a CDF and a Bank?</td>
<td>The community is familiar with banking procedures but does not know what CDF is about.</td>
<td>Differences between a Community Development Fund and a Bank</td>
<td>5</td>
<td>15</td>
</tr>
<tr>
<td>What are the steps needed to set up a CDF?</td>
<td>There is a real potential (Funds) within the community, but the members do not know how to translate it into a CDF</td>
<td>How to establish a CDF</td>
<td>6</td>
<td>17</td>
</tr>
<tr>
<td>What problems does a CDF help us to solve?</td>
<td>The community wants to determine the needs that a CDF can help them satisfy.</td>
<td>Assessment of community needs</td>
<td>6</td>
<td>17</td>
</tr>
<tr>
<td>How to identify needs?</td>
<td>The community wants to find out, for instance the number of schools it will need within the next five years.</td>
<td>How to identify needs</td>
<td>6</td>
<td>18</td>
</tr>
<tr>
<td>How to keep count of the needs identified?</td>
<td>There are so many needs in a community that it is a problem keeping count of them.</td>
<td>Checklists</td>
<td>7</td>
<td>19</td>
</tr>
<tr>
<td>How does a community get everyone involved?</td>
<td>Most people in communities are not involved in solution seeking to community problems.</td>
<td>How to organise and conduct meetings</td>
<td>8</td>
<td>21</td>
</tr>
</tbody>
</table>
# HOW TO USE THE GUIDELINES

<table>
<thead>
<tr>
<th>KEY QUESTION</th>
<th>TYPICAL SITUATION</th>
<th>TOOL FOR SOLUTION</th>
</tr>
</thead>
<tbody>
<tr>
<td>What methods can help us count the needs?</td>
<td>The community lacks a systematic way of counting needs.</td>
<td>Surveys</td>
</tr>
<tr>
<td>How to define the objectives of our CDF?</td>
<td>The community is acting on an adhoc basis, but needs to set objectives.</td>
<td>Defining objectives</td>
</tr>
<tr>
<td>How to organise a CDF in a systematic and orderly manner?</td>
<td>The community lacks efficiency in managing the CDF because there are no binding regulations for its members.</td>
<td>Rules and Regulations of the fund</td>
</tr>
<tr>
<td>Which legal forms are available for registration of a CDF?</td>
<td>The community does not know under which legal form it can register the CDF.</td>
<td>Advantages and disadvantages of various legal forms</td>
</tr>
<tr>
<td>How to keep safe the monies of the CDF?</td>
<td>The community handles large amounts but does not know where to keep it safe.</td>
<td>Opening and operating a bank account</td>
</tr>
<tr>
<td>How do we determine the roles that every community member can play in managing the CDF?</td>
<td>Only a few community members are aware of the decision-making instruments of the CDF.</td>
<td>Organs of a Community Development Fund</td>
</tr>
<tr>
<td>How to manage a CDF?</td>
<td>There is confusion about what members should do in managing the CDF.</td>
<td>Procedures for managing a CDF</td>
</tr>
<tr>
<td>Under what conditions can monies be obtained from the CDF?</td>
<td>People do not have clear ideas about how to obtain money from the CDF and this creates a lot of problems.</td>
<td>Loan conditions</td>
</tr>
<tr>
<td>How can one apply for a loan from the CDF?</td>
<td>The community has no laid down procedures on how funds can be applied for.</td>
<td>Loan Application form</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>TOOL NO</th>
<th>PAGE NO</th>
</tr>
</thead>
<tbody>
<tr>
<td>9</td>
<td>23</td>
</tr>
<tr>
<td>10</td>
<td>25</td>
</tr>
<tr>
<td>11</td>
<td>27</td>
</tr>
<tr>
<td>12</td>
<td>29</td>
</tr>
<tr>
<td>13</td>
<td>31</td>
</tr>
<tr>
<td>14</td>
<td>33</td>
</tr>
<tr>
<td>15</td>
<td>41</td>
</tr>
<tr>
<td>16</td>
<td>43</td>
</tr>
<tr>
<td>16</td>
<td>44</td>
</tr>
<tr>
<td>KEY QUESTION</td>
<td>TYPICAL SITUATION</td>
</tr>
<tr>
<td>--------------------------------------------------</td>
<td>-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>How do we ensure that the loan will be repaid to the CDF?</td>
<td>The CDF management needs from the borrower assurance on the conditions of reimbursement.</td>
</tr>
<tr>
<td>How do people know that they are qualified to benefit from a CDF loan?</td>
<td>The community members always lack information whether they have qualified to receive a loan or not.</td>
</tr>
<tr>
<td>How does a CDF know when a loan repayment is due?</td>
<td>When dealing with many different persons and groups it is usually difficult to keep track of individual loans.</td>
</tr>
<tr>
<td>What are some of the ways in which CDF can be disbursed?</td>
<td>Sometimes the way funds are disbursed creates division in the community.</td>
</tr>
<tr>
<td>How will the CDF know who has repaid a loan or defaulted?</td>
<td>The community is having problems to identify defaulters because no records are kept.</td>
</tr>
<tr>
<td>How will the CDF keep track of the way funds are being used?</td>
<td>There are many cases of misallocation of loans.</td>
</tr>
<tr>
<td>How can we mobilize funds for the CDF?</td>
<td>The community is having difficulties to meet fund raising targets.</td>
</tr>
<tr>
<td>What are the terms on which the staff would be appointed?</td>
<td>Most people are appointed to do community work without any terms of reference, job description or conditions of service.</td>
</tr>
<tr>
<td>Where to obtain advice?</td>
<td>Communities may need expert advice on many of the steps of the Guidelines.</td>
</tr>
</tbody>
</table>
WHAT IS A COMMUNITY DEVELOPMENT FUND?

A COMMUNITY DEVELOPMENT FUND CAN BE:

- a financing instrument that mobilises local resources under local control to satisfy local needs in terms of services, facilities and infrastructures;

- a financial organisation of local people, agencies and associations created and managed for the sustainable financing of community capital needs and projects,

- a local (community) bank owned and operated by the community as the majority shareholder.

COMMUNITY DEVELOPMENT FUND CAN EXIST AS:

- a municipal/district community development fund for whole districts or municipalities,

- a neighbourhood community development fund for sections of districts or municipalities.

POTENTIALS OF A COMMUNITY DEVELOPMENT FUND

A Community Development Fund can encourage savings among individuals and community groups which, when pooled together, provide:

- Local capital for development activities and projects;

- Possibilities for mobilizing domestic resources and leveraging additional external funds.
GUIDELINES FOR ESTABLISHING AND OPERATING A COMMUNITY DEVELOPMENT FUND

THE EXPERIENCE OF THE LA MANSAAMO KPEE FUND

Since 1987 a multi-purpose Community Development Fund has been operating in La - one of Accra's largest suburban neighbourhoods - under the auspices of the local community development association, the La Mansaamo Kpee (LMK).

LMK was established in the mid 1980s by the La community to tackle several community needs. These needs included housing, public toilets, inadequate health facilities and sources of financing individual, domestic and community social and economic ventures and projects.

To raise the needed capital, the LMK floated shares and established a community development fund as a bank, the La Community Bank (LCB) in 1987.

Today, the LCB has hundreds of millions of cedis as total assets. These came out of funds mobilized as savings and deposits. The LCB has used these assets to create three different portfolios: a portfolio for loans, a liquid cash portfolio and an investment portfolio of government treasury bills and other securities.

