



Inside every seed is the potential for an incredible harvest. *Farrah Gray, US businessman*

We started the ESM Project in 2001 with the objective to assist people at the bottom of the pyramid, to help them improve their livelihoods. A little money, we assumed, would do the trick, but experience taught us a different lesson. Working with underprivileged people is complex. The average European has no idea of the obstacles and challenges a human being has to overcome when living in constant survival mode. Is the money in my pocket enough for food, some petrol or a few minutes of airtime? Our well-intentioned suggestions may often sound very remote from their everyday lives.

And the results of our engagement in South Africa? We thought we should be able to create 1,000 new jobs by assisting entrepreneurs to start or grow a business, and we did so in 264 cases (118 men, 146 women). The envisaged 1,000 jobs did not materialize – we estimate there are about 500. Initially, it was very easy to count the new jobs. But already by the 2nd year, we noticed that some were gone again. Then a few years later, when we returned, we found entrepreneurs very much alive and back in business. In many situations, a second or third loan was necessary to get clients back on their feet, similar to the economic issues in Greece. But in contrast to the European Union, we usually wrote off a non-performing loan, allowing the entrepreneur to restart his business with enthusiasm. How did we measure success? Again, we thought it would be easy; just take the percentage of loans repaid to know the results. However, this method only looks

at the financial side of our interventions. If the client is not able to repay the loan but his overall situation improves, that's success too!

Lulekwa Mbadamane first ran into us in 2006, when she was a street vendor of an unemployed magazine. To the question, what her dream in life was, Lulekwa responded: "Generating an income taking photographs!" She got a first loan of R 2,600 for a digital camera. Back then, her English skills were poor and she had no idea about PCs or the Internet and could not even think of owning and living in a proper house or driving a car.



Lulekwa in front of her first own shack in 2007.

She was very proud when she showed us her first shack, shared with her daughter and son. Ten years later, Lulekwa made her dream come true. She is now a photojournalist with South Africa's largest newspaper. She earns a regular salary, has a laptop and a company car. Last year she requested a loan for R 80,000 for the purchase of a house and in January 2017, Lulekwa and her daughter moved in. What will happen to Lulekwa's shack which she rebuilt and extended over the years? She will rent it out and the rental income will be used to repay the loan on the new house. Lulekwa turns 44 this March.

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Lulekwa moving into her new home.

Moses Wainaina was 21 years old when he started his journey from Nairobi to Cape Town, where he expected to have a better life. This was 10 years ago. The first couple of years were pure survival. In 2008, he was given an opportunity to look after a souvenir shop that ultimately became his, which is where we met him. His first loan was to pay for his younger brother's school fees in Kenia. The next loan of R 2,000 was to buy his first shack.



Moses Wainaina with his first Shack.

Moses is ambitious and thirsty for knowledge. He is among the few clients who reads books and is often inspired by them. His big dream: a car to solve all his transport issues and help grow his business to the next level. But first he had to get a driver's license - without the usual bribes. On his 3rd attempt, Moses succeeded and suddenly, he was close to his dream.



Moses buys his car with a handshake!

As he already received a loan for the driving lessons (repaid in full), we supported him in December 2016 to buy a 22-year old Nissan with close to 400,000 km on the odometer. His next goal: move to a safer neighborhood.

Willard Musarurwa is an artisan, who uses wire to make furniture. His designs are in demand and sold in upmarket shops. There are some prestigious names on his reference list (Google, etc.). However, there is not much money left for Willard once everybody has taken a cut and all the bills are paid. In 2016, an order for 500 tables from the USA (a full container) arrived, an order Willard had invested years for and would guarantee income for his team for a number of months. The only problem: Willard did not have the funds to pay for the production material! Due to some past negative experiences with Willard, we were reluctant when he approached us for bridging finance. A solution was found when Willard offered to have the USA client pay ESM directly. By early December, the container left Cape Town harbour. By mid-January, a payment of \$17,000 hit our account and we transferred Willard's share (\$10,000) the same day. This transaction is a break through for Willard and his company, "Feeling African." Next objective: securing a container load for Europe!



Willard (blue shirt) and some of his team.

