

SOCIO-ECONOMIC DEVELOPMENT IMPACT

Development Impact

During the year under review RHLF disbursed a total of 40,289 (2010: 33,112) loans to borrowers in all nine Provinces of South Africa and the total value of these loans was R224 million. Borrowers use these loans to incrementally improve their housing and living conditions.

The government announced the designation of Rural Nodes in 2001 which served as pilot for the implementation of Integrated Rural Development Programme. In 2009, the government launched the Comprehensive Rural Development Programme, which is essentially the new government Programme to implement rural development. Since 2005, RHLF has been tracking loans disbursed to the rural nodes. The purpose is to monitor the extent to which intermediaries are enabling RHLF funds to reach deep rural areas prioritised by Government. During this year, 16 799 (2010: 12,264) loans were disbursed to the Rural Nodes with a total value of R81.5 million (2010: R49 million) returning to the levels of lending to the rural nodes last seen in 2009.

RHLF monitors the loans through the housing impact monitoring reports that are submitted by intermediary

lenders on a monthly basis. Key variables that are monitored include loan usage, gender of borrowers and borrowers' income levels. Of the 40,289 loans disbursed, 85% (2010: 84%) was used for a housing related purpose, including buying a new house, extension of an existing house, home improvement and connecting to services (water and electricity). 58% (2010: 59%) of loans went to females—an indication that RHLF consistently enables women to have access to finance so that they can improve living conditions of their households. A significant majority of loans, 60% (2010: 62%) went to borrowers earning R3, 500 and below. Although the upper income limit for borrowers was increased to R9, 800 during the year, RHLF and its retail partners continued to focus on the lowest end of the market thus enabling financial inclusion of the working poor.



Building Advice Handbook

RHLF produces the Building Advice Handbook which intermediary partners make available to borrowers at no cost. As the borrowers are mainly involved in self-help housing extensions and home improvements, the Handbook enables borrowers to avoid common building problems. In addition, the Handbook provides advice about energy efficiency housing. Importantly, the Handbook also provides sound advice on household budgeting. RHLF would like to see borrowers taking incremental loans that they can afford to repay, and therefore understanding the necessity of a family budget is critical.

Job Creation

RHLF contributes to job creation at two levels—community level and retail intermediary level. At community level, borrowers normally hire local builders to help them build their houses or effect various improvements to their homes. This may be informal employment which is temporary in nature, but the payment received by local artisans help them to address their households' needs. At the second level, retail intermediaries that RHLF supports as at the end of March 2011 employed permanent staff of 2946 and 1920 commissioned field agents—thus creating a total of 4866 (4987: 2010) job opportunities.

Corporate Social Responsibility

RHLF supports various initiatives by the Government, both National and Provincial, which are not necessarily related to its lending business. RHLF annually supports Rally-to-Read, an initiative by Financial Mail and McCarthy that coordinates distribution of library boxes to rural schools across South Africa. This project goes a long way in enhancing literacy and reading of learners in rural schools. RHLF sponsors one or two library boxes for rural schools in order to contribute to the general improvement to the quality of life in rural areas.

Procurement

RHLF's procurement policy is compliant with the Preferential Procurement Framework Act and BEE requirements. RHLF suppliers comply with the prescripts of these two pieces of legislation.

Environment Impact

Since inception, RHLF made it clear that it does not fund asbestos products—a non-issue today because asbestos products are legally prohibited in South Africa. In general, RHLF business entails enabling access to housing finance to people who want to improve housing conditions where they currently live, including these on communal land. In the process of improving living conditions, RHLF promotes energy efficient housing. RHLF funding does not discriminate against innovative building technologies that are energy efficient. In fact, RHLF encourages its clients to fund products such as solar sources of energy and solar geysers. During the past year RHLF started a paper recycling project in the office where all scrap paper and newspapers are collected for recycling.

Economic Impact

RHLF takes pride in that it supports development of Small Medium Micro Enterprises (SMMEs). A number of RHLF clients were supported by RHLF from their establishment and in the infancy stages of business development; and the support has entailed more than just funding. RHLF actively supports these entities by taking part in their Board meetings and providing meaningful business support.

With regards to funding support, RHLF supports less risky intermediaries by providing mezzanine funding. This has enabled them to attract other senior funders who are willing and able to provide additional funding for business growth in order to enhance the development of housing microfinance in South Africa. This in addition to structured loan facilities that RHLF makes available to its retail partners whose core business is housing microfinance or incremental housing finance.

At a borrower level, we know that borrowers employ local builders to help them build houses or effect various improvements to their houses. This enhances local economic development as money received locally is likely to get spent locally.

Furthermore, by supporting the building industry and building material suppliers, RHLF and intermediaries make a contribution to the broader building industry sector and cartage sectors through the multiplier effects of its loans.

HUMAN RESOURCES

RHLF is a very lean organisation with a very small, but motivated team of 10 professionals (2010: 8). These professionals bring passion and dedication into the pursuit of the achievement of the RHLF mandate.

Internship Programme

During the year under review, RHLF recruited a Client Executive Intern. We are also pleased to report that both the Marketing Consultant Intern and a Risk Analyst Intern have successfully completed their internship and are now valued members of the RHLF permanent team.

Employee Movement

RHLF strives to recruit and retain well qualified and motivated staff. RHLF's remuneration package is competitive and designed partly to ensure retention of staff. It is pleasing to note that the turnover rate during the year under review was 0%.

Human capital development

RHLF takes skills development of its small team seriously. All RHLF staff (100%), including interns, underwent training during the year under review.

Employee Relations

RHLF staff operates as a team and the frequent exchange of information is strongly encouraged. The team meets bi-weekly to take stock of organisational performance and this enhances performance of each team member.

Health and Safety

In compliance to the Occupational and Safety Act of 1993, RHLF provides a work environment that is safe and without risk to the health of its workers. No incidents were reported during the past year.

Employment Equity

RHLF has a total of 10 employees and the ratio of female to male is currently 60%: 40% and that of Blacks (African) to Whites is currently 80%: 20%. RHLF does not have employees who are classified as Coloureds or Indians.