The LMK has created yet another separate revolving fund portfolio called the La Mansaamo Development Fund (LAMDEF) with a grant from the African Development Foundation based in the U.S.A. Through this fund, individual households are assisted in building toilets (Kumasi Ventilated Improved Pit Latrines - KVIPs or Water Closet Toilets - WCs) in their own compounds. LMK bears the full constructional cost while the landlord or owner of the house is expected to repay the loan within 30 months at an interest of 11%. Many households have benefited from the fund and now have electricity, water and toilet facilities.

Through the fund the community has provided some neighbourhoods and schools with public toilets: WCs and KVIPs.

The LMK holds regular public meetings at which procedures are discussed, debated and adopted. A technical committee reviews and assesses applications based on laid-down criteria. It also ensures that proper records are kept and the loans disbursed and recovered.

As prudent fund managers the LMK has limited its investments to small, short-term loan portfolios and government securities contrary to major long-term investments by other funds.
LESSONS LEARNT FROM
THE LA MANSAAMO KPEE FUND

The success of the La Mansamo Kpee experience can be attributed mainly to the following crucial assets:

- Promoting dialogue and consensus building on community desire, willingness and commitment to act on needs.

- Organising the community to meet regularly for decision making, information sharing and feedback response.

- Establishment of community association to lead community action and thought.

- Mobilization of resources including finances through various instruments and forms from within the community.

- Leveraging and multiplying resources from outside the community.

- Setting up structures and processes to manage the resources.

- Organizing an endowment fund which is invested to generate more funds.

- Assuring proceeds of the endowment fund should be used to finance community activities.

- Guaranteeing proper fund management including investment portfolio management, grant making, loan disbursement and loan recovery.
# Benefits of a Community Development Fund

<table>
<thead>
<tr>
<th>Area of Concern</th>
<th>Type of Benefits</th>
<th>Who Benefits</th>
</tr>
</thead>
<tbody>
<tr>
<td>Communal Facilities and Services</td>
<td>A CDF provides local funds for the provision of services and facilities such as public toilets, markets, clinics and general environmental clean-up.</td>
<td>Local people</td>
</tr>
<tr>
<td>Community Priorities and Commitment</td>
<td>With a CDF only those projects that are a top priority of local people are financed creating conditions for greater commitment of the community.</td>
<td>Community</td>
</tr>
<tr>
<td>Local Economy</td>
<td>A CDF provides an accessible source of finance to cash-starved informal sector businesses in low-income settlements, promoting economic growth within the community and contributing to internal resource mobilization.</td>
<td>Informal sector businesses and local people</td>
</tr>
<tr>
<td>Municipal Finance</td>
<td>A CDF provides municipal authorities with funds for primary investments and development, i.e. it frees up capital for investment.</td>
<td>Municipal and district authorities</td>
</tr>
<tr>
<td>Development of Maintenance Culture</td>
<td>A community that is financed by its own CDF takes better care of infrastructure and facilities which it has self-financed and considers its own.</td>
<td>Community</td>
</tr>
</tbody>
</table>
DIFFERENT TYPES OF COMMUNITY DEVELOPMENT FUNDS IN GHANA

Voluntary financing of community development activities started in the 1950s when the nationalist struggle for independence led to the emergence of voluntary town and village development committees.

These committees began mobilizing citizen's contributions for self-help activities. Over the years, these self-help financing activities have been applied at various levels and forms to provide experience in managing different types of funds. They include:

**Town/Village Development Funds**
They are managed by Town or Village Development Committees or Associations for the provision of social amenities, income generation and other community projects.

**Local People's External Development Fund**
They are mobilized by groups outside home localities to fund projects back home.

**Specialized Community Development Funds**
These are CDFs established for special purposes. There are for example two funds set up as limited liability guarantee companies that have been established under the National Non-Conventional Shelter Strategy Programmes to promote local housing development.

**Seed Capital Funds**
These are operated by communities out of monies jointly raised by communities with NGOs and/or Government Agencies for the running of projects.

**Revolving Credit Funds**
They are managed by many small organisations.

**Community Banks**
They are licensed by the Central Bank.

**Susu Funds**
They are traditional micro-level mutual trust savings and credit revolving funds that have been the main stay of the informal sector. They involve hundreds of thousands of, especially, women throughout the country.
DIFFERENT TYPES OF DEVELOPMENT FUNDS IN GHANA
## Differences Between a Community Development Fund and a Bank

<table>
<thead>
<tr>
<th>CRITERIA</th>
<th>BANK</th>
<th>COMMUNITY DEVELOPMENT FUND</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Ownership</strong></td>
<td>Shareholders</td>
<td>Local people and organisations.</td>
</tr>
<tr>
<td><strong>Legal Status</strong></td>
<td>Must be registered as a limited liability company by the Registrar General's Department and by the Central Bank as a bank.</td>
<td>Need to be registered at the Registrar General's Department.</td>
</tr>
<tr>
<td><strong>Services</strong></td>
<td>Financial services to clients and customers.</td>
<td>Financial services to meet social and economic needs of communities and local people.</td>
</tr>
<tr>
<td><strong>Organisational Type</strong></td>
<td>Profit-making; dividend paying concern.</td>
<td>Non-dividend paying; community development concern.</td>
</tr>
<tr>
<td><strong>Clients and Customers</strong></td>
<td>General public.</td>
<td>Residents of local community.</td>
</tr>
<tr>
<td><strong>Funds</strong></td>
<td>Deposits, interests, fees</td>
<td>Donations, deposits, public interests</td>
</tr>
<tr>
<td><strong>Records Keeping</strong></td>
<td>Sophisticated forms, computer</td>
<td>Members' accounts and ledgers.</td>
</tr>
</tbody>
</table>
PREPARATION

When preparing to establish a Community Development Fund it should be ensured that the community is well organised and a good, strong, dynamic and representative leadership is created within the community.

The community has to be well prepared and guided on a continuous and ongoing basis to be involved in activities like:

- community organisation
- awareness creation
- information sharing
- feedback responses
- education and counselling
- decision making
- fund mobilisation and management.

THE ASSESSMENT OF COMMUNITY NEEDS

In community organisation the starting point is an assessment of community needs. This is a process by which the needs of the community residents are identified, analyzed and prioritized. It is a means by which people are contacted individually or in groups to discuss their problems and thus create a collective awareness of problems.

This process also provides guidelines and a framework for the community to discuss how to channel resources and energies in solving its problems.

There are three basic steps in community needs' assessment

- The first step is a survey of the needs of the residents of the community.
- The second step is the assessment of the economic and financial potentials and the capacity of the people and their community.
- The third step involves identifying, potential resources and develop
HOW TO IDENTIFY NEEDS

- Talk first about problems to identify root causes.

- If there is a health problem, people generally talk about sickness, before taking steps to identify the particular disease, eg. malaria.

- A discussion of the problem of mosquitoes is made and then linked to stagnant water and clogged gutters.

- A discussion or study of environmental conditions will then become the starting point for action by the community.

Make a List of Needs

Making a list of problems takes time, but with a little patience and effort, it should become possible to determine priorities of community people. A checklist can help.

Carry out a survey

To put the list of problems into figures, context and content focus on the list. Walk about, look around, talk to interview more people, see things for yourself and count things.
WHAT IS A CHECKLIST?

A checklist allows information gathering in a systematic way. It is usually a list of topics or issues used for recording items observed or counted that needs to be taken into consideration.

A checklist should:

- Determine the information needed
- List topics related to each information need
- Divide each topic or issue into sub-topics, if necessary

HOW TO USE A CHECKLIST?

