

Tapping into Culture:
Examining a Post-Conflict Microfinance Approach
In Huambo, Angola

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May 4, 2007

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Map of Angola



Acknowledgments

Many thanks to my mom and dad for the support they have provided me through my entire life, not to mention enduring Christmas and Spring break holidays where I came home and promptly buried my head in my laptop to work on this thesis. Thank you to my sister Roberta, whose brilliant mind inspired me to pursue in the honors program at the Jackson School of International Studies.

I would like to express my gratitude to Professor Wolfram Latsch, whose expertise, understanding, and patience, added considerably to my undergraduate experience. I appreciate our philosophical debates about microfinance and the long hours venting my frustration during my undergraduate program, which helped me enrich the experience.

A very special thanks goes out to Professor Deborah Porter, without whose motivation and encouragement I would not have completed this study. Professor Porter is the one professor who truly made a difference in my academic life. She provided me with direction, support and became more of a mentor, than a professor.

Thank you to the honors students for the assistance in reviewing my work and offering me constructive feedback for over six months. In particular, I must acknowledge Sarra Yamin, a tutor at the Political Science writing center and a good friend, without whose many hours of editing assistance, I would not have finished this thesis.

I would like to gratefully acknowledge the support of Development Workshop in Angola for allowing me to complete this study. I also recognize that this research would not have been possible without the financial assistance of the A&S Undergraduate Research Award and the Mary Gates Research Scholarship, and express my gratitude to those institutions.

Preface

On October 13, 2006, the Norwegian Nobel Committee announced Muhammad Yunus and the Grameen Bank of Bangladesh as the recipients of the distinguished Nobel Peace Prize “for their efforts to create economic and social development from below.”¹ For supporters, such as myself, who strongly advocate for Mr. Yunus’ brilliant idea, the award came as a powerful recognition of the success of microfinance in alleviating poverty worldwide. Later that day, I received an email message from Professor Wolfram Latsch, my advisor for this thesis, in which he said, “Well, now that microfinance has a Nobel Peace Prize I guess you can say that your study is riding a wave!”² Indeed, he was absolutely right. Not only because microfinance was shining in the world spotlight, but also because Mr. Yunus and his institution were controversially awarded a *peace* prize.

“How can he be awarded the Nobel Peace Prize?” said one of the students in my International Political Economy class. Armed with a copy of *The Economist*, he quoted from an article,

The few studies that have been done suggest that small loans are beneficial, but not dramatically so. A further question is whether an approach emphasizing credit really can eradicate poverty: a ridiculously ambitious goal, though one that Mr Yunus's evangelical view of the virtues of credit has perpetuated. Whether this form of lending has led to peace, the presumptive reasoning behind the award, is just as big an unanswered question.³

The answer to this provocative statement requires a vast amount of research. Microfinance in conflict-affected regions is an emerging field of study, and there are still many areas to be addressed.

¹ The Nobel Foundation, “2006 Nobel Peace Prize,” http://nobelprize.org/nobel_prizes/peace/laureates/2006/ (accessed April 21, 2007).

² Professor Wolfram Latsch, personal communication, e-mail to author, October 13, 2006.

³ “Business: Macro Credit; Face Value,” *The Economist*, London, Oct 21, 2006, 90.

It had been two weeks since I had returned from Angola, after nearly three months of field work, when Mr. Yunus and the Grameen Bank received the Nobel Peace Prize. Seven months later, the question posed by that student often wanders through my mind. In what ways can microfinance fulfill a mission of peace? Although not deliberately trying to uncover this puzzle, it is my hope that this thesis provides the reader with a better understanding of the impact of microfinance on those who have suffered intense conflict, seen their community structures disappear, and are now reestablishing their lives.

Introduction

Wars have a devastating impact on the structure of societies: physical, human, financial and social capital suffer greatly from the loss of life, damaged or destroyed property, and the loss of those who had to flee from affected regions. The extensive militarization of societies squashes local values and culture. Important structures such as marriage and family networks are disrupted; civic life engagement becomes almost nonexistent. Post-conflict societies reveal the extent of the destruction of social ties and the breakdown of a cohesive whole. The effects are multi-dimensional, resulting in social, financial, physical and psychological damage. The road toward reintegration requires sensitivity toward this multi-dimensionality.

Frequently, state and private organizations rely on existing structures, no matter how damaged, to achieve peace-building goals. However, when faced with the lack of minimal organizational and technical capacity to execute a reintegration strategy, one recent trend in the reconstruction of war-torn economies has surfaced: the introduction of microfinance.⁴

Post-conflict microfinance projects have had enormous ramifications. The purpose of microfinance organizations is to extend institutional financial services to those who are not currently serviced. It includes the provision of basic credit and savings, and the introduction of progressive additional financial services such as foreign exchange, insurance and money transfers.⁵ Globally, microfinance during and after conflict has been used to regenerate war-torn economies, reduce dependence on relief, support development programs, improve gender roles,

⁴ It is important to note the distinction between microfinance and post-conflict microfinance. Microfinance in conflict is an emerging field even though it has been practiced since the mid-1970s, primarily funded by donor initiatives. In fact, the first formal experiments with microfinance, recorded in Bangladesh, were indeed a response to restore income generating activities after the civil war and floods in 1972. The challenges and opportunities related to designing and implementing effective microfinance that meets specific demands of potential clients in conflict-affected areas is less understood. Several of the earlier attempts have failed due to faulty designs based on ill-conceived assumptions of traditional microfinance programs in other areas. Due to the nature of the studied subjects, this thesis will approach the field of post-conflict microfinance only.

⁵ The Global Development Research Center, "Microfinance," <http://www.gdrc.org/icm/index.html> (accessed on April 20, 2006).

and increase self-worth. However, at the micro level, facilitating conditions considered requirements for the success of post-conflict microfinance programs include the pre-existence of a minimal stock of social capital in the society – “features of organizations such as networks, norms, and social trust that facilitate coordination and cooperation for mutual benefit”⁶ – combined with a settled population and the availability of a skilled and educated local labor force.⁷ Curiously, however, a non-governmental organization (NGO) named Development Workshop (DW) situated in the province of Huambo, Angola, has been successful with microfinance projects carried out in an environment without these necessary circumstances.⁸ DW’s ability to thrive without these conditions merits an exploration of the sources of their success. DW – established in 1981, and for many years the only NGO in Angola – has worked through a protracted and complex humanitarian crisis in the country, but has always aimed to build local capacities and search for sustainable solutions even within the emergency environment.⁹ With the end of the Angolan civil war, DW has been uniquely positioned as a “development organization” to meet the new needs of transition and re-construction.¹⁰

In this thesis, I suggest that DW’s microfinance program was successful because it approached the post-conflict situation in Angola from a cultural perspective. That is, implicit in DW’s deployment of microfinance projects is a consideration of the systems of reference in which the local population was functioning, the various parameters fashioning their economic and social choices, and broader cultural concerns such as the different meanings behind the concepts the West generally use to deal with these issues. DW’s microfinance policies in

⁶ Robert Putnam, “Bowling Alone: America’s Declining Social Capital,” *Journal of Democracy*, Vol. 6, N.1, (1995), 67.

⁷ Geetha Nagarajan, “Microfinance in Post-Conflict Situations: Towards Guiding Principles for Action,” *ILO*, Geneva, (1999), 9.

⁸ The success of DW has been assessed by the Market Information exchange (The MIX). DW’s microfinance program has more than 10,000 active borrowers, a 2.1 million loan portfolio and a loan default rate close to zero.

⁹ Development Workshop, <http://www.dw.angonet.com> (accessed April 20th, 2006).

¹⁰ Ibid.

Huambo, specifically with the fragmented Ovimbundu population, highlight the importance of these factors and suggest an understanding that what the Ovimbundu believe determines to a great degree post-conflict social action and collective life.

The Ovimbundu: A Post-Conflict Society

For several decades under Portuguese control, the majority of the Ovimbundu population remained rural and cultivated a sense of ethnic solidarity which led to the emergence of the *União Nacional para a Independência Total de Angola* (UNITA)¹¹ in 1966 – a guerrilla organization. Once UNITA began its political campaign, most Ovimbundu regarded it as their own liberation movement. The impact of UNITA in the lives of the Ovimbundu is best expressed by Amelia Cardozo, “We needed something we could identify with . . . psychologically it was healthy for the Ovimbundu . . . [UNITA] was something that was ours, something we could work for, something we could touch and really be proud of.”¹²

After independence in 1975, UNITA launched a war against the *Movimento Popular de Libertação de Angola* (MPLA)¹³ – the political party in control of the government – and appealed to the interconnectedness of the Ovimbundu society to mobilize and recruit the population into a massive violent conflict. During the twenty-seven years of civil war, new social, political and economic institutions emerged to transform and absorb the Ovimbundu traditions. Although the ongoing struggle has had a severe and disturbing impact on the structure of the Ovimbundu, their customs and cultural patterns evolved to find new life under the umbrella of UNITA. In 2002, the murder of Jonas Savimbi, the leader of UNITA, ended the civil war and left a legacy of burden on the Ovimbundu.

¹¹ National Union for the Total Independence of Angola.

¹² Cardozo interview as quoted by Linda Heywood, “UNITA and Ethnic Nationalism in Angola,” *The Journal of Modern African Studies*, Vol. 27, (1989), 52.

¹³ The Popular Movement for the Liberation of Angola.

Nevertheless, DW's microfinance program has succeeded in this particular environment. The system of reference of the Ovimbundu society revealed deeply rooted traditions transformed by the conflict and post-conflict eras. Through these morphed cultural patterns – what the Ovimbundu believe about themselves, the nature of financial relationships, the requirements of community and the proper structure of responsibilities – DW's microfinance program implicitly mobilized resources aimed at re-establishing community bonds and building social capital. In addition, their integration of Ovimbundu practices served as the fundamental basis for their formation of the crucial solidarity group-lending programs.

The Microfinance Program: A Solidarity-Group Structure

DW's microfinance program has its origin in the Women's Enterprise Development project in Luanda's informal sector, implemented from 1995 to 1998. The successful outcome of this project led to the development of the Sustainable Livelihoods Project in Luanda, which aimed to achieve a “holistic transformation of the lives of the poor by providing opportunities to create employment and generate income through micro-finance and other non-financial services.”¹⁴ This project evolved to a fully developed and successful microfinance program in Luanda, which was later implemented in Huambo with the Ovimbundu population in 2001.

Similar to many microfinance organizations, DW's mission is to “provide opportunities for people in chronic poverty to transform their lives, create jobs and strengthen communities among the poor.”¹⁵ In order to achieve this goal, DW embraced a group-based lending methodology using several other microfinance initiatives as models, such as the Grameen Bank, Opportunity International, Women World Banking, and the Foundation for International

¹⁴ DW's Microfinance Operations Manual, (Luanda, 2001), 9.

¹⁵ DW's Microfinance Operations Manual, 10.

Community Assistance.¹⁶ More specifically, the program adopted a solidarity group strategy; this refers specifically to arrangements by individuals without collateral who form groups with the objective of obtaining loans.

In the case of DW, the microfinance program was carefully designed to reach out to the economically active poor population.¹⁷ Solidarity groups are formed over a four week period, and are comprised of ten to thirty members. During information and orientation meetings, democratically elected leaders – President, Vice-president, Secretary, Treasurer, and Auditor – are trained and a detailed constitution is established. The group-appointed credit committee assesses and approves loans to members simultaneously based on business needs. Initial loans start at one hundred and fifty dollars and can reach a maximum of one thousand dollars. The loans are charged at a fifteen percent interest rate based on a four month term, and a five percent one-time administration fee. Under the supervision of credit officers, solidarity group members meet bi-weekly in a selected location to make loan payments which are monitored by group leaders. Re-loans are extended to groups that successfully meet their financial obligations, and new members can be added in subsequent cycles. In addition, group members are required to contribute ten percent toward a guarantee fund in advance of borrowing the loans, which is returned at the end of full repayment. A collective savings fund contribution is also encouraged, but not enforced. The special feature of the solidarity group-lending strategy lies in its mutual guarantee of loan repayment, that is, although the loans are made individually to group members, all members of the group face consequences if any member runs into serious repayment difficulties. Therefore, through the establishment of group structures, a mutual trust and accountability between members of the group must be established for its survival.

¹⁶ DW's Microfinance Operations Manual, 9.

¹⁷ The information contained in this paragraph was extracted from DW's Operations Manual as well as personal observation.

Thus, DW's microfinance program contributed significantly to rebuilding relationships in Huambo after the experience of incessant warfare. However, its success and impact on rebuilding social capital must be understood and examined in the larger context of its integration with the Ovimbundu cultural patterns and must be analysed as being influential in the successful outcome. In Chapter One, I review the main theoretical frameworks surrounding the Umbundu culture,¹⁸ social capital and post-conflict microfinance. In Chapter Two and Three, I offer a detailed analysis of cultural aspects of the Umbundu social and economic structure respectively, that is, traditions and cultural patterns that were maintained and adapted during the colonial period and civil war in spite of the Ovimbundu's forceful integration into the Portuguese colony of Angola. I build upon these structures to further examine the integration of these elements into DW's microfinance program which provided for the basis of social capital construction within the solidarity groups. Lastly, I present the lessons to be derived from this study: the incorporation of local tradition, embedded within social and economic structures, makes individuals who are unfamiliar with westernized modes of financial services receptive to microfinance. Thus, my study forms the basis for a new approach in which successful post-conflict microfinance programs must not only be analyzed in financial terms, but also through their ability to construct social capital at a collective level through the attentive consideration and continuous employment of entrenched cultural aspects of society.¹⁹

¹⁸ Umbundu is the language and the culture of the Ovimbundu, as well as the form for descriptive adjectives.

¹⁹ At the end of this paper, three appendixes are included to provide the reader with a glossary of foreign terms, a compilation of the original quotes in Portuguese used throughout this study, and proof of Human Subjects approval from the University of Washington.