Sam Zhakata, from Zimbabwe, will celebrate his 50th birthday next January. We met him in 2001 as a waiter in one of our favorite restaurants. Sam, with his great smile and welcoming attitude, gave us good service and we left a big tip. One has to understand that in South Africa waiters usually don't have a base salary; everything is tips. Six years later, Sam received his first loan. He wanted to build-up some capital through the purchase of a battered old car, "make it great again" and then flip it for a nice profit. The plan



worked! Then he decided to move back to Zimbabwe with his wife and two teenage daughters. We granted him a loan to get started with his own business back home. Unfortunately, the move to return to Harare, Sam's home town, was the start of a string of negative events. Shortly before leaving they lost their newborn baby son and once in Zimbabwe, Sam's wife, Priscilla, passed away too. The economic and political situation in Zimbabwe was bad and Sam had no other option than to leave his daughters with relatives and travel back to South Africa, to look for work. We were able to find him a job as a waiter but it was winter and there were very few tourists in Cape Town, which meant small tips only. Somehow, Sam managed to survive and even send some money home to support his children. He found a new girlfriend, Jeslyn, and married her in 2015. This time, we helped to find a house for him and his growing family - a baby was on the way! However, the location was so bad that they did not dare leave the house after dark. Several negative incidents later, Sam and his wife chose to return to Zimbabwe, together with their newborn child – a boy. Sam had plans to “revive” a mobile pizza business, which he had started earlier with a partner. We decided to support him with a new loan to help make the venture successful. It looks like things are not better yet in Zimbabwe; Sam had to abandon the pizza plan. He currently is growing tobacco and hopes that a good harvest will finally generate income.



Sam checking growth of his tobacco seedlings.

Zimbabwe is a tough place to make a living and people have to start over again and again. We plan to visit Sam in Harare as soon as the situation in Zimbabwe improves.

Yulenda Msutwana joined the African Art Factory (AAF) in 2002 as a “Girl Friday.” After a short period, she showed interest in administrative work and we encouraged her to take college courses in order to qualify as an office assistant. She graduated in 2004! When the AAF burnt down in 2006, Yulenda, in the meantime mother of a baby girl, lost her job too. Thanks to her qualifications, experience and a recommendation from ESM, she quickly found a new job as a laboratory assistant in a hospital, where she has now been for 10 years. Her salary is enough to pay for urgent necessities for her and the nine-year old daughter but does not reasonably improve their life. One of the reasons is that Yulenda has moved around different townships many times. If lucky, she would rent a house but when money got tight, she had to move back into a shack – that is currently the case.



Yulenda and her daughter Mbalentle in front of their current home. The lady on the left is Yulenda's sister.

We believe, Yulenda's fortune will only change once she has her own house that will finally bring stability into her life. The prices for houses have sky rocketed over the last years. We suggested she look for an affordable plot of land and then build a structure. She got lucky in November. Thanks to a loan of R 80,000, Yulenda bought a piece of land. However, it will take time until she can move into her new place, as there is no house on the property yet and the money to build a structure is also not in sight. But now there is hope and Yulenda will take it one step at the time.



Yulenda on her plot of land!

Joseph Diliza is one of our earliest clients. He was always short on cash and his first loan was only repaid with a delivery of his handmade paper. Since 2001, Joseph must have sold us and our friends more than 5,000 cards! Last year's order for 500 cards was most likely the final major contract from us, and with its delivery Joseph has repaid the R 40,000 loan he received in 2009 to buy a house.



Joseph in front of the house paid for with cards!

What next for ESM?

I have enjoyed writing the annual ESM Update and distributing it with Joseph Diliza's unique cards. However, this is the last time I will share stories about people who received a loan from ESM. The ESM office in Cape Town is closed and we handed our files over to an accountant. It is time to thank all those who supported ESM since 2001, be it through donations of money, used clothes, shoes, computers, cell phones. Your support will continue to have an impact.

When I left South Africa in December 2016, ESM had 84 projects with outstanding loans of R 4 million (+/- CHF 300'000). We estimate that about half of this amount will be repaid over the coming years. We will use these funds to assist our clients who have to overcome especially difficult circumstances.

When I call this the "last" Update it does not mean we are turning our backs on South Africa. Christi-

na Kuhn in Cape Town, who has assisted our clients for the last 14 years, will continue to maintain our financial records and, when needed, follow up with ESM clients. I remain committed to look after the ESM projects and will travel regularly to South Africa, but for shorter periods of time.



Christina and some ESM clients.

Most of our clients have interesting stories to tell. I want to spend less time talking about business plans and money and find out more how they see the world. Last November, when my wife Silvia was in Cape Town with me, we organized a reunion for the first 10 ESM clients and the local supporters who helped us get ESM off the ground. "Black and White" was a great evening – it was a good feeling for all to witness the fruit of small seeds sown 15 years ago!



Sharing experiences and memories of 15 years.

Cape Town is an attractive city and should you ever plan to go there and have an interest in visiting the townships and meet some ESM clients, let me know!

Sincerely,

Eric Meier-Ruegg

Founder/CEO

PS: The website www.esmdevelopment.ch will remain active.