Some useful tips for good use and maintenance of checklist are:

- Keep a clean updated copy of the initial or master checklist
- Update all checklists and inform their users regularly
- Refer to the master checklist whenever you think that any information gathering activity is complete
- Record reasons for changing items in a checklist
- Keep changes and reasons filed.
### A Sample Checklist of Items for Identifying Community-Felt Needs

<table>
<thead>
<tr>
<th>LIST OF ITEMS</th>
<th>AVAILABLE</th>
<th>NUMBER</th>
<th>OBSERVATIONS AND REMARKS</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>YES</td>
<td>NO</td>
<td></td>
</tr>
<tr>
<td>1. Housing</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Water supply</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Clinic/Hospital</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Doctors/Nurses</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. Schools (units or classes)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Primary</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- JSS</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- SSS</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Vocational/Technical</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Other (specify)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5. Employment/Jobs</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Types of jobs</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Sector</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6. Drainage</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Storm channels</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Gutters</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Drains</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Soakaways</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7. Refuse Disposal</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Refuse sites</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Dumping sites</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Sanitary staff</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Vehicles/Carts</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8. Transport</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Roads</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Lorry stations</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Parking space</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Level of transport fares</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>9. Toilets</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Public toilets</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Private latrines</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>10. Radio/T.V</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>11. Community Centres</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>12. Markets</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>13. Electricity</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Street lightning</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Household lights</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Electricity for economic activities</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
HOW TO ORGANIZE AND CONDUCT MEETINGS

WHAT IS A MEETING?

A meeting is the mean for pulling people and ideas together for action through consensus building and decision making.

TYPES OF MEETINGS

There are two basic types of meetings and conveners will have to decide on the type of meeting they need for each issue. These are:

Open Meetings
These are general meetings which everybody can attend. They may be held in the open air, in public places or large assembly halls. Their main purpose may be to solicit ideas or give information for wider public discussion or to test and sample public opinion.

Closed Meetings
These are held behind closed doors for decisions of more sensitive nature. They are mainly deliberative to consider various options that may be brought to an open meeting. They are attended primarily by elected representatives or nominees of larger bodies or groups.

If meetings are not properly organized they become disruptive. They can lead to demonstrations, fights, violence and divisions. Meetings must therefore be properly organized.

PREPARING A MEETING

The meeting must be properly convened in accordance with existing byelaws. All those participating must be served with adequate notices within a reasonable period, at least two to four weeks, before the date of the meeting. The notice should indicate:

- the kind of meeting;
- the place of the meeting or venue; it should be large enough to accommodate everyone with enough seats, adequate lights and good ventilation;
- the date, day and time of the meeting;
- the business to be transacted during the meeting (agenda);
- details of the business to be transacted (documents, papers, etc).
ORGANIZING AND CONDUCTING THE MEETING

The meeting must have a quorum which is the minimum number of members who must be present as stated in the bye-laws. This quorum should reflect representation of all parties or beneficiaries.

The meeting must be transparent with the chairperson sitting in such a way that he/she:

- sees everyone and is seen by everyone;
- goes through the agenda item by item;
- allows as many people as possible to speak and ask questions without showing partiality or wasting time;
- schedules time for each item on the agenda but allows enough time for discussion and consensus-building;
- controls the meeting;
- avoids domination by a few individuals or prevents parties interested in settling old scores or private agendas;
- manages time since time wastage would prevent some from attending the next meeting;
- summarizes the main issues and conclusions;
- states clearly and checks with participants consensus, agreements and decisions reached;
- states clearly next steps of action;
- solicits volunteers or persons to be selected to perform tasks or follow-up on actions;
- ensures that results of discussions are minuted for record purposes, and copies sent to all participants.
SURVEYS

WHAT ARE SURVEYS?

Surveys are "look, see, count and tell" instruments. They rely on visual methods. Surveys are usually open visual observations of places, things, people or activities. They are used, normally, in the initial stages of investigations.

USES OF SURVEYS

Surveys are conducted with the aid of checklists. They can be used:

■ to obtain initial impressions of the physical and human state of a community or area;
■ to know the details (activities, resources, facilities) of a community or area very well;
■ to identify selected areas or issues for further investigation;
■ to generate ideas to improve upon checklists.

METHODS FOR CONDUCTING SURVEYS

An ideal way for conducting a survey is by walking around the community or area. This provides a first hand information of situations and con-
USING COMMUNITY DEMAND/RESOURCE SURVEYS

Community demand/resource surveys are used in different ways such as:

- unstructured interviews;
- group discussions;
- observations;
- formal, sophisticated interviews and surveys.

OUTCOMES OF COMMUNITY DEMAND/RESOURCE SURVEYS

Community demand/resource surveys provide a community with:

- a profile of its current demand and resource situation;
- baseline data and indicators that the community can use to monitor its progress;
- database for planning in terms of jobs, transportation, schools, health centres, markets, toilets and others.
DEFINING OBJECTIVES

WHAT ARE OBJECTIVES?

These are specific goals designed to change circumstances or situations. They are specific with clear measurable targets in terms of:

- what;
- how;
- where; and
- when.

The objective of a Community Development Fund is to mobilize and manage resources within a community to finance specific activities, such as:

- the improvement and/or provision of community facilities: schools, toilets, markets, drains;
- the granting and recovery of individual loans for the provision and/or improvement of household facilities: toilets, bathrooms, roofing, houses;
- the granting and recovery of loans to finance the enterprises of individuals or groups of individuals within a community.

WHY TO SET OBJECTIVES?

Objectives must be set in order to:

- provide the scope and framework within which to operate;
- enable effective planning and implementation of activities;
- provide a standard against which to assess the progress of the fund and effect control measures;
- represent the broadest possible consensus or rationale of the Community Development Fund.

HOW TO DEFINE OBJECTIVES?

Objectives are defined through a consensus building process involving three steps:

- Firstly, by identifying and building consensus or general agreement on a set of problems or needs facing the whole community. The community needs' assessment tool can be used for this;
- Secondly, by building consensus around a set of options or possible lines of actions for meeting those needs or solving the problems; and
- Thirdly, by agreeing on strategies, ways, approaches and structures to achieve the identified objectives.
DEFINING OBJECTIVES

CONSENSUS BUILDING AROUND PROBLEMS AND COMMUNITY NEEDS

CONSENSUS AROUND POSSIBLE OPTIONS FOR SOLUTIONS

AGREEMENT ON STRATEGIES, WAYS, APPROACHES AND STRUCTURES TO BE USED
RULES AND REGULATIONS OF THE FUND

Rules and regulations shall be determined prior to the registration of a fund. They must be adhered to for the effective operation of the fund. Below is a sample of some basic rules and regulations for a fund which should be adapted to suit the needs of individual communities.

- The fund shall be established for the purposes of providing communal infrastructure and services.
- Beneficiaries shall be contributors to the fund.
- Applications for funds shall be sent to the fund manager.
- All applications shall be screened for compliance with the fund's objectives.
- Collateral security or guarantors must be provided before funds are released.
- The activities of the fund shall be supervised by a management board.
- A bank account shall be opened for the fund.
- Periodic statements and reports on the fund's activities shall be provided to the management board of the fund.
- There shall be an annual general meeting to enable shareholders have an insight into the operations of the fund.
- Any misgivings, problems and complaints in relation to the fund should be directed to the management board.
- No group of persons or individuals shall condone and connive or under any pretext defraud the fund.
- The incomes and property of the fund shall be applied solely towards promoting the objectives of the fund.
- Strategic matters pertaining to the operation and management of the fund shall be decided at the general meetings of shareholders and contributors to the fund.