Chapter One

Review of the Literature

In the last decade, there has been an exhaustive debate among scholars on the implications of microfinance; however, most agree on the frequently used expression *microfinance is not a panacea!*²⁰ This evocative phrase has been related to many repercussions such as HIV/AIDS related problems, poverty alleviation, empowerment of women, post-conflict reintegration, and social capital construction. Although there are many compelling stories about transformations brought on by microfinance, and good theoretical reasons to expect that microfinance is a powerful intervention in practice, recent literature firmly asserts it is not a miracle cure. This notion has supported the new tendency of microfinance institutions to transcend the boundaries of social objectives and engage in a purely profit-oriented venture.²¹ As development specialists, donors and investors look at microfinance from a commercial angle, little room is left to nurture research and the collection of data on the social implications on the individual and collective levels, especially in war-torn economies.

In line with this gap in literature, the major body of scholarship that assesses the introduction of microfinance in post-conflict countries is concerned with the economic, and not social aspects of the environment. Geetha Nagarajan and Karen Doyle were the first scholars to complete comprehensive research on microfinance in conflict-affected areas. Nagarajan argues that areas that suffered long, recurrent conflicts, as witnessed in Angola, require substantial intervention and rehabilitation before they are prepared for solid micro-entrepreneurial growth.²²

²⁰ Several authors such as Nagarajan, Doyle, Meissner, and Jacobson have used this expression.

²¹ This is a new phenomenon called commercialization of microfinance that treats the poor as clients rather than beneficiaries and conceives the microfinance market not as a segmented market but as an integral part of the country's total monetary system.

²² See Geetha Nagarajan, "Developing Microfinance Institutions in Conflict-Affected Countries: Emerging Issues, First Lessons Learnt and Challenges Ahead," *ILO*, Geneva, (1998).

In debating the risks versus the opportunities of service provision, microfinance institutions must decide whether the potential for vast and deep outreach justifies the potential risks to resources and staff. Doyle and Nagarajan agree that institutions that choose post-conflict sites as bases for operations must clearly identify their requirements for entry, their target populations and their strategies.²³ Among the required conditions for entry, Nagarajan and Doyle argue that regardless of the targeted client, financial institutions have to look for a cohesive community where social capital has been at least minimally restored. This condition, according to these scholars, is ideal for building institutions capable of providing sustainable financial services.²⁴

However, there is a small amount of emerging research on this subject that questions whether community cohesiveness, or social capital, is a necessary pre-condition to the introduction of microfinance. For instance, Laura Messier investigates social capital building through microfinance programs in post-conflict Guatemala and concludes that microfinance can prosper where social ties have eroded.²⁵ In this thesis, I use the same logic used in Meissner and other scholars' work to offer a different perspective to the regnant view. I analyze the success of DW in carrying out microfinance projects among the Ovimbundu and argue that social capital construction among this population was a result of DW's microfinance program, and not a pre-condition for it. My analysis takes the position that, in the case of the Ovimbundu population, community cohesiveness has been recreated through the various cultural and traditional aspects implicitly considered by DW's microfinance program.²⁶ Therefore, I suggest that the

²³ See Karen Doyle, "Microfinance in the Wake of Conflict: Challenges and Opportunities," Maryland, (1998); and Geetha Nagarajan, "Developing Microfinance Institutions in Conflict-Affected Countries."

²⁴ See Geetha Nagarajan, "Microfinance in Post-Conflict Situations," 9.

²⁵ See Laura Meissner, "Microfinance and Social Impact in Post-Conflict Environments," *School of International Service of American University*, (2005).

²⁶ In an effort to anticipate questions with regard to a possible pre-existing social capital among the Ovimbundu clients, it is important to mention that the majority of the solidarity group clients I interviewed did not know each other before the orientation week. Nagarajan argues that "small solidarity groups voluntarily formed by clients have been successful once reasonable trust returns to the community." (*Microfinance in Post-Conflict Situations*, 20)

incorporation of cultural practices can effectively substitute for the requirement of minimal social capital, which, according to Nagarajan and Doyle, is necessary for the implementation of microfinance in conflict-affected areas.

This chapter introduces the main frameworks that are crucial to my thesis. In the first section, I review different concepts of social capital that are pertinent to my argument. In the following section, I show aspects of the Umbundu culture incorporated by DW's microfinance program that led to the creation of social capital. In the final section, I borrow the main theoretical foundations from the field of legal pluralism that are helpful in my understanding of post-conflict microfinance to offer a new approach to this field.

The Concept of Social Capital

In order to suggest that social capital has been created through DW's incorporation of Umbundu culture, I left Seattle to embark on a long journey to the Angolan central plateau. I was armed with research tools to assess the stock of social capital among the clients and the incorporation of Umbundu cultural practices by DW's microfinance program. During my second week in Huambo, as my observations of the solidarity group meetings progressed, I noticed that although the microfinance program was extremely well structured, it could not by itself have stimulated the creation of social capital among the Ovimbundu clients. This disconcerting discovery challenged the very basis of my argument. As the days went by, it became increasingly apparent to me that somehow the clients had a bigger role in the creation of social capital than I had expected. This awareness ultimately led me to rethink the whole notion of social capital.

However, in the case of DW and the Ovimbundu population, the war was still ongoing when the Microfinance program was implemented and solidarity groups were not formed voluntarily by clients. Trust had not yet been restored. Although some clients were familiar with each other, they didn't personally know or trust one another. Based on this premise, three solidarity groups were carefully chosen for my research. The subject and purpose of the following chapters is to use the observation and research gathered among credit officers as well as the clients of these three groups to suggest that cognitive social capital was constructed through the structural social capital provided by DW's microfinance program.

The concept of social capital first appeared in Lyda Judson Hanifan's discussions of rural school community centers. He was particularly concerned with the cultivation of good will, fellowship, sympathy and social intercourse among those that make up a social unit. He used the term to describe "these tangible substances [that] count for most in the daily lives of people."²⁷ However, it took some time for the term to come into widespread usage. Most recently, it has been the work of Robert D. Putnam that has launched social capital as a focus for research and policy discussion.²⁸ He characterizes social capital as "features of organizations such as networks, norms, and social trust that facilitate coordination and cooperation for mutual benefit."²⁹ Recently, the World Bank saw the concept of social capital as a useful organizing idea, and has defined it as "the institutions, relationships, and norms that shape the quality and quantity of a society's social interactions . . . Social capital is not just the sum of the institutions which underpin a society – it is the glue that holds them together."³⁰ Don Cohen and Lawrence Prusak analyze social capital with regards to organizational maintenance and development, and define the term as "consist[ing] of the stock of active connections among people: the trust, mutual understanding, and shared values and behaviors that bind the members of human networks and communities and make cooperative action possible."³¹ According to these definitions, the basic premise is that social capital constitutes a form of interaction that enables people to build communities, to commit themselves to each other, and to knit the social fabric.

²⁷ L. J. Hanifan, "The Rural School Community Center", *Annals of the American Academy of Political and Social Science*, Vol. 67, (1916), 130.

²⁸ However, other notable contributions have come from Jane Jacobs in relation to urban life and neighborliness, Pierre Bourdieu with regard to social theory, and James S. Coleman in his discussion of the social context of education.

²⁹ Putnam, 67.

³⁰ The World Bank Group, "What is Social Capital?" <http://www1.worldbank.org/prem/poverty/scapital/whatsc.htm> (accessed on November 1, 2006).

³¹ Don Cohen and Lawrence Prusak, *In Good Company: How Social Capital Makes Organizations Work*, (Boston: Harvard Business School Press, 2001), 4.

Though these definitions provide a useful starting point, they come up short of fully explaining the reality of social capital production studied in this thesis.

Norman Uphoff, a professor at Cornell University, proposes two useful categories of social capital, distinguishing two interrelated types of phenomena: structural and cognitive.

The structural category is associated with various forms of social organization, particularly *roles, rules, precedents* and *procedures* as well as a wide variety of *networks* that contribute to cooperation, and specifically to mutually beneficial collective action (MBCA), which is the stream of benefits that results from social capital. The cognitive category derives from mental processes and resulting ideas, reinforced by culture and ideology, specifically norms, values, attitudes, and beliefs that contribute cooperative behavior and MBCA.³²

While the elements of structural social capital facilitate collective action, the elements of cognitive social capital predispose people to collective action.³³ These two categories are intrinsically connected and highly interdependent.

The categorization proposed by Uphoff encourages reflection about how to measure and evaluate social capital, and how it might be built up. Through this categorization, it became increasingly clear to me that DW's contribution to structural social capital fueled the formation of cognitive social capital among the members of the solidarity groups. For instance, as mentioned in the introduction, the framework provided by DW's microfinance program is founded on the concept of solidarity group-lending programs. With regard to structural social capital, a four week orientation is conducted to inform prospective clients of loan policies and expectations, develop a group constitution and strengthen solidarity and leadership. Members are given specific roles to carry out rules and procedures that are similar to the economic and social structure of the Ovimbundu society. However, the key to DW's success in creating structural

³² Norman Uphoff, "Understanding Social Capital: learning from the analysis and experience of participation" in *Social Capital: A multifaceted perspective*, by Partha Dasgupta and Ismail Serageldin, (Washington DC: The World Bank, 2000), 218.

³³ Ibid.

social capital derives from their integration of Umbundu culture into the framework of their microfinance program, which ultimately comes from and stimulates cognitive processes among the Ovimbundu. The clients, once stimulated by the solidarity group's form of organization through the reinforcement of their own culture, are prone to contribute to cooperation and collective action stimulated by cognitive social capital. The categorization of social capital proposed by Uphoff is a perfect fit to my research and will be used throughout this thesis.

Umbundu Culture

The field of study that addresses the Ovimbundu of Angola during the colonial era has been, for the most part, anthropological.³⁴ Glawyn Murray Childs, Adrian C. Edwards and Wilfrid Dyson Hambly, among a few others, extensively examined Umbundu traditions and culture and wrote detailed accounts of the results of their research from the 1930s to the 1960s.³⁵ Linda Heywood has done more recent studies that encompass the Ovimbundu society in the nineteenth century but with a greater focus during the colonial and civil war periods. The works of these authors reveal significant features of the Umbundu culture: entrenched customs, rituals, institutions and social networks. These networks are embedded within the social and economic structures that were transformed and revived after peace was reestablished in 2002, and have significantly contributed to the creation of cognitive and structural social capital among DW's microfinance clients.

³⁴ These works, as mentioned earlier, are for the most part descriptive. These authors are not engaged in a debate about the Umbundu Culture, but use it as a case study to defend different arguments. From their work, I am most interested in extracting accounts of the Umbundu culture and rituals.

³⁵ Within the work of these scholars, the Ovimbundu have always been referred to as the indigenous people of the Benguela highlands of Angola. This argument has not been contested so far. Therefore, I will also refer to the Ovimbundu as indigenous people.

Umbundu Social Structure

The Umbundu social structure has evolved and adapted during the last century in the face of prolonged and disturbing conflicts; however, its core characteristics were preserved and are crucial to an understanding of present day Umbundu culture. Most important, the Ovimbundu's familiarity with their social structure, and DW's perception of it, as I argue, created a space for social capital to be developed. Childs, an American Congregationalist missionary, is one of the earliest scholars to identify the "social structure" of the Ovimbundu.³⁶ By social structure, he refers to the "permanent framework of relationships between members of a community which manifests itself in an ordered group-life."³⁷ Within this definition, there are three main pre-colonial institutions that are relevant to this thesis: the figure of the headmen and the king, *Sekulu* and *Soba*³⁸, and the Men's Club House, *onjango*. In addition, it is important to mention another institution introduced later to the Ovimbundu population: religion and the churches.

During the pre-colonial era, the *soba* represented an important figure as the king of many villages. His main royal functions were to conduct religious (spiritual) activities, to represent the nation in its external relations, to dispense justice, and to use magical means in order to protect the nation and carry out the functions of his office.³⁹ However, Childs observes that "effective European occupation of the country and government by direct rule have atrophied the royal office among the Ovimbundu until to-day kings survive as hardly more than living museum pieces."⁴⁰ During Portuguese colonization, the *Sekulu* figure, the patriarch of the village, flourished to become a crucial institution to the Umbundu environment. The headman functioned

³⁶ Childs completed a systematic study of the social and individual development of the Ovimbundu in order to suggest different approaches to establish methods for African education.

³⁷ A.W.Hoernle in Schapera, *The Bantu-Speaking Tribes of South Africa*, (London, 1937), 67 f. As quoted in Gladwayn Murray Childs, *Umbundu Kinship & Character*, (London: Oxford University Press, 1949), 18.

³⁸ *Soba* is a Kimbundu word used in Angola. The Umbundu word is *Osoma*. However, these words are used interchangeably among the Ovimbundu.

³⁹ Childs, 23.

⁴⁰ Childs, 20.

as a “Justice of the Peace for the village.” He listened to cases and assisted both parties in their efforts to resolve conflict.⁴¹ The *Sekulu* as a figure of power and traditional authority has remained a stalwart figure through all the political and administrative changes in Angola during the last century.

The unique Portuguese colonialism in the central plateau and the support of UNITA during the civil war contributed to a refashioning of the Ovimbundu social structure. As the society has become more urbanized, the functions of other figures, such as the *Soba* and the *Regedor* have been reinforced. *Sekulus* are now the elders and assistants to *Sobas*; *Sobas* are the village chiefs, and the *Regedor* is the chief of all *Sobas* of a particular area. Heywood views UNITA as having been integrated into the Umbundu culture. During the civil war, UNITA received strong support from *Sekulus*, *Sobas* and *Ocimbandas* (traditional witch figures).⁴² “These were the men and women who preserved the African traditions in the customs they continue to celebrate, and in the religious and secular institutions that they helped to build and manage during the days of Portuguese Colonialism.”⁴³ These institutions were in return preserved and protected under the umbrella of UNITA. After peace was reestablished, and although there was an intense transformation in the role played by the *Sekulus*, *Sobas* and *Regedores*, these institutions continued to influence the Umbundu culture. The perception of their importance to the Ovimbundu is crucial to DW’s microfinance program. Before entering a new village, credit officers meet with *Sobas* and *Sekulus* to ask permission on behalf of DW to present the program and recruit prospective clients.