REGISTRATION

The following have to be determined before the fund can be registered:

- The name of the fund.
- The objective for which it was formed.
- The use to which incomes and properties of the fund shall be applied.
- The legal rights that registration confers on the fund.
- The organ which shall govern the fund and the names of the first persons who shall be elected or nominated to it.
- The liability of the fund.
- The liability of members of the fund.
- Categories of membership (individuals, groups, institutions or corporate bodies).
- Resignation or exclusion of members.
- Subscriptions of members' amounts, due dates.
- Accounts and audit.
- Decision making instruments, general meetings and resolutions.
- Vote of members.
- The composition of the governing body, the executive council, its powers and duties;
- Officers and committees of the fund.
- Seal of the fund.
- Legal service of documents on the fund.
- Interpretation of the registering instrument.

The fund could be registered at the Registrar General's Department under any of these legal forms:

- Registered trustees under the Trustees Act.
- A property holding entity under the Lands Act.
- A private company limited by guarantee under the Companies Code (Act 179)
- A private company limited by liability under the Companies Code

The first three categories of registration provides the fund with a non-profit status and exempts it from paying taxes on its operations.

The Registrar General’s Department must be contacted for advice. The Department has prescribed forms for registering the fund as a Limited Company.

Registration provides many advantages:

- Firstly, it ensures that the fund is a legal entity by itself.
- Secondly, it can sue and be sued;
- Thirdly, it protects the individuals operating it from any legal actions that the fund in its operations may encounter.

Under whatever legal code the fund is registered, it will be given a certificate of incorporation.
# ADVANTAGES AND DISADVANTAGES OF VARIOUS LEGAL FORMS

<table>
<thead>
<tr>
<th>CRITERIA</th>
<th>PRIVATE LIMITED COMPANY</th>
<th>PRIVATE COMPANY LIMITED BY GUARANTEE</th>
<th>PROPERTYHOLDING ENTITY UNDER LAND'S ACT</th>
<th>REGISTERED TRUSTS UNDER TRUSTEES ACT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tax</td>
<td>Operations are taxable</td>
<td>Activities are non-taxable.</td>
<td>Pays property rates</td>
<td>Non-taxable.</td>
</tr>
<tr>
<td>Profit making</td>
<td>Non-profit making entity</td>
<td>Profit making entity</td>
<td>Can mortgage land or interest thereon</td>
<td>Ability to convey, assign and demise any land or property for benefits</td>
</tr>
<tr>
<td>Liability</td>
<td>The liability of shareholders is limited to the amount of share-capital in the company</td>
<td>Guarantors are liable for company in case of liquidation or winding up.</td>
<td>The rights of the proprietor are indefeasible unless valuable consideration is given.</td>
<td>There is perpetual succession.</td>
</tr>
<tr>
<td>Subscription of shares</td>
<td>Offers shares for public subscription and can increase it at any given time.</td>
<td>Offers shares for public subscription but cannot increase it without the consent of other shareholders.</td>
<td>Provides for the transfer of land or interest.</td>
<td>Property is held in trust for trustees.</td>
</tr>
<tr>
<td>Memberships</td>
<td>Membership is limited to between 2-50 people at a given time</td>
<td>Membership is unlimited.</td>
<td>Places no restrictions or obligations on prospective purchaser.</td>
<td>Power to hold and acquire property for any body or association.</td>
</tr>
<tr>
<td>Rights</td>
<td>Rights and obligations are enshrined in the company's code.</td>
<td>Rights are prescribed by the regulations of a company limited by guarantee.</td>
<td>Provides for overriding interests which can be enforced whether or not registered.</td>
<td>Has the right to sue and be sued.</td>
</tr>
<tr>
<td>Registration</td>
<td>Must be registered under the companies code and be issued with a certificate of incorporation.</td>
<td>Must be registered at the registrar general's department and be provided with a certificate of incorporation before operating.</td>
<td>Imposes an obligation on the proprietor of any property to register with the land registrar and be issued with a land certificate or provisional certificate before any dealings on the land.</td>
<td>Must be duly registered under the trustees act.</td>
</tr>
</tbody>
</table>
OPENING AND OPERATING A BANK ACCOUNT

OPENING A BANK ACCOUNT

- After registration the fund will have to open and operate an account with a viable branch of a reputable commercial bank.
- Procedures for operating accounts may differ from bank to bank. But they all have some basic elements such as the name, address and legal status of the fund. The bank requires copies of the instruments of incorporation which include:
  - the certificate of incorporation, constitution or founding regulations,
  - a resolution of the policy and decision-making organ authorizing the opening of the account and indicating the names and positions of persons designated to operate the account on behalf of the fund with their specimen signatures.
- After fulfilling the above conditions, the fund account will become operational. Two kinds of accounts can be operated: the savings and current accounts.

OPERATING A BANK ACCOUNT

The operation of a bank account depends on the type of account established. These are savings or current accounts.

OPERATION OF A SAVINGS ACCOUNT

- For a savings account a savings book is issued by the bank in which payments and withdrawals are recorded.
- The bank periodically pays interests on the amount deposited.
- Savings accounts are used normally to keep large amounts that may lie idle for sometime.
- It is often used as a form of investment. There are, however, better ways of investing such monies. Banks and other financial institutions give advice on this.

OPERATION OF A CURRENT ACCOUNT

- The current account is used for day to day transactions and withdrawals can frequently be made.
- The bank charges commissions and costs on transactions.
- The customer is issued with a cheque book and two pay-in-slip booklets, one for cash and the other for cheque payments into the account.
- A cheque book containing cheque forms specially designed by the bank must be used for payment and withdrawal.
- The cheque book can be issued to any person for any amount, and thus saves the user from carrying large sums of money around and protects against thefts.
The cheques book must, therefore, be kept safely.
It must be used to guard against fraud and forgeries, in accordance with bank instructions and guidelines such as:

- The cheques apply only to the bank account for which they have been prepared. Customers must not permit their use on any other account.

- Cheques should be drawn on the forms supplied by the bank.

- Material alterations on a cheque must be authenticated by drawers' full signature(s). Initials are not enough.

- The amount of the cheque both in words and figures should begin as far as possible over to the (margin) left of the space provided so that other words or figures cannot be inserted. Vacant spaces should be ruled through.

- A drawer can request the bank to stop payment of a cheque that has been issued by giving its number. This is important in cases of theft or loss of the cheque book.
ORGANS OF A COMMUNITY DEVELOPMENT FUND

GENERAL ASSEMBLY

STATUS
The General Assembly is the highest decision-making instrument. By law the first General Assembly of shareholders shall be held 15 months after the establishment of the fund. Thereafter it shall meet annually and review the activities and operation of the fund.

FUNCTIONS
The General Assembly shall amongst others:

- Perform or authorise all actions necessary to achieve the aims of the fund.
- Represent the fund in all transactions within and outside its community.
- Formulate policies to ensure the smooth running of the fund.
- Receive the Fund Manager’s report on the fund’s operation for the year ending, approve the report and decide on subsequent action.
- Receive the financial statement of the fund’s operation for the year ending, approve it and decide on appropriate action to take.
- Receive the auditor’s report.
- Declare surpluses or losses.
- Elect officers.
- Conduct any other business of the fund.

All matters at the General Assembly shall be decided on by voting. Voting is the process of expressing an opinion for or against an issue at stake. This can be done in a number of ways:

- **Open Ballot**: Voting by a show of hands when members raise their hands to give their opinion over an issue and are counted to find out the number supporting or those not in favour.
- **Secret Ballot**: Where members express their opinion by writing on a piece of paper which is collected in a box for counting.
- **Acclamation**: Where by voice voting is declared unanimously.

COMPOSITION
The General Assembly shall be composed of:

- Shareholders
- Stakeholders
- Individuals
- Groups
- Institutions
- General Members

\[Cedín\ - PADEP/GTZ\]
\[CENTRO\ de Información y Documentación\]
THE EXECUTIVE COUNCIL

STATUS
The Management Board of the fund shall be known as the Executive Council. Members to the Council shall be elected by a General Assembly of contributors and shareholders and must receive at least 2/3 majority votes. There shall be 7 elected members and 5 ex-officio members to the council from the General Assembly.

FUNCTIONS
The council shall:
- Review the funds’ strategies and reports and make recommendations.
- Call an annual general meeting 3 months after the end of the financial year.
- Present the financial report and accounts of the preceding year to the General Assembly.
- Supervise the activities of the fund.
- Pay all the initial expenses incurred in the promotion and registering of the fund.
- Exercise the powers of the fund including powers to borrow, mortgage or charge its property.
- Co-ordinate the activities of the fund within the settlement and maintain links with relevant external agencies.
- Appoint such other officers and agents as may be necessary or expedient for the effective operation of the fund.
- Appoint the Fund Manager.

QUALIFICATIONS
- Elected members will be contributors to the fund with different occupations.
- Ex-officio members would be eminent citizens of the given community residing preferably within the community with relevant expertise, knowledge, skills, attitudes and values that can be tapped on for the successful management of the fund.
- Candidates presenting themselves for elections must have shown an active interest in the activities of the fund.
- All prospective candidates must be adults of sound mind and should have lived continuously in the community for the past 3 years and should be gainfully employed.
CHAIRMAN
The Executive Council shall, in consultation with the General Assembly at its first meeting, elect from its membership a chairman for the fund who would hold office for the ensuing year or until successors are elected.

Functions
The Chairman shall:
- Chair all meetings of the fund.
- Ensure that meetings are properly convened, constituted and a quorum obtained and maintained throughout proceedings.
- Ensure that all shades of opinion are expressed on an issue before decisions are taken.

Qualifications
- Must be a permanent resident and not less than 35 years of age and of good standing in the community.
- Must have basic knowledge in financial management with leadership qualities.
- Must not be convicted of fraud or embezzlement and must be of integrity and must be industrious.
- Must be regular contributor to the fund and its activities.

SECRETARY
The Executive Council shall, in consultation with the General Assembly, appoint a Secretary for the fund, who would hold office for the ensuing year or until other appointments are made.

Functions
The secretary shall:
- Be charged with the responsibility of keeping the statutory books of the fund, i.e. register of members, regulations of the fund, minutes books, Articles of Incorporation etc.
- Be responsible for sending out notices and agenda for meetings.
- Write the minutes during meetings and ensure that decisions are effected.
- Ensure that individual contributions and donations are properly registered with the fund and deposited in the fund’s bank account.
- Organise the meetings of the fund and ensure that notices are sent to members.
- Be the public relations officer of the fund.
- Ensure the implementation of decisions by the Executive Council.
- Perform such other functions as shall be assigned.
Qualifications
- Must not be less than 21 years of age, and a permanent resident of good standing in the community with leadership qualities.
- Must be able to take down minutes of meetings
- Must be a contributor to the fund.

COMMITTEES OF THE EXECUTIVE COUNCIL
The Executive Council shall form various committees, standing or ad hoc to assist it in its tasks, especially, in the organization of the fund, the mobilization of funds, loan disbursement and recovery, and the monitoring of fund activities.
The committees’ terms of reference shall be provided by the Executive Council to whom it shall be accountable. Membership of such committees shall be drawn from the General Assembly. Some of the committees shall be:

FINANCE COMMITTEE
The committee shall not be too large consisting of 7-9 members.

Functions
The finance committee shall:
- Be responsible for organizing and mobilizing funds and investigating acts of financial impropriety.
- Provide periodic reports to the Executive Council.
- Prepare financial evaluations by determining appropriate loan values and repayment schedules.
- Identify appropriate sources and means to ensure the implementation of fund raising strategies for the realization of set objectives.
- Monitor the fund’s financial operations to guard against deviations from set objectives and maintain prudent liquidity ratios.

Membership Qualifications
- Members must have knowledge and expertise in financial management. They must be contributors to the fund.

INVESTMENT COMMITTEE
This committee shall be small consisting of 4-5 members who will carry out the following functions and report to the Executive Council.
Functions
The investment committee shall:
- Establish targets for investments.
- Carry out feasibility studies to identify investment opportunities and decide on activities in which the fund can invest.
- Establish contacts for technical advice.
- Monitor the implementation of investment activities.
- Ensure the preparation and submission of reports on investments activities.
- Establish prospects for future expansion and ensure an effective management of investment activities.

Membership Qualifications
- Members must be industrious and innovative individuals with entrepreneurial skills who are contributors to the fund.

FUNDS LOAN COMMITTEE:
This is a small committee of 3-5 members who shall report to the Executive Council.

Functions
- Responsible for recommending all loan disbursements.
- Ensure that all loan applications have been properly processed.
- Determine repayment schedules, installment and interest rates.
- Report periodically to the Executive Council the status of the loan portfolio.

Membership qualifications
Fund loans committee members must be contributors to the fund. They must be independent thinkers.

STAFFING

The community must ensure that its day to day management is in the hands of a competent staff. The selection of these staff persons must be done by the Executive Council in consultation with the General Assembly of contributors and shareholders.

The minimum number of staff a Community Development Fund could have, depending on the community, may comprise a Fund Manager, an Administrative Officer and an Office Clerk. However, as the Fund grows accounting and auditing staff could be appointed. The Executive Council in conjunction with the General Assembly shall prepare job descriptions and job specifications. Appointment letters or contracts detailing conditions of service must be prepared. These must contain provisions
dealing with breaches of contract arising from fraud, embezzlement of funds, mismanagement, corruption or mental disorders, reprimands or termination of contract.

FUND MANAGER

Functions
The fund manager shall:
- Carry out the day to day management of the fund and be directly responsible to the Executive Council.
- Draw action plans to ensure that the goals and objectives of the fund are achieved and sustained according to the policies and decisions of the Council.
- Organise or arrange for resources, equipment and machinery for the efficient and effective investment and utilization of funds.
- Supervise and direct the activities of Fund staff and ensure their remuneration.
- Ensure that proper books of accounts and records are kept and maintain the assets of the fund.
- Safeguard the assets of the fund.
- Provide financial and periodic reports on the operation of the fund to the Council and advise on prudent investment/liquidity ratios.
- Devise new strategies and sources for fund mobilisation.
- Set schedules and priorities for work, interpret statistics and data on results and costs.

Qualifications
He shall:
- Have basic qualification in management and administration with at least 5 years working experience in a senior position in a similar or related field.
- Have accounting skills.
- Be of integrity with no criminal record for fraud or embezzlement.
- Be a contributor to the fund.

ACCOUNTANT

Functions
The accountant shall be:
- Responsible for fund disbursement and recovery under the supervision of the Fund Manager.
- Prepare and maintain the books of accounts.
- Keep an accurate record of all financial transactions and contracts undertaken by the fund.
■ Oversee quick and timely fund recovery.
■ Prepare and submit periodic financial reports for audit and review of the fund operation.