⁴¹ Childs, 36.

⁴² Linda Heywood, “Towards an Understanding of Modern Political Ideology in Angola: The Case of the Ovimbundu of Angola,” *The Journal of Modern African Studies*, Vol. 36, (1998), 151.

⁴³ *Ibid.*

The *onjango*, another important institution, was the Men's Club House. The function of the *onjango* was to provide a place for all men to gather every day for an evening meal, for judicial cases of small importance to be heard, for young men to be educated and for men of all ages to socialize. As Childs puts it, "the *onjango* was dining-room, living-room, court, school, hotel, and club, all in one."⁴⁴ However, based on my own observations, I disagree with Child's statement that this institution was in decline.⁴⁵ It is important to note that the *onjango* as a physical structure does not perform the same functions it once did, but the concept of a communal meeting place is still ingrained in the Umbundu culture. Though they have evolved, the institutions of the *Sekulu*, the *Soba* and the *onjango* are still prevalent among the Ovimbundu, and they still constitute the basis of the Umbundu social structure. DW's microfinance program reflects a deep awareness of this structure in its product designs. For instance, the leadership team within a solidarity group is similarly structured to the functions of *Sobas* and *Sekulus*. The meeting place for the bi-weekly meetings functions, on an economic and social level, in ways similar to that of the *onjango*.

Religion functions as another important element of the Umbundu social structure. The influence of the churches on the lives of Angolans, and in particular, the Ovimbundu, goes back to the end of the nineteenth century. Both the Catholic and the Protestant Churches, in different ways, played a crucial role in the emergence of anti-colonialist sentiment and the modernization of Angola.⁴⁶ Additionally, churches represented a space for Angolans to cultivate cultural practices and traditions suppressed by Portuguese colonial ideology. Protestant missions in particular, as Didier Péclard argues, "due to their staunch embeddedness in specific regions and

⁴⁴ Childs, 26.

⁴⁵ Ibid.

⁴⁶ For a more detailed argument, please see Didier Péclard, "Religion and Politics in Angola: The Church, the Colonial State and the Emergence of Angolan Nationalism, 1940-196," *Journal of Religion in Africa*, Vol. 28, N. 2, (1998).

their claimed ‘inheritance’ of traditional societies, certainly played their most important role, in allowing types of identities and identifications that had been discredited for both cultural and economic reasons to be reinvested, if not reinvented.”⁴⁷ This was especially true in the Umbundu territory where the colonial imposition and exploitation had been extremely stern. The presence of Protestant Churches, although extremely diverse, served as a vehicle through which to conceive a united society and disseminate the traditional structure and way of life of the Ovimbundu repressed by the Portuguese colonizers.⁴⁸

During the civil war, the dramatic shattering of Umbundu social networks due to the constant displacement of people helped forge a new Umbundu ethnic identity based on the combination of traditional structures and the incorporation of these elements into the church. In Huambo, the most common churches are the Catholic, the Adventist, the Congregational Evangelical Church of Angola (IECA), the Pentecostal and the Apostolic Church.⁴⁹ Despite the great variety of churches, Paul Robson and Sandra Roque argue that, “churches appear to provide points of stability on a context of rapid change. Other institutions have changed or lost what interest they had, and there are few people with a stable job. So neighbourhood residents see churches as almost the only points of reference that have remained the same.”⁵⁰

DW was very attentive to the importance of religion in the lives of the Ovimbundu and used it as a crucial point of reference during the implementation and maintenance of the program. During the recruitment process, credit officers contact church leaders to explain the formalities of the program and reach out to church members.

⁴⁷ Péclard, 175.

⁴⁸ Péclard, 176.

⁴⁹ Paul Robson and Sandra Roque, *Here in the City There is Nothing Left Over for Lending a Hand*, (Amsterdam: Development Workshop, 2001), 132.

⁵⁰ *Ibid.*, 135.

Umbundu Economic Structure

The economic structure of the Ovimbundu is another important feature of Umbundu culture that figures prominently in DW's concept of microfinance. The works of Edwards and Heywood offer a wealth of information on this matter. During the time of Portuguese colonization of the central plateau, the Ovimbundu's main economic structure was associated with mercantile activities related to the rubber trade. However, due to the construction of the Benguela railroad in the 1900s and the government ban on African commercial activities, the rubber trade and the large caravans declined.⁵¹ As Edwards states, the social institutions associated with these economic activities that had determined and influenced every aspect of Umbundu life during the end of the eighteenth century had disappeared. In their place, agriculture became the main activity of the economic life of the Benguela highlands.⁵² However, due to the difficulties faced in collecting data, Edwards impulsively concludes that since the 1930s "social change has rapidly dissolved most of the traditional institutions."⁵³ I argue against this precipitated statement by using Edwards' own work and the information collected during my research in Angola to suggest that these same traditional institutions were not dissolved, but submerged, preserved, evolved and later revitalized during and after the colonial and civil wars. These traditional institutions are the basis for analysis of the stimulation of structural and cognitive social capital creation noticed among the Ovimbundu clients of DW's microfinance program.

The shift to agricultural production, for instance, gave birth to several Umbundu rituals and institutions that were maintained during the economic and political turmoil of the last century. The most important rural institution for this thesis is the *onjuluka*, which consists of a

⁵¹ Linda Heywood, "The Growth and Decline of African Agriculture in Central Angola 1890-1950," *Journal of Southern African Studies*, Vol. 13, N. 3, (1987), 358, 361.

⁵² Adrian C. Edwards, *The Ovimbundu Under Two Sovereignties: A Study of Social Control and Social Change Among a People of Angola*, (London: Oxford University Press, 1962), 74.

⁵³ *Ibid.*, 75.

large group of people, usually from the same village, co-operating in heavy agricultural activities such as ploughing.⁵⁴ At the end of the day, the owner of the field offers a meal to the group. This ritual, based on mutual aid, cooperation, and reciprocity, provided the foundation for a more urbanized type of cooperation called *kixikila*.⁵⁵

The *kixikila* system developed as a survival strategy to cope with the change in the Angolan economy. When Angola became independent in 1975, the indigenous populations watched the collapse of the commercial activities as the majority of the Portuguese population fled the country. The informal economy and open-air markets, then, flourished in the hands of the indigenous societies. This change created the need for informal funding, which gave rise to the *kixikilas*. This system is similar to rotating and credit associations (ROSCAs) and consists of a group of informal sector vendors who make regular cyclical deposits to a common fund held by the leader, which is given as a lump-sum to one member in each cycle. Each *kixikila* has a committee with a president, vice-president, treasurer and counselors. The mutual give-and-take involved in the *kixikila* system became widely used among merchants and is one of the traditional institutions that survived the economic collapse and political instability caused by the civil war. During the implementation of the microfinance program, DW explicitly used this traditional system for its basic foundation. The *kixikila* structure became the main mechanism to tap into culture and successfully put microfinance into practice in a war-torn society.

Other important traditional systems of funding worth mentioning are the *kilapi* and the *kinguilas*. *Kilapi* is a type of business credit where customers or retail traders obtain goods on credit from other traders. “These are then sold at a small margin and the price of goods is then

⁵⁴ Interview S1. Huambo, Angola. September, 2006.

⁵⁵ The word *kixikila* comes from the Kimbundu language. In Umbundu, the word is *tchissikila*; however, both words are used interchangeably in the Umbundu language.

paid following the sale.”⁵⁶ *Kilapi* is a common practice in the markets, but especially in the home-based businesses. The microfinance program put heavy consideration into this practice and, due to clients’ feedbacks, changed its methodology from weekly to bi-weekly payments. *Kinguilas* are people that provide currency exchange services in the informal market. They also provide loan services to customers, but the terms of the loans usually differ. Although it was difficult to find people that submitted to this type of service, the Ovimbundu are well-acquainted with it. For this reason, the credit officers often make reference to it when promoting and explaining micro-lending. These three systems mentioned above make up the core aspects of Umbundu informal funding practices.

Theoretical Foundations

Globally, indigenous people face many common challenges and recurrent problems in their attempts to advance their interests and deal with the states that encompass them. However, the need for indigenous people’s cultural practices to surface in the light of constantly evolving political and socioeconomic contexts has not gone completely unnoticed. During the last two decades, indigenous people have been receiving increasing attention from organizations in the field of international law and justice. More specifically, several scholars within the field of legal pluralism and unofficial law have been addressing the importance of existing indigenous forms of law. The framework of this field is exceptionally helpful in my understanding of microfinance.

For this thesis, I draw heavily upon the foundations of the theoretical work of Sally Engle Merry, John Griffiths, and M. B. Hooker. Although these scholars have argued the need for increased concern with regard to the recognition and acceptance of the various indigenous

⁵⁶ Linda Mayoux, Margaret Jiri and Marinella Cerqueria, “Microfinance for Urban Poverty Elimination,” Sustainable Livelihood Project, (Luanda), 10.

peoples' legal systems, the implications of this field have not yet reached widespread acceptance in the financial sphere. In my analysis, I extend these concerns to the establishment of financial programs in post-conflict societies. Specifically, I advocate for the recognition of a “pluralistic financial system” that emerges from the mechanisms of resistance and survival by different groups in a post-conflict situation. My work will also heavily draw upon the foundations of this field to analyze the microfinance program instituted by DW in the Angolan central plateau and its considerations to the cultural systems of reference in which the Ovimbundu were functioning.

The emergence of the concept of legal pluralism, or multiple forms of legality in the same social field, leads us to question many of the assumptions of Modernization Theory.⁵⁷ In the beginning of the nineteenth century, social scientists were curious to examine how indigenous people maintained laws, customs and social order without the foundation of a European-oriented legal system. They discovered that indigenous communities had already developed some form of oral law onto which European colonizers imposed a written formal law, and, in the process, neglected those existent traditional forms of legality.

The research on the field in which legal pluralism emerged from colonial and post-colonial societies is termed by Merry as “classic legal pluralism.”⁵⁸ She identifies, within the scope of “classic legal pluralism,” three major contributions for further studies:

First is the analysis of the interaction between normative orders that are fundamentally different in their underlying conceptual structure. Second is the attention to the elaboration of customary law as historically derived. Third is the delineation of the

⁵⁷ Also known as Development Approach, it highlights the positive role played by the developed world in modernizing and facilitating sustainable development in underdeveloped nations. More specifically, “the imposition of European law was a great gift for the anarchy and fear that gripped the lives of the colonized people, freeing them from the scourges of war, witchcraft and tyranny.” As quoted in Sally Engle Merry, “Legal Pluralism,” *Law & Society Review*, Vol. 22, N. 5, (1988), 2.

⁵⁸ Merry makes a distinction between classic legal pluralism and new legal pluralism (the application of the concept of legal pluralism to non-colonized societies, particularly to advance industrial countries such of Europe and the United States). For the purpose of this thesis, which uses a colonized post-conflict society as its case study, I will look into the classic legal pluralism version.

dialectic between normative orders . . . This dialectic takes place in situations in which different orders are readily identified.⁵⁹

The contributions mentioned above can be easily applied to the financial system of reference of the post-colonial, post-conflict society studied in this thesis. As already discussed in the Umbundu Culture section of this chapter, *kixikila*, *kinguila* and *kilapi* systems are the three major financial and economic traditions currently in use that I have identified among the Ovimbundu people. Related to the first and third contribution, the Umbundu traditional financial practices greatly differ from the usual methods of microfinance programs worldwide. However, the inclusion of some aspects of the traditional system into DW's microfinance program served as an acknowledgement to the pluralistic financial system in place in Angola. For instance, DW named its microfinance program *KixiCredito*, and for all the financial services they provide, they also use the prefix *-kixi* which comes from *kixikila*. In another example, the program's frequency of payment terms has changed according to responses from clients that used the *kilapi* system, allowing more time for the collection of money. According to the second contribution, the design of DW's microfinance program, as it is embedded within an Umbundu historical framework, has similarities to the elaboration of customary law.

Another author whose work contributes to the field of legal pluralism is Griffiths. Within the realm of Merry's "classic legal pluralism", Griffiths breaks up the field into two categories: the "social science" and the "juristic" view.⁶⁰ The social science view of legal pluralism is defined as the coexistence of various legal orders from distinct systems within one society. The juristic view is defined as a problem within "classic legal pluralism" particularly focused on the imposition of European legal systems on preexisting local systems in their colonies. This perspective specially criticizes the non-incorporation of aspects of the local legal system into the

⁵⁹ Merry, 1.

⁶⁰ John Griffiths, "What is Legal Pluralism?" *Journal of Legal Pluralism*, Vol. 24, (1986), 5-8.

new state legal centralism approach. For the purpose of this thesis, the juristic view of a conflicting dual legal system has a greater importance as it poses a significant dilemma: the need to determine which law is applicable to a particular situation. This situation exemplifies the nature of an imposing system that clashes with local cultural traditions.

This dilemma can also be analyzed through a financial perspective, such as the need to determine which financial rule is suitable to a particular transaction when a dual financial system is in place. In order to avoid such problem from occurring, DW's microfinance program once again integrated cultural practices within its methodology. For instance, the solidarity groups' biweekly reimbursement transactions can be received either in dollars or in kwanzas by the group treasurer and later be deposited into the program's bank account.⁶¹ However, the *Banco Nacional de Angola*, where DW's microfinance program maintains its accounts, only accepts deposits in dollars. If a member reimburses in kwanzas, the money, therefore, needs to be converted to dollars. The dilemma in this case would be to decide which rate to use: the bank's rate or the black market's rate. Had DW not accepted Umbundu cultural practices, the rate used would have been that of the bank. However, given the common financial practice of exchanging currency with the *kinguilas* since the banking system was destroyed during the civil war, and DW's perception of this tradition, the rate used to record the reimbursements is the black market's rate. DW's flexibility in adapting to such practices presents an important function of microfinance as an agent of change and development.