Qualifications
He shall:
■ Have qualification in accounting with three years working experience in a reputable organization.

ADMINISTRATIVE OFFICER

Functions
The administrative officer shall:
■ Be responsible for all administrative, clerical and secretarial duties of the fund;
■ Keep the time for appointments and meetings.
■ Keep accurate records of reports, correspondence, documents and minutes of meetings.
■ Process forms, reports and disseminate information.

Qualifications
■ Must have worked in a similar position for not less than two years and must be able to type at least 40 w.p.m.

AUDITOR

Functions
The auditor shall have the following functions:
■ Assess the efficiency of all aspects of the operations of the fund and make recommendations to the fund Manager to whom she/he shall be responsible.
■ Liaise with the Fund Manager to determine the cost-effectiveness,
■ Prepare and update audit manuals and reports on audit activities, highlighting weaknesses and remedial actions required.
■ Prepare quarterly audit reports.
■ Ensure proper accounting, management information and internal audit control.
■ Develop and implement programmes to ensure the integrity of record-keeping and the achievement of a sound financial system.
■ Develop and recommend suitable systems and procedures of internal control for achieving the required safeguards.

Qualifications
■ Have qualifications in accounting and auditing with three years working experience in a reputable organization.
CDF MANAGEMENT SYSTEM

Planning

Coordinating

GENERAL ASSEMBLY

Organising

EXECUTIVE COMMITTEE

Controlling

Finance Committee

Investment Committee

Loan Committee

STAFF
(Policy Implementation Body)

Mobilising

Leading

Accountant

Auditor
PROCEDURES FOR MANAGING COMMUNITY DEVELOPMENT FUNDS

This is the process by which the operations and activities of the fund are carried out in a gradual, regulated and orderly manner.

It involves five basic procedures: planning; organising; mobilizing; leading; controlling and coordinating people, materials, and resources in a way that enables the objectives of the fund to be met in the most effective, efficient and economic manner.

The steps for doing this include establishing management systems based on:

- The Membership (Individuals, groups and institutions who form the General Assembly - the supreme decision and policy making body - of the fund;
- The Officers (Chairman, Secretary, Treasurer);
- Organs of the fund - the Executive Council and Committees who formulate and oversee the implementation of policy, and
- The Staff who in accordance with their number, levels, terms and conditions of service implement the policies, objectives and operations of the fund.

The management systems generate information necessary for the efficient management of the fund. These are:

- Information on the financial operations of the fund: This provides information on monies receivable, loans, funds and deposits, savings on reserves, monies written off, portfolio yield rates, cost per unit money lent, total fund operating balance and fund closing balance and cash reserves.
- Information on the administration and management of the fund: This provides information on personnel, office expenses and other overhead costs, and the non-financial activities of the fund. These pieces of information are normally put together in two reports, namely:
  - Activity Report
  - Financial Report

These reports have to be submitted to the Executive Committee and the General Assembly which receives all final reports and decides on appeals from individuals and groups who are aggrieved in the course of the fund operations and also reviews and decides on the policies and activities of the fund.
APPLICATION FORM (EXAMPLE)

ALONTEMAN NEIGHBOURHOOD DEVELOPMENT ASSOCIATION
P.O. BOX 101 ALONTEMAN, ACCRA

24TH JANUARY 19...

THE FUND MANAGER
ACCRA COMMUNITY DEVELOPMENT FUND
BOX Q1345, ACCRA.

Dear Sir/Madam,

APPLICATION FOR LOAN

The Alonteman Neighbourhood Development Association wishes to apply for a loan in the amount of $300,000 from the Accra Community Development Fund.

The loan will be used for the purpose of roofing the workshop of the Alonteman Junior Secondary School. The project is being undertaken by the community residents in 3 phases. The loan requested will be used during phase 2 which begins in April this year.

We have mobilised $150,000 towards phase 1, the construction of the main building which would be completed in March and hope the loan will enable us roof the building before the rains begin in May.

We are ready to call on you to discuss the terms and conditions of the loan.

Thanks for your cooperation.

Yours faithfully,

Secretary.
LOAN CONDITIONS

- The loan must be used for purposes that will enhance and improve development of the community and/or its members.
- The loan must be used for the stated purposes only and not diverted to other uses.
- The use of loan should meet the needs of a large number of community people.
- The amount of loan to be provided will depend on the type of development project or activity being undertaken.
- The rate of interest will be determined in accordance with the prevailing commercial value of national currency.
- Loan disbursements shall be scheduled according to the duration of the project/activity, the availability of monies in fund accounts, and current default/delinquency rates.
- Repayment of loans shall be done either in full or by installments as determined by the fund loans committee.
- Stiff penalties shall be instituted against defaulters.

SECURITY AND SANCTIONS

SECURITIES
Prospective applicants for loans must provide guarantors who will undertake to repay the loan in case of a default. The guarantors should have immovable properties that could serve as collateral or security. They must provide the following information:

- Name.
- Current Address.
- Occupation.
- Name of Bank/Fund with savings or current account number.

SANCTIONS/PENALTIES
The Community Development Fund shall display and inform all customers on the range of sanctions which shall be imposed according to the severity of default.
SUMMARISED RECORDS TO LOAN APPLICATION

Age/Years in Existence: Ten (10) Years

Address: P.O. Box 101, Alonteman, Accra

Amount of loan requested: ¢ 300,000

Purpose of loan: To build a Junior Secondary School Workshop

Date Needed: 24th January 19.

Monthly Repayment Capacity: 35,000 cedis

Existing payment obligations:

(1) Wantoman Building Contractors 200,000 cedis at a monthly payment rate of 15000 cedis

(2) Ghana Commercial Bank: 2 million cedis

Guarantors: Mana Community Association, P.O. Box 21, Mana, Eastern Region

Signature: E.K Dodoo
PERSONAL GUARANTEE FORM

A personal guarantee should be provided as indicated in the following form:

To: The Manager
The Community Development Fund, Accra

Date: 24th August 19.

In consideration of your granting of loan to the sum of ₦200,000 to Malam Youth Club, we the undersigned Mark Addo and Ebo Smith of Penang Development Association having satisfied ourselves as to the conditions of the above loan, undertake to repay on demand the said loan with interest thereon at the rate of 20% per annum, unconditionally in case of default on the part of the borrower.

SIGNATURE/THUMB PRINT
1st guarantee (Mark Addo)

SIGNATURE/THUMB PRINT
2nd Guarantee (Ebo Smith)

SIGNATURE of 1st Witness............................

Name of 1st Witness: Mrs Mavis Annan
Address: P.O Box 030, Accra

SIGNATURE of 2nd Witness:.........................

Name of 2nd Witness: Mr Patrick Saka
Address: PO Box 145, Accra
OFFER LETTER (EXAMPLE)

When loans are ready to be granted, offer letters are sent to applicants spelling out the terms and conditions of the facility. These terms and conditions include repayment modalities. It is expected that applicants will honour their financial obligation without the use of force. An offer will specify:

- The amount of loan to be provided.
- The period.
- The rate of interest.
- Repayment schedule.
- Sanctions to be imposed in case of a default.

Below is a sample offer letter:

ACCRA COMMUNITY DEVELOPMENT FUND
P.O.Box Q 1345,
Accra

3 March 1998

The Secretary
Alonteman Neighbourhood
Development Association,
P.O.Box 101
Alonteman,
Accra.