In the legal arena, Hooker specially touches on the issue of law as an instrument of social change and development. Within Griffiths' "juristic" view of a problematic dominant legal

⁶¹ Angola's monetary system follows a semiofficially dollarization approach. In 1976, the Angolan monetary system switched from the Portuguese escudo to the US dollars as the anchor currency, as part of Angola's severing of economic ties to Portugal. The Dollar is used for large transactions; the Kwanza is used for small transactions.

system, Hooker points out two requirements to be considered in bringing a solution to this situation:

First, the conceptions of reality and propriety of the indigenous populations must be adequately represented in the principles and procedures of the national system . . . the second requirement is that law must fit in with the complex of external conditions (economic, technical, and so on) within which its subject find their existence.⁶²

The extension of these two requirements into the implementation of financial services, as argued in this thesis, is of extreme relevance to the post-conflict microfinance field. In the case studied, the acknowledgement of a “pluralistic financial system” within the environment in which the Ovimbundu interact allowed for not only the representation and adaptation of Umbundu cultural practices into DW’s microfinance program but also the comprehension of the Ovimbundu as a conflict-affected society. In the conclusion from these theoretical scholars’ works and from the case study presented, one must seriously question whether policies aimed at importing westernized financial practices into post-conflict indigenous communities are really necessary; perhaps indigenous financial institutions, somewhat modified and combined with these westernized best practices, are more suitable at expressing unique cultural values.

Chapter Summary and Conclusion

The Literature Review chapter of this thesis serves the purpose of connecting the historical, sociocultural and economic dimensions of the Ovimbundu that are relevant to an understanding of the policies of the microfinance program introduced by DW. Through the main concepts and frameworks presented here, I suggest that DW’s microfinance program was able to successfully approach the needs of the Ovimbundu society and provide sustainable financial

⁶² M. B. Hooker, *Legal Pluralism: An Introduction to Colonial and Neo-colonial Laws*, (Oxford: Clarendon Press, 1975), 479.

services by tapping into indigenous cultural practices and nurturing the creation of structural social capital.

As shown in earlier sections, DW's recognition of a "financial pluralistic system" during the implementation of its microfinance program was essential to create a welcoming and safe environment to the new Ovimbundu clients. From the design of microfinance products to the training of a new solidarity group, the needs for Umbundu cultural practices to be incorporated are acknowledged. Therefore, DW's methodology suggests an understanding of the importance of Umbundu culture in delivering financial services to the population. However, in order to understand how the Ovimbundu absorbed and reacted to DW's policies, and how structural social capital stimulated the creation of cognitive social capital among the clients, it is necessary to have a clear and deep perception of the integration of Umbundu cultural practices into the microfinance program and its impact on the everyday lives of the members of the solidarity groups. These are the subjects of the next chapters.

Chapter Two

Trust No Agent? The Role of Social Institutions

The analysis I present in this chapter derives from my experience in Huambo from July to September of 2006. My research portrays a collective and continuous process of integration and assimilation of individual clients into microfinance solidarity groups through the mechanisms used by DW to reinforce the creation of social capital. In the cultural practices of the Ovimbundu, DW found a well-established structure through which to promote its microfinance program as well as instigate social capital construction among the clients. DW's work is extremely significant as it integrates local traditions and provides a solid foundation for reconstruction and development in Huambo.

In my research, I attempted to identify cultural elements ingrained in the microfinance program that provided the basis for the implementation of structural social capital. Once established, structural social capital served the purpose of stimulating solidarity groups to take collective action and create mutual trust among clients through cognitive social capital.

I collected many interviews during my time in Huambo. In my analysis, I will extensively use the interview of the coordinator of one of DW's projects, an Ovimbundu herself who many consider an expert in the Ovimbundu culture. I will refer to her as Laurinda.⁶³ In addition, I will use the interviews of seven credit officers of Ovimbundu origin but with diverse backgrounds. At times, their perspectives and opinions about Ovimbundu cultural practices differed, but within their own perceptions they found a way to convey the program's methodology using cultural practices as a system of reference. I have also collected twenty-seven interviews with members of three microfinance groups at different stages of the loaning process. These interviews represent many

⁶³ Throughout this thesis, names of individuals have been changed for the purpose of protecting their identities.

different voices and reflect many implications about the way the microfinance program has been instituted.

Understandably, the presentation of data posed a challenge for this thesis. How can I capture the essence and the content of the creation of social capital without suppressing these different voices, backgrounds, and experiences? My strategy for best conveying these diverse perspectives is to create “panels” to expose the data surrounding a theme and display the diversity of opinion surrounding that theme.⁶⁴ These panels will clearly define and emphasize the Umbundu cultural practices integrated in DW’s microfinance program that are relevant to this thesis. At times these panels will portray a single account surrounding a topic; at other times they will combine several opinions or experiences about the same topic.⁶⁵ With this approach, I seek to address both the similarities and differences in the understanding and implementation of these cultural practices by credit officers as well as how this is reflected in the solidarity groups.

However, in order to contextualize the panels discussing the microfinance program and the solidarity groups studied, it is helpful to first present a snapshot of the stock of social capital in Huambo. This snapshot is best provided by a description of the different areas of the city and the population movement that took place in Huambo after the end of the war. With this in mind, it is my hope that the reader will gain a deeper understanding of the environment in which social capital among the Ovimbundu was once destroyed and it is now rebuilt.

⁶⁴ This thesis follows a similar approach to Liisa Malkki, in her book *Purity and Exile: Violence, Memory, and National Cosmology Among Hutu Refugees in Tanzania*, (Chicago: University of Chicago Press, 1995).

⁶⁵ Malkki, 56.

Microfinance without Social Capital?

DW started their operations in Huambo in 1996. The microfinance program was implemented in 2001, while the war was still ongoing. Since then, the population composition in the region has changed tremendously. Huambo, Angola's second largest city, is the area of return for a large number of internally displaced peoples and ex-combatants. It also was the area of heaviest fighting and, therefore, suffered the greatest destruction of social infrastructure. Many people have left to move to other areas and many have returned in the search for a home. However, population density in the area is still very low.⁶⁶

Kalundo and Munda, suburbs situated near the old and the new open-air informal markets, and home to most of the microfinance clients with whom I interacted, present a reality very common to many Ovimbundu in Huambo. Very similar to other areas surrounding the old and the new markets, my first and very superficial impression was that the economic level was simply very low. Houses are built from sun-dried bricks and zinc roofing sheets, and yards have walls surrounding them. The suburbs are filled with meandering pathways, the red soil is full of mud puddles, and the lack of a drainage system reveals the place's poor infrastructure.

Inhabitants of these areas were mostly displaced people who had come from a variety of different places in the central highlands and were not grouped by origin. Robson and Roque's data shows that,

[displaced people] look for a house or a plot they can build on. Maybe it is not near the dwelling place of their relative or the person from their area. That's why there are not

⁶⁶ After World War II, Huambo expanded and the colonial administration rearranged the spatial planning of the city to provide more room for the increasing white population. In 1999, Robson and Roque assert that "there is a very visible boundary between the urbanized and the peri-urban parts of the city" (66). After the end of the civil war, this division remained very clear. Kapango, the richest suburb in Huambo, was originally a place for white Portuguese settlers. Houses constructed with bricks, cement and tiled roofs followed the Portuguese architecture of the time. Very few houses have walls surrounding the front yards. Although physical signs of the war are detectable, residents have lived in Kapango for a long time, and neighbors interact with each other on a daily basis. Life seems to have fully revived in this area.

many groups of houses of people from the same area. Often a displaced person, when he leaves his friend's house, finds a house or plot in another neighbourhood. People from the same region don't live near one another in the *bairro*. Here in the city, where you see a house for you – that's where you live.⁶⁷

Due to the frenetic movement of people during the civil war, social networks among the Ovimbundu were dismantled over time. After the war, the attempts to rebuild these social networks failed due to a lack of resources to relocate near friends and family.⁶⁸ As Laurinda asserts, “a lot of people left during the war, but now there are new neighbors on almost every street.”⁶⁹

Faced with the low stock of social capital existent in the area, DW's management and credit officers had to employ great creativity in order to build a successful microfinance program. One prospective client expressed her concern over her unfamiliarity with the other clients, “We only know each other's face, how do we know which ones are truthful and which ones are liars?”⁷⁰ DW's answer to deal with this situation was to be found in the Umbundu culture. More importantly, implicit in their program, there was an understanding that cultural practices as a whole could be easily integrated to construct social capital and reinforce group cohesion. In this chapter, I present four important institutions of the Umbundu social structure – religion and the churches, the traditional authorities, the communal space, and the Umbundu language. In addition, I analyze more closely these practices as mechanisms used by DW in constructing social capital, as well as the implications of these practices for the microfinance groups.

⁶⁷ Robson and Roque, 71

⁶⁸ The space provided by the churches as a place for people to socialize is an exception to this statement. Churches and the importance of religion will be discussed in a later section.

⁶⁹ Interview S1, (Appendix B – 1).

⁷⁰ Bailundo Group, first orientation meeting, personal communication, Bailundo, Angola, August, 2006, (Appendix B – 2).

Religion and the Churches

Many non-religiously affiliated development initiatives attempt to rebuild communities and promote an equal and welcoming environment to all people. For the most part, they are reluctant in incorporating religious elements to their programs or forming alliances with churches in an effort to avoid conflict and discrimination on religious grounds. However, in the case of DW – a non-religiously affiliated organization – the microfinance program was carried out taking into consideration the importance of the church in the lives of the Ovimbundu people.

Almost every client I interviewed belonged to a church. During the civil war, the churches became the only space where the Ovimbundu could cultivate their cultural practices and social networks on a regular basis. “On Sundays we would stop fighting, we had to go to church,” I heard once during a conversation with an MPLA ex-combatant.⁷¹

Churches are everywhere. When I found myself lost in Kalundo, I was surprised to notice the great quantity of little houses in the alleyways with painted wooden boards with the word *igreja*, or church, visibly hanging outside of the doorways. Due to their safe and stable character, membership in a church became part of an individual’s identity in the Umbundu culture. Religious identity was a matter of self-identification and self-declaration. In Huambo, this dimension of one’s identity is very strong. During interviews, the first and most important question clients eagerly asked me was: “What is your religion?”⁷²

DW perceived this dimension of the Umbundu culture as a crucial element that needed to be integrated into the implementation phase of their program. To this day, credit officers use the churches as a means to approach the community in order to gain credibility and recruit members

⁷¹ MPLA ex-combatant. Personal Communication. Huambo, Angola, August, 2006, (Appendix B – 3).

⁷² (Appendix B – 4)

through the consent of church leaders. Panel 1 recounts how credit officers wisely explore this Umbundu cultural practice.

Panel 1:

We opted for the church. You arrive at the church, and after the mass, the worship, you identify yourself to the leader, and he asks you to speak to the people . . . to explain the formalities and methodology of the program.⁷³

After we entered the community, we contact church leaders . . . this is how it was possible to gather the community.⁷⁴

Credit officers, as members of churches themselves, not only respect the significance of the churches in the communities, but also recognize the incorporation of these institutions as an important step toward the program's acceptance by the community – a step that should not be ignored.

There are several other instances where religion manifests itself as a cultural practice and as a dimension of Umbundu identity. After the first orientation meeting, credit officers encourage clients to create names for their solidarity groups, names that identify the groups and the clients for as long as they exist. Savior, Good Faith, Holy Faith, Saint, God's Blessing, and Mother of Mercy⁷⁵ are just some of the names with religious significance that I encountered in Huambo. During the time I spent in the market, it became evident that one's solidarity group name and its performance become a part of the client's identity. Group leaders walked me through the different sections of the market to meet with group members, conduct interviews and observe their activities. One day, in the midst of this chaotic market, I met with both clients and non-clients. The president of one of the groups introduced himself: "My name is Tadeu, I'm a

⁷³ Interview S2, Huambo, Angola, September, 2006, (Appendix B – 5).

⁷⁴ Interview S3, Huambo, Angola, September, 2006, (Appendix B – 6).

⁷⁵ Salvador, Boa Fé, Santa Fé, Santo, Bênção do Senhor, Mãe de Misericórdia.

Jehovah's Witness, and I am from the *Venceremos*.”⁷⁶ His wife, who is in another group said, “I'm Maria, also a Jehovah's Witness, but I am in the group *Maria Rosa*,”⁷⁷ and she went on to say that she had been in the program from the beginning, but her husband had just joined DW's microfinance program a few months ago. The others followed the same pattern. Soon I noticed that whereas non-clients introduced themselves by their names and religions, microfinance clients added a third component to that: the name of their solidarity group. Membership in the microfinance program became part of the distinct personality of clients.

Another manifestation of religious practices in the program can be seen during the solidarity group biweekly meetings. Panel 2 shows a credit officer's individual account of the integration of religious elements into the structure of these meetings.

Panel 2:

*Each credit officer used their own tactics. When the group is formed, we leave it up to the group to choose if they prefer to start the meetings with a song, a proverb or a prayer, or with a joke. The majority of the groups preferred the prayer, but we reinforced it does not matter what religion the person belongs to, but the prayer had to be shared in the group. This way, you did not have to force members to say a prayer they were not familiar with. So someone who was spiritually prepared would say the prayer and the others would follow quietly. We felt the need to mention it so people would not feel discriminated against. Because within a group, we could find many religions, Catholics, Adventists, Protestants, Apostolics, Jehovah's Witnesses and others, and they understood our explanation. And this helped avoid conflict between religions.*⁷⁸

Over the course of several weeks, I participated in group meetings with many different groups and was able to join the groups during the prayer. Not one time did I observe groups repeating the previous week's prayer. There was also always a new person saying the prayer. Sometimes the entire group would follow it loudly, sometimes they would do it quietly, but everybody would get a chance to say a prayer. One of the objectives of these meetings is to create group identity and a common bond among members from diverse backgrounds. With this

⁷⁶ (Appendix B – 7)

⁷⁷ (Appendix B – 8)

⁷⁸ Interview S3, (Appendix B – 9).

diversity in mind, DW provides the structure to build social capital but gives the groups the ability to change or adapt according to their own habits or cultural practices.