Dear Secretary,

OFFER LETTER

I am happy to inform you that your loan application of 300,000 cedis has been approved subject to your acceptance of the following conditions:
1. That the loan be used exclusively for the roofing of the alonteman Junior Secondary school workshops.
2. The duration of the loan is 12 months and repayment shall begin from April 1, 1999.
3. The loan shall attract an interest of 15% per annum at 12 monthly installments of ¢ 28,750.
4. In case of default the Fund shall place a lien on your association’s motor vehicle.

If these conditions are satisfactory, the officers should call at your offices on Tuesday, April 4th 1998 to sign the relevant documents for the release of the loan.

Yours sincerely

Fund Manager
The Fund Manager has to prepare a repayment schedule in collaboration with the borrower. The schedule will show the date for repayment, the outstanding balance, installment due, rate of interest and the total amount due. This will serve as a guide for loan recovery by the accounting officer or his representative.

<table>
<thead>
<tr>
<th><strong>BORROWER:</strong></th>
<th>MARTIN ADJEI</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>AMOUNT REQUESTED:</strong></td>
<td>¢ 50,000</td>
</tr>
<tr>
<td><strong>PURPOSE OF LOAN:</strong></td>
<td>House Improvement</td>
</tr>
<tr>
<td><strong>AMOUNT GRANTED:</strong></td>
<td>¢ 12,000</td>
</tr>
<tr>
<td><strong>DATE GRANTED:</strong></td>
<td>4th February 1996</td>
</tr>
<tr>
<td><strong>PERIOD GRANTED:</strong></td>
<td>1 Year</td>
</tr>
<tr>
<td><strong>RATE OF INTEREST:</strong></td>
<td>10 % per annum</td>
</tr>
<tr>
<td><strong>GRACE PERIOD:</strong></td>
<td>2 months</td>
</tr>
<tr>
<td><strong>MODE OF REPAYMENT:</strong></td>
<td>Monthly instalment of ¢ 1055</td>
</tr>
<tr>
<td><strong>1ST INSTALMENT DUE:</strong></td>
<td>30th April 1996</td>
</tr>
<tr>
<td><strong>LAST INSTALMENT DUE:</strong></td>
<td>31st March 1997</td>
</tr>
</tbody>
</table>
FUNDS DISBURSEMENT

Disbursements are the allocation of monies provided by the Community Development Fund to meet various financial obligations including the granting of loans to community groups and/or individuals. Fund disbursements can be made as:

- Grants for the provision of social services.
- Loans to boost the economic ventures of individuals within the community.
- Loans to neighbourhood associations.
- Loans for household improvements.
- Investments.

The priorities of the Community Development Fund must be well defined to enable it allocate monies in a manner that will help sustain the fund. Criteria must be set to assess loan applications. Applicants must be regular contributors to the fund. These could be based on information such as:

- Name of applicant(s).
- Age.
- Number of years of experience.
- Repayment capacity and financial data on group, neighbourhood or individual.
- The membership or number of dependents.
- The amount of loan required.
- The anticipated repayment plan.
LOAN RECOVERY REGISTER

A register of all loans granted to individuals and groups must be maintained. This should be kept by the fund management for periodic reviews to ascertain when repayments are due or overdue. Below is a sample Loan Recovery Register.

<table>
<thead>
<tr>
<th>No.</th>
<th>Date and address of borrower</th>
<th>Loan amount requested/purpose</th>
<th>Loan granted date</th>
<th>1st installment date</th>
<th>2nd installment date</th>
<th>Mode of repayment</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Dua Residents Box 1040, Onaka, Western Region</td>
<td>€ 250,000 for sewing machines for the Dua Vocational Training Centre</td>
<td>30/1/96</td>
<td>€ 240,000</td>
<td>31/1/96</td>
<td>€ 21,000</td>
</tr>
<tr>
<td>2</td>
<td>Tumtumi Furniture Workers Cooperative Box 0130, Onaka, Western Region</td>
<td>€ 500,000 for carpentry</td>
<td>25/3/96</td>
<td>€ 48,000</td>
<td>28/3/946</td>
<td>€ 42,000</td>
</tr>
</tbody>
</table>

Repayment includes a 10% interest added to the initial loan granted.
GUIDELINES FOR ESTABLISHING AND OPERATING A COMMUNITY DEVELOPMENT FUND

MONITORING OF LOAN UTILISATION
AND REPAYMENTS

Repayments and arrears can be monitored by:

- Checking the financial records of the fund.
- Examining records for evidence of non-payment and defaulters.
- Reminding borrowers of repayment schedule.
- Paying regular follow-up visits to borrowers.

√ Where repayment is delayed, the period for payment may be rescheduled and sufficient time given to enable defaulters pay up. This will depend on the volume of loan granted (i.e. the greater the loan amount, the longer the grace period) and proof of the defaulter’s ability to repay.

√ When it is established that a defaulter cannot repay after the grace period has been given, the fund management may use peer group / community pressure or collateral or consider as a last resort imposing sanctions and penalties.

√ The fund may establish a monitoring team that will pay periodic or follow-up visits to individual/group projects to ascertain their progress and to determine whether the projects are successful.

PEER GROUP/COMMUNITY PRESSURE

Where repayment is delayed or loans unduly used, the fund management could solicit the assistance of prominent community leaders, groups or individuals to put pressure on the borrower to pay. Since the fund is for the community, they stand as watchdogs to ensure that there is no misuse of community funds and that the objectives and purpose of the fund are adhered to. Where this fails, the fund management will call on the guarantors to honour their obligation.
GUIDELINES FOR ESTABLISHING AND OPERATING A COMMUNITY DEVELOPMENT FUND

22

Tool

Shoe maker

Farmer

Market

Market trader

Butcher
Funds Raising

A Community Development Fund is created primarily out of funds raised from within the locality. Various groups - households, clans, family associations and residents - should be motivated and educated on the benefits of the CDF to enable them contribute and register with the fund.

Households may, for instance, be required to pay fixed deposits into the fund while individual community members who register with the fund would pay sums in installments.

Registration fees and other monthly levies/dues could be instituted to cover, for example, administrative cost of the fund to avoid drawing on the endowed capital.

Here are some suggested strategies for mobilizing funds:

- Residents contributions,
- donations,
- levies,
- special appeal for funds,
- Specially designated revenues, raffles etc.

Ideally, funds could be invested in bonds, stocks and shares.
ANNEX

MODEL CONTRACT FOR FUND MANAGERS

ASSIGNMENT:
Mr Odam shall not assign, borrow, mortgage or change its property or issue debentures without prior written consent of the Executive Council.

WAIVERS
None of the provisions of this agreement shall be considered as waived by either party unless the same is done in writing, and signed by the duly authorized representative of the party granting the waiver.

WHEREFORE THE PARTIES hereto by their duly appointed representatives sign this agreement.

Signed by:

NAME: MR. L.K. ODAMI
Position: FUND MANAGER

Signature: __________________________
DATE: 22/08/94
FOR AND ON BEHALF OF
COMMUNITY DEVELOPMENT FUND (CDF)

In the Presence of

Name: MR. M.K BEDIAKO

Address: COMMUNITY DEVELOPMENT FUND
PRIVATE MAIL BAG, ACCRA

Signature: __________________________
DATE: 22/08/94
MODEL CONTRACT

CONTRACT FOR ..............................................................
This agreement is entered into this ----- of ------ in the year ----- between the CDF on one part and ------------- on the other.

Whereas the ---- is desirous of appointing ---------- as the manager of the fund and whereas --------- warrants that he has the requisite qualification, ability and competence to perform and provide the services needed subject to the terms and conditions set forth in this Agreement,

IT IS THEREFORE AGREED AS FOLLOWS

1. APPOINTMENT

The ---- hereby appoints --------- as ------------ to plan, organise, direct, supervise and co-ordinate all the activities and operations of the Community Development Fund in accordance with provisions of this agreement.

2. DURATION

The appointment of --------- as ---------- shall cover the period of two calendar years from ------------ in the first instance and shall be subject to renewal upon agreement by the General Assembly.

3. JOB DESCRIPTION:

The Fund Manager shall
1. Be responsible for the day to day management of the fund and will be directly accountable to the Executive Council.
2. Draw action plans to ensure that the goals and targets of the fund are sustainably achieved.
3. Organise or arrange resources, equipment and machinery for the efficient and effective investment and utilization of funds.
4. Supervise and direct the activities of fund staff and ensure their remuneration.
5. Ensure that proper books of account and records are kept and maintained.
6. Provide periodic financial reports on the operation of the fund to the Executive Council and advise on prudent investment/liquidity ratios.
7. Devise new strategies and sources for fund mobilisation.
8. Set schedules and priorities for work, interpret statistics and data on results and costs.
POSSIBLE SOURCES FOR SEEKING ADVICE

Community leaders should seek advice and assistance extensively on strategies for fund investment possibilities, fund management costs, criteria for the selection of fund staff, etc. The following can be contacted:

- Susu operators both within and outside the communities.
- Community/Rural Banks.
- Commercial Banks.
- Benevolent organisations.
- NGOs.
- Bank of Ghana.
- Retired Bankers Accountants, Economists etc.
- Town Development Committees and Associations.
- Traditional Councils.
- Executives of CBOs/Grassroot political organisations.
- Religious bodies.
- Influential and/or well to do community personalities.
- Heads of family/clan houses and community residents.
- Business and commercial houses.
- Financial Institutions.
- Community residents.
- District/municipal or metropolitan authorities.

Some specific organizations that can be contacted are on the next page.
Some specific organizations that can be contacted

<table>
<thead>
<tr>
<th>Name of Institution</th>
<th>Address</th>
<th>Phone/Fax</th>
<th>Contact Person</th>
</tr>
</thead>
</table>
| La Mansaamo Kpee    | P.O. Box A92 Labadi Accra | 760689/772298 | The Chairman \  
The Managing Director |
| Centre for Community Studies, Action and Development (CENCOSAD) | P.O. Box X22 Jamestown Accra | 233637 Fax 665960 662680 244002 | The Executive Director |
| Ghana Association of Private Voluntary Organizations in Development (GAPVOD) | P.O. Box 135, Accra | 773421 | The Chairman |
| Ghana Commercial Bank | P.O. Box 138, Accra | 663964 | Chief Manager |
| Bank of Ghana | P.O. Box 2674, Accra | 666902/21 666361 666174 665235 | Chief Research Officer |
| Agricultural Development Bank | P.O. Box 4191, Accra | 662846 662803 662912 | Chief Project Officer |
| Ghana National Trust Fund | 2nd Floor, MBC BLDG, TUDU, ACCRA P.O. Box M.48 Accra | 666654 | The Executive Secretary |
| The Ghana Book Trust | c/o Ghana Library Board Central Library 28th February Road P.O Box 653 Accra | 666337 662795 665083 | The Director |
| Social Security and National Insurance Trust | P.O Box M 149, Accra | 228831 228886 228869 228873 | Head of Projects |
| Registrar General's Department | P.O Box 118 Accra | 662043 | The Registrar General |
POSSIBLE SOURCES FOR SEEKING ADVICE

Community leaders should seek advice and assistance extensively on strategies for fund investment possibilities, fund management costs, criteria for the selection of fund staff, etc. The following can be contacted:

- Susu operators both within and outside the communities.
- Community/Rural Banks.
- Commercial Banks.
- Benevolent organisations.
- NGOs.
- Bank of Ghana.
- Retired Bankers Accountants, Economists etc.
- Town Development Committees and Associations.
- Traditional Councils.
- Executives of CBOs/Grassroot political organisations.
- Religious bodies.
- Influential and/or well to do community personalities.
- Heads of family/clan houses and community residents.
- Business and commercial houses.
- Financial Institutions.
- Community residents.
- District/municipal or metropolitan authorities.

Some specific organizations that can be contacted are on the next page.
### Some specific organizations that can be contacted

<table>
<thead>
<tr>
<th>Name of Institution</th>
<th>Address</th>
<th>Phone/Fax</th>
<th>Contact Person</th>
</tr>
</thead>
<tbody>
<tr>
<td>La Mansaamo Kpee</td>
<td>P.O Box A92 Labadi</td>
<td>760689/772298</td>
<td>The Chairman</td>
</tr>
<tr>
<td></td>
<td>Accra</td>
<td></td>
<td>The Managing Director</td>
</tr>
<tr>
<td>Centre for Community</td>
<td>P.O. Box X22 Jamestown</td>
<td>233637</td>
<td>The Executive Director</td>
</tr>
<tr>
<td>Studies, Action and Development (CENCOSAD)</td>
<td>Accra</td>
<td>Fax: 665960</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>662680</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>244002</td>
<td></td>
</tr>
<tr>
<td>Ghana Association of Private Voluntary Organizations</td>
<td>P.O. Box 135,</td>
<td>773421</td>
<td>The Chairman</td>
</tr>
<tr>
<td>in Development (GAPVOD)</td>
<td>Accra</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ghana Commercial Bank</td>
<td>P.O. Box 138,</td>
<td>663964</td>
<td>Chief Manager</td>
</tr>
<tr>
<td></td>
<td>Accra</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bank of Ghana</td>
<td>P.O. Box 2674,</td>
<td>666902/21</td>
<td>Chief Research Officer</td>
</tr>
<tr>
<td></td>
<td>Accra</td>
<td>666361</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>666174</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>665235</td>
<td></td>
</tr>
<tr>
<td>Agricultural Development Bank</td>
<td>P.O.Box 4191,</td>
<td>662846</td>
<td>Chief Project Officer</td>
</tr>
<tr>
<td></td>
<td>Accra</td>
<td>662803</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>662912</td>
<td></td>
</tr>
<tr>
<td>Ghana National Trust Fund</td>
<td>2nd Floor, MBC BLDG,</td>
<td>666654</td>
<td>The Executive Secretary</td>
</tr>
<tr>
<td></td>
<td>TUDU, ACCRA P.O. Box M.48 Accra</td>
<td></td>
<td></td>
</tr>
<tr>
<td>The Ghana Book Trust</td>
<td>c/o Ghana Library Board</td>
<td>666337</td>
<td>The Director</td>
</tr>
<tr>
<td></td>
<td>Central Library 28th February Road P.O Box</td>
<td>662795</td>
<td></td>
</tr>
<tr>
<td></td>
<td>663 Accra</td>
<td>665083</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Social Security and National</td>
<td>P.O Box M 149,</td>
<td>228831</td>
<td>Head of Projects</td>
</tr>
<tr>
<td>Insurance Trust</td>
<td>Accra</td>
<td>228886</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>228869</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>228873</td>
<td></td>
</tr>
<tr>
<td>Registrar General's Department</td>
<td>P.O Box 118 Accra</td>
<td>662043</td>
<td>The Registrar General</td>
</tr>
</tbody>
</table>