Sometimes the feeling of belonging and understanding of group identity goes beyond the simplicity of sharing experiences. The purpose of achieving a common goal strengthens group cohesion and fosters an environment where similarities are created and cultivated. “I recently converted to a Jehovah’s Witness,” I heard from a client, “it was my decision, but all my friends from the solidarity group go to that church.”⁷⁹ Panel 3 recounts a credit officer’s experience in another group where members changed religion due to the influence of other members.

Panel 3:

It is true that there is such a close relationship that many times results in clients changing from one religion to the other . . . there are churches that have their followers but the tendency is always to convert other members, I have had clients that were catholic and changed to Seventh Day, only because of the influence of the other members of the solidarity group.⁸⁰

In this panel, the group identity nurtured in microfinance solidarity groups encourages clients to engage with other members to the extent that membership in a church can be changed to reinforce a common bond.

As shown above, DW’s microfinance program precisely offers a structure that fashions religion and the churches as important aspects of Umbundu culture. During meetings, credit officers nurtured a collective environment where clients could easily express their spirituality and, reinforced by this cultural practice, create social relationships. Through the incorporation of religious elements in the microfinance program, it becomes evident that DW contributed to the formation of structural social capital which in turn stimulated cognitive social capital among the Ovimbundu. The following section explores the integration of another cultural institution: the traditional authorities.

⁷⁹ Interview C1, Huambo, Angola, August, 2006, (Appendix B – 10).

⁸⁰ Interview S4, Huambo, Angola, September, 2006, (Appendix B – 11).

The Traditional Authorities: Regedor, Soba, and Sekulus

Despite the numerous changes that took place in the Huambo province during the war, *Regedores*, *Sobas* and *Sekulus* still constitute important components of local governance. Although the meanings and functions of these institutions were irrevocably altered by their involvement with the colonial administration, Umbundu communities still believe traditional authorities to hold the traditional power and, through customs and beliefs practiced from long ago, recognize certain people as their leaders. After the end of the war, there has been a continuous process of restructuring the role of traditional authorities in local governance. Some of the pre-colonial functions have evolved or been recreated, but nonetheless, *Regedores*, *Sobas* and *Sekulus* remain crucial icons of Umbundu social relations and important leaders of the Ovimbundu people.

During my encounter with the *Soba* of Bailundo in the Huambo province, the degree to which traditional authorities were legitimized by the local people became evident.⁸¹ The interview itself took thirty minutes, but arranging it took over two hours. First I had to stop by the local government administration building to cordially let them know that I would meet with the *Soba*. Then, the administrator himself had to drive with me to the *Soba*'s house to get permission from him. This was the first sign of the importance of a traditional figure such as the *Soba* in the Umbundu culture.

Before the interview, the *Soba* made several demands and his word was never contested. “*Ocho, Ocho*” were the few words I heard from the local administrator and the gentleman who was accompanying me.⁸² It meant “agreed, agreed,” a word in Umbundu I was very familiar with

⁸¹ Bailundo is the heart of the Ovimbundu nation and as a result the area suffered from intense conflict during Angola's civil war. In February of 2006, DW opened a branch in the area and in July credit officers conducted information and orientation meetings with the first solidarity group.

⁸² Local administrator, personal communication, Bailundo, Angola, August, 2006.

after hearing it many times from clients during the solidarity meetings. This interaction served as another reminder that traditional authorities still command a large measure of authority and respect in that region.

DW not only understood that these institutions represented strong authorities on traditional and community daily matters, but sensibly explored the framework in which present-day traditional authorities exist in order to tap into and integrate the legitimacy of these elements into their program. Panel 4 illustrates three different accounts of how credit officers made use of this cultural practice in the implementation phase of the program.

Panel 4:

*The first contact was with the traditional authorities, we wrote letters addressed to the police, the municipal government, and the womens' protection services. We started to have meetings with these entities.*⁸³

*At the beginning, when we arrive in a new area, first we contact the traditional authorities . . . to inform the program's methodology and objectives. After that, the Sobas, or the traditional authorities, transmit the word, then the ones interested start to appear. After they show up we give an informational meeting, and we go on explaining [the program].*⁸⁴

*Usually . . . I identify myself and the Soba asks the community to come together [for a meeting]. But there are Sobas who are sloppy, he asks you to come tomorrow and when you get there he says he did not speak to the community . . . Here in Huambo, I went to Kapango to speak with the Soba. He asked me to return the following day and he had already announced the meeting to the community. [The next day] I found everybody there waiting for me.*⁸⁵

From the beginning, it was clear that the first step was to receive the consent of the traditional authorities. Only afterwards would credit officers be able to contact other entities and employ the microfinance program in different areas in Huambo. In addition, the contact with traditional authorities was indispensable to establish communication with the local communities. Some credit officers would trust the *Soba* to send word about the program and wait for

⁸³ Interview S3, (Appendix B – 12).

⁸⁴ Interview S5, Huambo, Angola, September, 2006, (Appendix B – 13).

⁸⁵ Interview S2, (Appendix B – 14).

prospective clients while others would ask the *Soba* to convene the community and only then introduce the microfinance program. Nonetheless, throughout this process, credit officers accepted the different frameworks in which local communities functioned and adapted their strategies to the different ruling styles of traditional authorities.

During orientation meetings, another manifestation of this cultural practice was identified – a manifestation that goes beyond the process of receiving approval from the traditional authorities. In the process of explaining the concept of a solidarity group, credit officers engage the hierarchical arrangement of traditional authorities readily observable in the Umbundu culture as a tool or method to clarify the role and functions performed by leaders. “The President is like a *Soba*,” loudly and energetically spoke the credit officer to a solidarity group in Bailundo, “the primary leader of the group.”⁸⁶ In response, as I observed, satisfied clients nodded their heads in a signal of approval and comprehension. Panel 5 shows credit officers’ perceptions of the patterns of social relations within the Ovimbundu community in comparison to solidarity groups.

Panel 5:

*A group without a leader is not a group . . . that is why there is a president who is the father of the group. The leader is a person who is ahead of the others, in the Umbundu culture, the soba is a leader for them, that soba that governs the bairro.*⁸⁷

*In the community level, the most important person is the Regedor and then the Soba. The administrator has to do with the government, in our tradition, it is the Regedor and the Soba . . . The Sekulus are the elders that work with the Soba. The President would be like the Soba, the Vice-president would be the person that comes after the Soba . . . The Sekulus would be the people with ideas. The leaders of the subgroups would be the Sekulus.*⁸⁸

The Umbundu social organization, informed by the roles of *Regedores*, *Sobas* and *Sekulus* developed into a practical method to convey the structure and social relations among members of a solidarity group to prospective clients. The microfinance program’s use of

⁸⁶ Credit officer, personal communication, Bailundo, Angola, August, 2006, (Appendix B – 15).

⁸⁷ Interview S2, (Appendix B – 16).

⁸⁸ Interview S6, Huambo, Angola, September, 2006, (Appendix B – 17).

Umbundu social organization reinforced the Umbundu culture and legitimized the authority leaders must exercise in order to maintain group cohesion. Martinho, from the group *Sol Nascente*, as well as several other leaders from different groups exerted their leadership role by visiting group members and their families often and assuring that they attended the bi-weekly meetings. Tadeu, leader of the group *Venceremos*, reached out to many group members in the market by constantly visiting them and offering business advice to the ones in need.

As shown, by relating these traditional figures to the roles of leaders in solidarity groups, DW provided a familiar foundation that deals with the very structure of the Umbundu relations – how they are organized in patterns of relationships. This foundation nurtured the creation of both structural and cognitive social capital and helped initiate communication patterns and behaviors among members. Next, an investigation of the *onjango* in combination with the roles of traditional authorities uncovers another cultural practice crucial to the success of DW's microfinance program.

Onjango and the Bi-weekly Meetings

The *onjango* constitutes one of the main symbols that honors the Umbundu tradition. The essence of the *onjango* – that is, to nurture a communal space where testimonies about an entire culture are transmitted from one generation to the next – is still deeply rooted in the daily activities of the Ovimbundu.

In Huambo, I observed several *onjangos*: cottages of straw-thatched construction, in different communities; but they were always empty. “*Onjangos* here in the urban zones do not work,” I heard once from a credit officer.⁸⁹ Indeed, he was right. Although *onjangos* are still common in rural zones, in the urban zones the physical structure is not used as it was in the past.

⁸⁹ Interview S5, (Appendix B – 18).

The *Soba* of Bailundo kindly explained to me, “before the Portuguese all men gathered in the *onjango* for an evening meal” but the colonial introduction of the concept of rooms, especially living rooms, to individual families led to the disuse of the *onjango*.⁹⁰ Nonetheless, the fundamental nature of this institution can be observed in other community structures such as the market or the churches, where people meet to discuss matters of general interest and transmit their experiences to others.

During my interviews, I noticed that some credit officers seem not to have experienced or participated in activities in the *onjango*. One of them told me, “[the *onjango*] is a place where there are always community meetings, usually, where there is a problem to be resolved, or from what I have heard, to implement a project. They have their own laws.”⁹¹ Although some credit officers were not very familiar with this concept, the communal cultural practices taking place in the *onjango* are well known by the Ovimbundu. In similar ways, DW’s microfinance program offers a space during the bi-weekly meetings for countless activities of a collective nature to flourish. In Panel 6, Laurinda clarifies the similarities between the *onjango* and the microfinance meetings.

Panel 6:

*The onjango is where problems are resolved, where the people gather, where the future of the village is decided, where the law proposals are discussed . . . Whereas in the microfinance meetings, there is a discussion about things related to business. Initiatives exist, but of informal nature . . . The structure is almost the same thing, but the difference is that the activities taking place in the onjango are on a higher level of importance than the microfinance meetings. In the onjango, not only are there discussions related to business, but also to sports, conflict resolution, and the wellbeing of the community.*⁹²

⁹⁰ Interview O1. Bailundo, Angola, August, 2006, (Appendix B – 19).

⁹¹ Interview S6, (Appendix B – 20).

⁹² Interview S1, (Appendix B – 21).

As shown above, embedded in the activities taking place during the bi-weekly meetings, is a proliferation of initiatives of economic and social nature. After four years in the program, the leader Tomas from the group *Sol Nascente* encourages group members to deal with financial problems collectively by making contributions to a separate fund in case business was not as good as expected. The meeting place, as he says, facilitates group discussions and offers an opportunity for these initiatives to be carried on.⁹³

The bi-weekly meetings not only assist the creation of structural social capital, but also prevent the destruction of it, as its structure implicitly supports groups to organize and take collective action according to their own cultural norms and values. DW's manual acknowledges that, "conflict is inevitable within life of a solidarity group. Situations involving the handling of money, mutual guarantees and joint efforts can be tense and filled with misunderstanding."⁹⁴ However, the microfinance program emphasizes that credit officers "SHOULD NEVER take the lead in solving the conflict" and suggests that handling and resolving problems that may arise is primarily the responsibility of leaders.⁹⁵ For that, DW introduces the solidarity group bi-weekly meetings as a place where, similar to the *onjango*, the management team can exercise their leadership by resolving problems within the group as well as promoting initiatives that establish a sense of belonging.

The Word of Ondaka

The use of the Umbundu language is an important distinctive characteristic of the Ovimbundu people. In the city of Huambo, the Portuguese colonial administration discouraged the use of the native language. However, the linguistic impact was minimal in the rural areas

⁹³ Interview C2, Huambo, Angola, August, 2006.

⁹⁴ DW's Microfinance Operations Manual, 45.

⁹⁵ Ibid.

where only a tiny fragment of the population was in contact with white Portuguese settlers. That is where the Umbundu language found life during the twentieth century. In fact, Laurinda states that, “one of the [traditions] that was maintained is the question of language . . . the majority of the people speak Umbundu . . . Also it was the first tribe that was able to have books written in Umbundu, not only the Bible, but also other books that talk about tales, that talk about stories. Even in the villages you can find children that speak and write in Umbundu.”⁹⁶ Through the native language, Umbundu oral literature continued to flourish and play an important role in the lives of the Ovimbundu. Its significance is laid on the insightful accounts of the Umbundu cultural structure, patterns and beliefs.⁹⁷

During the civil war, the population movement that took place in Huambo provoked a proliferation of native linguistic practices in the region. While nearly all the clients with whom I met spoke Portuguese, the vast majority felt more comfortable communicating in their native language. Although language was not a necessary requirement to identify oneself with the Umbundu indigenous group, the Ovimbundu had a symbolic attachment to their native language.

DW perceived the Umbundu language to be of paramount importance to the construction of the Umbundu collective identity. In January 2001, the organization implemented an initiative to integrate this cultural element in its development strategies: the *Ondaka*, an Umbundu community newsletter. Written in both Portuguese and Umbundu, this monthly publication presents many articles reflecting the views and voices of the Ovimbundu people in the region. It also publishes numerous folk tales as well as real stories about the community life and social

⁹⁶ Interview S1, (Appendix B – 22).

⁹⁷ Some Umbundu oral literature was carefully chosen and transcribed into paper by authors such as Bell and Ennis. Bell published his work, “Umbundu Tales, Angola, Southwest Africa,” in 1922, consisting of twenty-two folk tales. Ennis, during his missionary service for the American Board (Congregational) in Angola from 1904 to 1944, collected a valuable amount of Umbundu folk tales and proverbs which are presented in his book “Umbundu.”

behavior in Ovimbundu communities. The inspiration behind this project is printed on the first page of its first edition, as showed in Panel 7.

Panel 7:

Why Ondaka? Ondaka means word, in Umbundu, and the word is perhaps what makes us humans. It is through the word (spoken and written) that we unite; it is through the word that we share what we think and what we feel. It is essentially through the word that we create culture and transmit it to our children . . . We will try to make of this bulletin a vehicle for communication and closeness between people. In a certain way, this is the main goal of the community publication project. Demystify the use of the word, spoken and written. The responsibility to keep the word alive and wise is collective and only as a group will we maintain our Ondaka with strong, truthful, and wise words.⁹⁸

DW clearly and successfully captured the meaning and importance of the native language to the Ovimbundu and recreated a channel to stimulate and reinforce co-operative behavior among the population. *Ondaka* is widely distributed to the Ovimbundu population, including the municipal and provincial administrations, schools, traditional authorities, organized community groups as well as microfinance clients. In Laurinda's own words, "Those bulletins, a lot of people have access to them. They are very attractive because besides the Portuguese language, there is also the national language, so the people are interested in knowing more . . . One of the objectives of the *Ondaka* is to inform [the communities], but at the same time the stories should come from the communities."⁹⁹ Thus, through the many stories, interviews, and folk tales about Ovimbundu communities, this bulletin provides readers with the basis to define and establish Umbundu cultural patterns and characteristics. Its impact in the creation of both structural and cognitive social capital is considerable. Panel 8 illustrates Laurinda's opinion on the impact of *Ondaka* in the daily lives of the Ovimbundu.

⁹⁸ "Editorial Section," *Ondaka*, N. 1, (Huambo: January 2001), 1. (Appendix B – 23).

⁹⁹ Interview S1, (Appendix B – 24).

Panel 8:

Change of behavior. This is the situation, when I say change of behavior; it is not only, for example, with partisan activities or with questions related to the family. But the people become more concerned, because when they read the Ondaka, there are people that hit this, or hit their wives, or vice versa, and are taken to prison, then the people will fear . . . With the Ondaka, when there is the involvement of the Soba, involvement of the Department of Justice or of the community, [it shows] that this [transgression] should not be done because if it happens, they must pay the Soba to resolve the conflict. The Soba must be paid. If you don't pay the Soba, he will direct you to the judicial system and you will go to prison. So the people change their behavior, especially when the news comes from their own community.¹⁰⁰

In other words, the *Ondaka* promotes social change among the Ovimbundu population by informing the values and attitudes expected of the Umbundu culture. The monthly publications explore the attributes of the system of reference in which the Ovimbundu were functioning that was preserved or emerged through the colonial and civil wars. It also offers a depiction of the recent cultural reality and appeals to crucial aspects of the Umbundu culture that contribute to mutually beneficial collective action.

The effect of *Ondaka* on the collective life of microfinance groups was also very significant. “The clients know when the Ondaka is published, and when I don't bring them issues they demand me to bring it the next time” one of the credit officers told me.¹⁰¹ Indeed, many microfinance groups made a habit of reading it periodically. As I arrived to the bi-weekly meeting of the group *Sol Nascente*, I found the leader Tomas reading one of the stories published in August out loud to the other members while they waited for the credit officer. Some of the members were illiterate and readily appreciated Tomas' willingness to share the stories in the bulletin. As the Umbundu oral literature was translated onto paper in the *Ondaka*, it was now once again revived into oral literature through the words of Tadeu. The significance of this group activity is the repetition of it. It is through this repetition, which takes a number of forms, that the

¹⁰⁰ Interview S1, (Appendix B – 25).

¹⁰¹ Credit officer, personal communication, Huambo, Angola, August, 2006, (Appendix B – 26).

Ovimbundu can have a better understanding of the Umbundu structure and meaning, which, in turn, shapes their identity and promotes collective action.

Chapter Summary and Conclusion

It is my hope that the preceding presentation of crucial aspects of the Umbundu social structure and its continuous process of integration into DW's microfinance practices has helped clarify the ways in which social capital was constructed within the microfinance solidarity groups. For instance, in this chapter, it becomes evident how DW introduces the bi-weekly meetings to have a similar function to the *onjango*, where leaders can relate to Umbundu traditional authorities such as *Sobas* and *Sekulus* to exercise their roles and create a foundation for structural and social capital to be constructed. In addition, DW nurtures a collective environment where religion as well as language, two important elements of the Umbundu culture, can be expressed and practiced among the Ovimbundu. All this is revealed by the actions of group members themselves who, once stimulated by the structure provided by DW's microfinance program, engage in mutually beneficial activities. A continuation of this type of analysis, as well as a reflection on the Umbundu economic structure and its financial arrangements, will be provided in the next chapter.

Chapter Three

A Borrower and a Lender Be: The Role of Economic Institutions

Post-conflict microfinance projects have great potential to become one of the most effective instruments for reducing poverty and promoting economic development in war-torn societies. The main objective of microfinance organizations is to extend institutional financial services to those who are not currently serviced. The intention is clear: to help poor families graduate from poverty by providing credit, savings, and additional financial services.¹⁰² In most cases, however, these services are derived from westernized financial practices unfamiliar to the majority of the population, especially in conflict-affected societies where other financial arrangements and systems have been developed in response to a failing or destroyed banking system. These financial arrangements provide an alternative framework for local people to regulate their economy despite the absence of a central financial system.

In the past, many microfinance programs have erroneously assumed that wholesale application of western modes of providing financial services was appropriate and, therefore, completely ignored local financial practices. My research suggests, however, that this is ineffective. Microfinance programs will succeed when local customs of financial arrangements are considered and incorporated into the system.

The case of DW in Huambo once again provides a clear example of such a system. In this chapter, I will present the main financial arrangements developed and engaged in by the Ovimbundu during the turmoil of the last century and delineate how these economic practices were preserved within the realm of DW's microfinance program. In other words, the introduction of microfinance services and the already established Umbundu financial arrangements were

¹⁰² The Global Development Research Center, "Microfinance," <http://www.gdrc.org/icm/index.html> (accessed on April 20, 2006).

fruitfully combined to produce a pluralistic financial knowledge that successfully answered the needs of the Ovimbundu population. In addition, the integration of existing Umbundu economic and financial arrangements into the program served to build structural and cognitive social capital between the members of the microfinance program. However, this achievement did not come easily. Before establishing this unique combination of financial arrangements, DW had to overcome a major obstacle: a skepticism about the intentions of the microfinance program in general. In the following section, I will describe some of the important and complex barriers faced by the microfinance program that ultimately informed the direction in which DW's policies evolved.

Initial Difficulties

When DW initiated its microfinance program in Huambo in 2001, just a small group of about 60 people were receptive to the idea of small loans. Although the program was intensely advertised in the markets and villages by its credit officers, the Ovimbundu were somewhat cautious in taking up an offer of money in exchange for small payments with little interest added. There was a general skepticism about the program. The Ovimbundu seriously questioned the authenticity of the services DW's microfinance program was offering. One of the many reasons behind this skepticism was the belief that DW was involved in sorcery and that the money distributed was cursed money, or *dinheiro de feitiço*. One credit officer who has been with the program since its implementation explained that, "in the beginning, there were not many people interested, the people were apprehensive, the people did not believe . . . We tried to find out why . . . the people did not enroll, and they did say 'I have fear.' They were distrustful, they thought

we wanted to found a church, or we wanted to harm their sons, or perhaps to give money in exchange for their sons' lives. Most people thought it was *dinheiro de feitiço*.”¹⁰³

Indeed, the reaction of many Ovimbundu to the microfinance program reflects a fundamental characteristic of their culture, a belief in sorcery is almost universal among the population.¹⁰⁴ The reason why DW's program would be implicated in suspicion of sorcery is because “when sorcery is consciously taken up and employed, the purpose is usually economic advancement, but it also involves overt attacks upon the persons or possessions of enemies.”¹⁰⁵ Such activity is carried out by an *ocimbanda*, a witch figure who may require human or animal sacrifices in exchange for his services. Sorcery rituals, historically used for the exercise and control of power, have been preserved in the heart of the Ovimbundu especially under the umbrella of UNITA during the civil war.¹⁰⁶ Laurinda confirmed that, “in the Umbundu culture, sorcery is a very strong belief. People have fear. To conduct sorcery is very dangerous, besides . . . people are afraid to talk about it. And perhaps that is one reason that keeps it alive . . . they tell stories and the people became afraid . . . the Angolan that does not believe in sorcery is not Angolan, there is no such thing.”¹⁰⁷ Understandably, a belief in sorcery was very common during the last century and it still is to this day.

Within the realm of the Umbundu economic structure, it was important for DW to recognize the influence of sorcery in business life. The unfamiliarity with western financial arrangements provoked a wide spread feeling of confusion, distrust, and fear toward the microfinance program. The Ovimbundu rapidly appealed to sorcery as the only apparent

¹⁰³ Interview S3, (Appendix B – 27).

¹⁰⁴ The work of Childs and Hambly portray this crucial aspect of the Umbundu culture.

¹⁰⁵ Childs, 58.

¹⁰⁶ Please see Heywood, “Towards an Understanding of Modern Political Ideology in Angola,” for a detailed account.

¹⁰⁷ Interview S1, (Appendix B – 28).

explanation of the disconcerting motivation of DW to provide loaning services to the population. One of the first clients of the program told me during a conversation “How is it that they will lend me money and let me pay little by little? The people used to flee; they thought the loan in the end would require their sons to be sacrificed, or to be involved with a new political party. Here in Huambo, we had never seen loans to be paid in installments, we had to pay at once.”¹⁰⁸ In this case, Umbundu sorcery beliefs preserved the local traditions and opposed social and economic change. As these beliefs lead to an overall feeling of suspicion, the concept of trust, the fundamental element in the creation of social capital, becomes constantly threatened.

In the wake of this obstacle DW needed to respond quickly to the rising apprehension about its microfinance program and assure the Ovimbundu of the legitimacy of its services. During the implementation phase, the unexpected reaction from the local population posed a threat to the success of the program and the larger goal of creation of social capital. The need to respond to public apprehension ultimately informed the direction in which DW’s policies evolved. Specifically, DW’s policies implicitly reflect and explore the financial system of reference in which the Ovimbundu were functioning that was preserved or emerged as a result of the colonial and civil wars. In the following sections I will investigate these significant aspects of the Umbundu financial arrangements relevant to the structure of microfinance services and the creation of cognitive and structural social capital among clients.

From Onjuluka to Kixikila

In the province of Huambo, the main economic institutions known to the Ovimbundu are the *onjuluka* and the *kixikila*. These practices reveal important characteristics of the Umbundu culture necessary for a better understanding of their financial system. During the colonial

¹⁰⁸ Interview C3, Huambo, Angola, August, 2006, (Appendix B – 29).

administration, agricultural production became the main activity, and *onjuluka* emerged as an efficient communal practice among the Ovimbundu. Laurinda clarified the concept by saying that, “*Onjuluka* is an activity that is generally done in agriculture, during the cultivation phase. During this phase, people from the same community or the same *bairro* get together to work on someone’s land. If it is a large plow, they can do it in one day, and in the next day the same group gets together to work on another piece of land. They are an organized group.”¹⁰⁹ As a result, this survival strategy helped build social networks, promote cooperation and contribute to social cohesion. *Kixikila*, therefore, is a common practice in urban settings that slowly graduated from the familiarity with the *onjuluka* activity in agricultural communities. For their similarly cooperative and rotating character, these practices are often mentioned in comparison to one another. I heard on several occasions that, “usually, *onjuluka* is for agricultural activities in the rural zones. Here in the periphery, people use *kixikila*.”¹¹⁰ *Kixikila*, however, involves the direct use of money and establishes an informal yet effective source of credit. It was based on these core characteristics that DW purposefully structured their microfinance program. Panel 9 is an excerpt from DW’s Microfinance Operations Manual in which this strategy becomes fully evident.

Panel 9:

*From 1995, DWA [Development Workshop – Angola] focused on researching the informal sector and understanding how it operates in the highly inflationary and unstable environment of Angola. This process improved DWA’s understanding and knowledge of the Angolan informal sector, especially allowing them to increase their understanding of types of business people, the business they were involved in and why, and to some extent the traditional savings system kixikila.*¹¹¹

¹⁰⁹ Interview S1, (Appendix B – 30).

¹¹⁰ (Appendix B – 31).

¹¹¹ DW’s Microfinance Operations Manual, 9.

An understanding of essential aspects of the financial system in which the Ovimbundu were functioning, such as the *kixikila* system, was clearly the most valuable contribution to the development process of the microfinance program and the solidarity groups. The explicit incorporation of *kixikila* – from selecting the program’s name *KixiCredito* to borrowing the fundamental structure of *kixikila* as a useful way to explain the concept of westernized sources of credit behind the microfinance idea – served not only as a positive point of reference to those interested in the program, but as a feature that stimulated interest and attracted prospective clients.

During the advertisement of the program, credit officers became the main channel through which the similarities between the microfinance program and the *kixikila* system were expressed to the local population. One credit officer emphasized during an interview, “I use the *kixikila* system to explain to the people. The methodology says that we must explain what a solidarity group is.”¹¹² As I searched for a clear definition of the concept of *kixikila* and its relationship to the microfinance services, I turned to the knowledge of credit officers to find an answer. As panel 10 shows, in the credit officers’ perceptions, the *kixikila* system varies greatly in its structure, but its social as well as economic functions, as a means of cementing relationships of trust and solidarity, remain unchanged.

Panel 10:

*Kixikila is a financial help, a financial contribution with the purpose of helping the person who is not doing well in business. That money is not only used to help the business but also to take care of the house needs. I understood that kixikila is a way for them to be stronger in the business as well as in their daily lives.*¹¹³

From what I understand, they talk much more of kixikila to the people that are employed. So, for example, you and I will do kixikila, I earn 400 dollars and you earn 500, so at the end of the month I receive 300 out of your 400. So we agree that every month one of us will receive 300

¹¹² Interview S2, (Appendix B – 32).

¹¹³ Interview S3, (Appendix B – 33).

*dollars. So this month I receive 300 hundred . . . and next month you receive 300. The basic principle of kixikila is like this among the population.*¹¹⁴

*Four or more people contribute money to someone; it can be daily, weekly . . . or monthly.*¹¹⁵

In the definitions presented above, one can clearly see the rotating system that takes place in Umbundu economic arrangements as each member lends money to other members through regular monthly contributions. After having received the lump sum amount, a member continues to pay back the amount in further regular contributions until the last member has received the lump sum amount. Depending on the cycle in which a member receives the lump sum, members alternate between being lenders and borrowers. That is, there is a mutual give-and-take involved in *kixikilas*. This system provides a solid foundation for trust to be established and acts of mutual aid to be cultivated during the periodic exchange of money. The main disadvantages of this practice are that timing of the receipt of funds by a member may not necessarily coincide with his need for finance, and members may all need credit at the same time. On the other hand, credit officers explained, DW's microfinance program could promptly offer funding to all members of the group simultaneously who would in turn make bi-weekly payments with added interest to DW for a period of four months. This argument was extremely appealing to those interested in the program.

However, most clients continued with their *kixikila* practices after joining the program. Of the twenty-seven clients that I interviewed, only one had never participated in a *kixikila* group. Eight clients had participated, but were not currently involved in this practice, and the remaining eighteen were making contributions to *kixikila* groups as well as making bi-weekly payments on their loans to the microfinance program.¹¹⁶ Another interesting manifestation of this

¹¹⁴ Interview S4, (Appendix B – 34).

¹¹⁵ Interview S5, (Appendix B – 35).

¹¹⁶ Interview C1-C27, Huambo, Angola, August, 2006.

economic practice was found among the members of the group *Bela Vista*. As the microfinance program provided the structure for interactions to be cultivated and social capital to be constructed, a strong and dynamic social network formed within the group. Ten members started a *kixikila* group where each contributed one thousand kwanzas per week. The reason was clear: in case of death in the family or illness of a member of the group, the money used was that of the *kixikila* and not the money from the microfinance loan. As hardships happened very often, one member explained, this was a way for the group to insure themselves and not default on their loan payments.¹¹⁷ Indeed, social networks formed by members of microfinance groups are motivated by the social and economic functions similar to *kixikila* practices to perform acts of mutual aid in times of need. In panel 11, a credit officer remembers an occasion in which this can be observed.

Panel 11:

The group [members] are united . . . before they receive the loan . . . Not all of them know each other, they can come from the same village, the same market, but they don't know each other . . . But yesterday there was an accident with five children and they all died. Three of those children were sons of one of our clients . . . She had received 1000 dollars, and the group could not ask her for the money as she was [attending] the funeral. So yesterday they made contributions to her family, and some did not show up for the meeting because they were trying to collect more money to pay for her loan.¹¹⁸

The above example is only one of several occasions where local norms and beliefs found in the *kixikila* system were combined with the rules and procedures provided by the microfinance program to create behaviors that further contributed to cooperation. By acknowledging the existence of *kixikilas* as an important source of credit as well as a system of social networks, DW gained an understanding of the local financial system and its impact on the Ovimbundu people. As a result, the organization encouraged structural and cognitive social capital to flourish within

¹¹⁷ Interview C4, Huambo, Angola, August, 2006.

¹¹⁸ Interview S2, (Appendix B – 36).

its program. Undeniably, the integration of the social and economic functions of the *kixikila* system in many aspects of the program was decisive to the success of the microfinance program. However, two other important economic practices incorporated throughout the course of the program were also crucial to its success. These will be discussed in the following section.

Kinguilas and Kilapis

Informal sources of credit represent a significant share of the financial basis of businesses in Huambo. For many years, loans were not available through the banking system, and sources of credit in Huambo were largely dominated by informal forms of credit. Apart from the *kixikilas*, two important financial arrangements among the Ovimbundu that became widely used after the end of the civil war were the *kinguilas* and the *kilapis*.

In Huambo, *kilapis*, that is, the activity of selling products on credit, seems to be a more common practice than borrowing money from the *kinguilas*. Of the twenty-seven clients I interacted with, ten revealed *kilapi* as being an important strategy for their business, and five expressed that they would consider initiating the activity with other group members whom they trusted. The Ovimbundu describe *kilapi* as a necessary yet dangerous practice among businesses that sell relatively expensive items such as electrical goods, new clothes and accessories, and kitchen appliances and housewares. There are several different modalities derived from this financial arrangement. Some clients would charge fifty percent up front and request the remaining amount by the end of the week. Others would allow the credit to be equal to the full amount of the merchandise, but would require an additional ten percent by the end of the determined payback period. Nonetheless, this economic activity allowed business entrepreneurs to rapidly sell their products. The drawback, however, was that the income from the sales was

not always accessible the time it was needed to honor the merchant's microfinance loan payments.

Concerned that the availability of money would not always coincide with the weekly payment structure in place during the early stages of the program, clients asked that the microfinance program change the payment frequency. One client makes this point clear, "In the beginning, it was very hard to make the reimbursement, because we would get the money and buy clothes. Then, my neighbors would want to buy clothes from me, but they didn't have the money right away. So I would do *kilapi* with them. But the time to make the reimbursement would come and my neighbors still owed me that money, so I couldn't make the payment."¹¹⁹ DW's flexibility in this matter proved valuable to the program's success, and the frequency of payment was rapidly modified to a bi-weekly arrangement that fit the needs of the clients. By allowing members to continue with the practice of *kilapi* while participating in the microfinance program, DW not only encompassed the financial arrangements in which the Ovimbundu were functioning, but also understood the consequent impact of informal sources of credit on the growth of local businesses. A similar approach was seen with the *kinguilas*.

In Huambo, *kinguilas* can be easily spotted in the informal markets operating in the money exchange business. They carry large quantities of cash in their hands and provide two main services: money exchange and loans. During the solidarity group meetings, I observed several times clients walking over to the nearest *kinguila* to exchange money. Although this service is also provided by newly established banks at better rates, it is a common practice for the Ovimbundu to complete this transaction with the local *kinguilas*. DW readily accepted this economic practice and incorporated it into the structure of the program. Panel 12 illustrates one credit officer's account of this flexibility.

¹¹⁹ Interview C5, Huambo, Angola, August, 2006, (Appendix B – 37).

Panel 12:

*We know that it is better for them to exchange the money in the bank, that they can get more dollars for their kwanzas, but this is the way they have done for years. It is part of our culture, and they like to know right there in the meeting how much their money is worth.*¹²⁰

From time to time, clients were not able to exchange the money with *kinguilas* during the meetings. In this situation, the treasurer would accept the payment in kwanzas and record it using the informal market's rate. Clearly, credit officers were very receptive to the way the Ovimbundu were accustomed to this financial arrangement. Once more, DW merged significant aspects of the local financial system with their procedures to improve the rules and norms of the program in order to suit the Umbundu economic structure.

Another manifestation of DW's understanding of the services provided by *kinguilas* was evident during informational meetings. *Kinguilas'* loan services were a practice well-known by the Ovimbundu population. Although I only encountered one client who had submitted to this type of service, many were able to inform me of the process behind it. The terms of the service provided varied significantly among the *kinguilas*, but the most common consisted of a signed contract establishing a lump-sum repayment at the end of thirty days with a fifty percent interest charged. One credit officer explains this practice, "I have money, I am going to lend it to you, I lend you 200 dollars and at the end of the month you have to pay me 300, the interest rate is 50% in the black market, or you can keep the principal and pay me 50% interest every month, 100, 100, 100, and at the end of the contract you return me the initial capital."¹²¹ The microfinance program realized its loans provided better terms than the informal source of credit offered by the *kinguilas*, and used this practice as a strong selling point to attract the local population. Panel 13 gives one credit officer's version of this.

¹²⁰ Interview S7, Huambo, Angola, September, 2006, (Appendix B – 38).

¹²¹ Interview S4, (Appendix B – 39).

Panel 13:

What caught the people's attention was the methodology that says that microfinance is going to help the very poor entrepreneur. That person that doesn't have much . . . has business experience, but has no money. So that person wants to raise some capital, and pay biweekly, that is what made them agree [to the program's methodology]. Also, the interest rate is very low, if they try to get a loan in the black market with the kinguilas, and they receive 100 dollars, they have to work with that money every day, the money has to double daily. Every day they have to pay the kinguilas 5 dollars, that is, if they keep that money for one month, that 100 becomes 200, 300 dollars. In our case, our interest rate at the time was 12% over 5 months.¹²²

During the informational meetings I attended in Huambo, credit officers spoke loudly and with conviction to prospective clients about the advantages of the loans provided by the microfinance program over those provided by the *kinguilas*. In response, prospective clients shook their heads in a sign of surprise and astonishment of what they had just heard.

Unquestionably, DW tapped into the uneasiness of clients in taking loans from *kinguilas* and used it to reinforce the advantages of microfinance loans and market their services. In other words, DW acknowledged the similarities in structure with the *kinguila's* process of loaning that operated in the markets and had been a part of the Umbundu economic structure for several years, but used it to promote their microfinance services as a safer and superior option to the Ovimbundu.

The activities of *kinguilas* have also been reflected in the collective initiatives employed by solidarity groups during their experience in the microfinance program. One credit officer recounts one initiative in panel 14.

Panel 14:

I had a group that contributed some money to the solidarity group savings. This money the group always refused to deposit in the bank. What did they do? The group lent that money to other people at an interest rate of 20%. And the profits would go to the group. And when the group had someone who defaulted on their loan, they could take that money to cover the payment. Sometimes the person is in the hospital, so they thought that instead of this person spending

¹²² Interview S2, (Appendix B – 40).

*money to make the reimbursement, since they had to buy medicine, they would take the money from the solidarity group savings to make the reimbursement for that person.*¹²³

As groups were committed to maintaining their loan payments up to date, several strategies involving mutual forms of solidarity emerged. These strategies ultimately encapsulated the system of reference in which the Ovimbundu had been functioning for decades. Norms, values, attitudes, and beliefs were integrated by group members and as a result, created and reinforced mutually beneficial collective action. DW's interpretation of the services provided by *kinguilas* and the attitudes of the Ovimbundu towards them served not only as a method to promote the program, but also as a teaching instrument to slowly improve the foundations of the local financial system.

Chapter Summary and Conclusion

The testimonies of several clients illustrating the general skepticism that emerged after DW's first attempts to recruit clients in Huambo portray the complexity behind the implementation of microfinance services in post-conflict settings. In the case of DW, it became extremely necessary to take into consideration the Umbundu pluralistic financial system for a better understanding of the environment in which the microfinance program was to be nurtured. The incorporation of financial arrangements, such as the *kixikila* system, successfully facilitated the introduction of microfinance. In addition, the acknowledgment of other informal sources of credit, such as the *kilapi* and the *kinguilas*, provided a solid framework in which microfinance services could be built. Once again, the integration of these financial practices allowed for development of trust and collective action and promoted the construction of structural and cognitive social capital within the solidarity groups.

¹²³ Interview S4, (Appendix B – 41).

Conclusion

Drink Down All Unkindness

On one of my last days in Huambo, I went to the main market to meet with some group members and express my gratitude, not only for their important contribution to my study, but also for welcoming me with open arms during the three months I was there. On my way to the market, two women next to me chatted about the following week's big event: the 94th anniversary of the city of Huambo's foundation. On September 21, communities gather together for a big festival with local music, dance performances, and delicious food and beverage. For the Ovimbundu, this festival celebrates in many ways a common cultural heritage of the communities, a heritage that both long-standing residents and recent returnees share. In addition to its social importance, many people perceive the Huambo festival as an important economic event. Vendors set up stalls to offer a diverse range of products with the hope of turning a good profit by the end of the night.

I arrived at the market to find an unusual crowd. Everyone was buying products for the festival. I passed by a member's stall where he and his wife negotiated wholesale prices of clothing and linens with a customer. I left their stall and walked a few stalls down where other members were gathered. Some members kindly asked me to stay for a few more days; they did not want me to miss the festival. Sadly, I had to return to Luanda right away.

"Some of us are planning to sell beverages at the festival," I overheard one member explaining to another, "we can make a good profit," while other members discussed the possibility of making equal contributions to buy beverages. I was able to observe once again a manifestation of trust and mutually beneficial collective action fueled by the social capital created in the solidarity group. Within the realm of social capital, the cognitive aspect is derived

from the ideas strengthened by Umbundu cultural practices. In this case, group members were stimulated by the Huambo festival, where communities were brought together to celebrate their traditions, and saw the opportunity of earning some extra income. This is when the structural aspect reinforced by DW's microfinance program played its role. These solidarity group members were in the 8th bi-week of their 10th bi-week loan repayment period and did not have sufficient time to receive another loan and afford the supplies for the event. Instead of missing the opportunity of earning a substantial profit by not being able to invest separately, group members relied on the cooperative behavior that takes place in the environment fostered by DW to organize themselves and participate in the festival collectively. They decided to make contributions to a communal fund with the purpose of buying the beverages and later share the return amongst the participants.

As I left Huambo, I came to realize that through participation in DW's microfinance program, the social structural and cognitive spheres of the Ovimbundu were connected, which created a feeling of belonging and group identity that transcended beyond the functions of microfinance services. In other words, community cohesiveness, which had been recreated through the various cultural aspects implicitly considered by DW's microfinance program, was now reflected in the everyday lives of the Ovimbundu.

A Final Word

Undoubtedly, the success of DW in carrying out the microfinance program in Huambo in part derives from their ability to mesh with the local culture and traditions. DW's microfinance services, particularly the way these services were delivered, have greatly impacted the lives of the refugees, internally displaced people, former combatants and local communities and can no longer be considered a mere interventional tool.

In conclusion, I take from this study a different approach in assessing and analyzing the construction of social capital among the Ovimbundu through DW's microfinance program to suggest that policies aimed at importing westernized financial practices into post-conflict societies are to some extent ineffective. A consideration of the pluralistic financial system and the social structure that were preserved and reemerged from the mechanisms of resistance and survival in a post-conflict situation, somewhat modified and combined with these westernized financial best practices, are more suitable at expressing unique cultural values. As I have previously emphasized, the incorporation of these embedded cultural practices such as the ones presented in this study can not only successfully substitute for the requirement of minimal social capital, but also allow for the reintegration of the subjective, cultural dimensions of economic exchange and ultimately reinforce post-conflict social action and collective life.

This study, therefore, offers the reader a clear picture of the significance of the reinforcement of one's own culture in the implementation of economic development programs. As many scholars have noted, the transition from a culture of war and violence to a culture of peace is a process of individual, collective and institutional transformation. Yet, that this transformation develops within particular historical, sociocultural and economic contexts is a dimension of development that has not been sufficiently examined and researched. As this study attempts to fill this gap by exposing a different approach to enhancing welfare in war-torn societies, it is my hope that future community-based development institutions *explicitly* take into consideration the system of reference in which local societies are functioning, such as the way they deal with economic and social issues, to successfully employ cultural aspects in their programs and create connectedness among fragmented societies.

Appendix A

Glossary of Foreign Terms

Kilapi: A type of business credit where customers or retail traders obtain goods on credit from other traders. These goods are sold at a small margin and the price of the goods is then paid following the sale. *Kilapi* is a common practice in the markets, but especially in the home-based businesses.

Kinguilas: People easily spotted in the informal markets operating in the money exchange business. They carry large quantities of cash in their hands and provide two main services: money exchange and loans. The terms of the loans usually differ. In Huambo, the vast majority of *kinguilas* were men.

Kixikila: Informal source of funding similar to rotating and credit associations (ROSCAs). It consists of a group of informal sector vendors who make regular cyclical deposits to a common fund held by the leader, which is given as a lump-sum to one member in each cycle. Each *kixikila* has a committee with a president, vice-president, treasurer and counselors. The mutual give-and-take involved in the *kixikila* system became widely used among merchants and is one of the traditional institutions that survived the economic collapse and political instability caused by the civil war.

The word *kixikila* comes from the Kimbundu language. In Umbundu, the word is *tchissikila*; however, both words are used interchangeably by the Ovimbundu.

Ocimbandas: Traditional witch figures who are known to perform sorcery activities.

Ondaka: Meaning “word” in Umbundu, it is also the name of DW’s community newsletter. Written in both Portuguese and Umbundu, this monthly publication presents many articles reflecting the views and voices of the Ovimbundu people in the Huambo province. It also publishes numerous folk tales as well as real stories about the community life and social behavior in Ovimbundu communities.

Onjango: A cottage of straw-thatched construction. During pre-colonial times, it was considered the Men’s Club House. The function of the *onjango* was to provide a place for all men to gather every day for an evening meal, for judicial cases of small importance to be heard, for young men to be educated and for men of all ages to socialize.

Onjuluka: An activity performed by a large group of people, usually from the same village, such as co-operating in heavy agricultural work. At the end of the day, the owner of the field may offer a meal to the group. This ritual, based on mutual aid, cooperation, and reciprocity, provided the foundation for a more urbanized type of cooperation called *kixikila*.

Regedor: The chief of all *Sobas* of a particular area. Their function was reinforced by the introduction of Portuguese Colonialism.

Sekulu: The patriarch of the village who functioned as a “Justice of the Peace for the village.” He listened to cases and assisted both parties in their efforts to resolve conflict. The *Sekulu* as a figure of power and traditional authority has remained a stalwart figure through all the political and administrative changes in Angola during the last century.

Soba: An important figure, serving as the king of many villages during the pre-colonial era. His main royal functions were to conduct religious (spiritual) activities, to represent the nation in its external relations, to dispense justice, and to use magical means in order to protect the nation and carry out the functions of his office. During Portuguese occupation, the functions of the *Soba* atrophied. *Soba* is a Kimbundu term; *Osoma* is the Umbundu term; however, these terms are used interchangeably by the Ovimbundu population.

Appendix B

Original Quotes

Quote 1:

“Houve muitas pessoas que foram embora durante a guerra, mas neste momento mesmo existem novos vizinhos quase em todas as ruas.”

Quote 2:

“So se conhecemos de cara, como é que vamos saber quem são as verdadeiras e quem são as mentirosas?”

Quote 3:

“Nos domingos parávamos de lutar, pois tínhamos que ir a igreja.”

Quote 4:

“Qual é a sua religião?”

“Qual é a sua Igreja?”

Quote 5:

“Nós optamos pela igreja. Tú chegas na igreja, and depois da missa, depois do culto, tú pede com o catequista, e ele te mete em frente para falar perante a comunidade . . . para explicar as formalidades e a metodologia do programa.”

Quote 6:

“Depois é que entramos na comunidade, contactamos os líderes de igreja . . . foi assim que foi possível reunir com as comunidades.”

Quote 7:

“Meu nome é Tadeu, sou Testemunha de Jeová, e sou do Venceremos.”

Quote 8:

“Sou Maria, também Testemunha de Jeová, mas sou do grupo Maria Rosa.”

Quote 9:

“Cada oficial usava um tática. Na altura em que se formou o grupo, nos metemos a escolha ao grupo se preferem iniciar as reuniões com uma canção, com um provérbio ou com uma oração, ou com uma brincadeira. A maior parte dos grupos preferiam a oração, mas nos reforçávamos que não interessa a religião onde a pessoa pertence, mas que a oração tinha que ser compartilhada no grupo. Entao alguém que esta preparado espiritualmente podia fazer a oração e os outros acompanhavam silenciosamente. Procurávamos fazer menção a isto para que as pessoas não se sentissem discriminadas. Porque no grupo, podíamos encontrar muitas religiões, Católicas, Adventistas, Protestantes, Apostólica, Testemunhas de Jeová e outras, e eles próprios foram compreendendo as nossa explicação. E isso ajudou bastante a não criar fetijos contra as religiões.”

Quote 10:

“Acabei de me mudar para Testemunha de Jeová, a decisão foi minha, mas todos os meus amigos do grupo solidário vão a essa igreja.”

Quote 11:

“E também é verdade que há um relacionamento estreito que muitas vezes desemboca a clientes mudarem de uma religião pra outra . . . há religiões que tem normalmente os seus seguidores, mas a tendência é sempre de converter outros membros, eu já tive clientes que eram católicos e mudaram pro Sétimo Dia, só por influência dos outros membros do grupo solidário.”

Quote 12:

“O primeiro contato foi com as autoridades tradicionais, fizemos algumas cartas e endereçamos para a polícia, governo municipal, proteção à mulher. Fomos tendo encontros com essas entidades.”

Quote 13:

“No princípio, quando se chega numa localidade nova, primeiro se entra em contato com as autoridades tradicionais . . . para informar as metodologias do programa e os seus objetivos. Então depois, dali o *Soba*, ou as autoridades tradicionais, vão transmitindo, então os interessados vão a aparecer. Depois de aparecer da-se um encontro de informação, vai se explicando.”

Quote 14:

“Normamente . . . eu me identifico e o *Soba* manda chamar a comunidade. Mas tem *Sobas* desleixados, ele manda vir amanhã e tú chegas la e ele fala que nao avisou a comunidade . . . Aqui no Huambo, eu fui a Kapango ter com o *Soba*. Ele me mandou vir no dia seguinte e ele já havia dado o anúncio do encontro na comunidade. Encontrei todo mundo a minha espera.”

Quote 15:

“O Presidente é como um *Soba*, o primeiro líder do grupo.”

Quote 16:

“Um grupo sem líder nao é grupo . . . por isso que existe o Presidente que é o pai do grupo. O líder é uma pessoa que esta em frente dos outros, na cultura Umbundu, o *Soba* é um líder para eles, aquele *Soba* que manda no bairro.”

Quote 17:

“Ao nível de comunidade, a pessoa mais importante é o *Regedor* e então o *Soba*. O administrador tem a ver com o governo, agora na tradição, é o *Regedor* e o *Soba* . . . os *Sekulus* são os mais velhos que trabalham com o *Soba*. O Presidente seria tipo o *Soba*, o vice seria a pessoa que vem depois do *Soba* . . . o *Sekulu* seria algumas pessoas que tem idéias. Os líderes dos subgrupos seriam os *Sekulus*.”

Quote 18:

“*Onjango* aqui nas zonas urbanas não funciona.”

Quote 19:

“Antes dos Portugueses, todos os homens se encontravam no *onjango* para jantar.”

Quote 20:

“É um local onde sempre tem reuniões nas comunidades, normalmente, quando tem que resolver algum problema no bairro, ou que eu já ouvi, implementar um projeto. E eles têm as regras deles.”

Quote 21:

“O *onjango* é onde se resolvem os problemas, onde as pessoas convivem, onde se decidem o futuro da aldeia, onde se discutem propostas para uma lei . . . Enquanto que nas reuniões de microfinanças, discutem coisas ligadas aos negócios . . . Existem iniciativas, mas de forma informal . . . A estrutura é quase a mesma coisa, mas a diferença é que as atividades no *onjango* estão a um nível mais alto de importancia aos encontros de microfinanças. No *onjango*, não se discute somente questões ligadas ao negócios mas também questões esportivas, resoluções de conflito, e o bem estar da comunidade.”

Quote 22:

“Uma das que foram mantidas é mesmo a questão da língua . . . a maioria das pessoas falam Umbundu . . . foi a primeira tribo que se conseguiram ver livros escritos em Umbundo, não só a bíblia, mas também livros normais que falam sobre provérbios, que contam histórias. Mesmo nas aldeias as pessoas podem encontrar crianças que falam e escrevem Umbundu.”

Quote 23:

“Porquê Ondaka? ‘Ondaka’ significa palavra, em Umbundu, e a palavra é talvez aquilo que nos torna humanos. É através da palavra (falada e escrita) que nos unimos; é através da palavra que partilhamos o que pensamos e o que sentimos. É essencialmente através da palavra que criamos cultura e que a transmitimos aos nossos filhos . . . Vamos pois tentar fazer deste boletim um veículo de comunicação e de aproximação entre as pessoas. De certa forma é essa a principal vocação do projecto de publicação comunitária. Desmistificar o uso da palavra, falada e escrita. A responsabilidade de manter a palavra viva e sábia é conjunta e só vamos conseguir manter o nosso Ondaka com palavras verdadeiras, fortes e sábias.”

Quote 24:

“Esses boletins, muita gente tem acesso a eles. São muito atrativos porque pra além da língua portuguesa, também tem a língua nacional então as pessoas tem interesse em saber mais . . . Um dos objetivos do *Ondaka* é informar e ao mesmo tempo as notícias devem sair das comunidades.”

Quote 25:

“Mudança de comportamento. Esta é uma situação, quando eu digo mudança de comportamento; tem haver não só, por exemplo, com atividades partidárias ou com questões ligadas a família. Mas as pessoas se preocupam mais, porque quando lerem o *Ondaka*, há pessoas que bateu neste, ou bateu na sua esposa, ou vice-versa, foi levado a cadeia, então as pessoas vão ter receio . . . Com o *Ondaka*, quando vêm que há envolvimento do *Soba*, envolvimento do Ministério da Justiça ou da comunidade, que isso não se deve fazer porque se isso acontecer, tem que pagar o

Soba pra resolver conflito. O *Soba* tem que ser pago. Se não pagar o *Soba*, ai o *Soba* encaminha às entidades da justiça e vai ficar presa. Então as pessoas vão mudar de comportamento, principalmente quando as notícias saem da própria comunidade.”

Quote 26:

“Os clientes sabem quando o *Ondaka* é publicado, e quando eu não levo a boletim a eles, eles exigem que eu leve a próxima vez.:

Quote 27:

“No começo, não haviam muitos interessados, as pessoas tinham receio, as pessoas não acreditavam . . . procuramos saber porque . . . as pessoas não se inscreveram, e eles diziam mesmo que “tenho medo”. Estavam desconfiados, achavam que queríamos fundar uma igreja, ou queríamos prejudicar os filhos deles, dar dinheiro em troca dos filhos. A maior parte pensava que era dinheiro de feitiço.”

Quote 28:

“Em relação a cultura Ovimbundu, o feitiço é uma crença muito forte. As pessoas tem medo. Pra realizar o feitiço é perigoso, e pra além de ser perigoso . . . as pessoas tem medo de falar sobre isso. E talvez essa é uma parte que mantém vivo . . . eles explicam umas histórias que as pessoas ficam mesmo amedrontadas . . . angolano que não acredita em feitiço não é angolano, não existe mesmo.”

Quote 29:

“Como é que vão me emprestar dinheiro e me deixar pagar pouco em pouco? As pessoas fugiam; pensavam que o empréstimo no fim ia pedir que os filhos deles fossem sacrificados, ou se envolver com partido político. Aqui no Huambo, nunca tínhamos visto empréstimos que se pagava em partes, tínhamos que pagar de uma vez.”

Quote 30:

“*Onjuluka* é uma atividade que se faz geralmente na agricultura, durante a fase do cultivo. Durante essa fase, as pessoas da mesma comunidade ou do mesmo bairro juntam-se e vão trabalhar na lavra de alguém. Se for uma lavra grande, podem fazer em um dia, e o outro dia o mesmo grupo junta-se pra uma outra lavra. Eles tem um grupo organizado.”

Quote 31:

“Normalmente, *onjuluka* é para atividades de agricultura nas zonas rurais. Aqui na periferia, as pessoas usam *kixikila*.”

Quote 32:

“Eu uso o sistema de *kixikila* para explicar as pessoas. A metodologia explica que nós temos que explicar o que é um grupo solidário.”

Quote 33:

“*Kixikila* é uma ajuda financeira, é uma contribuição financeira que serve para ajudar a pessoa que está mais fraca no negócio. Aquele dinheiro não servia só para ajudar no negócio mas servia

também para fazer as necessidades de casa. Eu entendi que *kixikila* é uma forma de eles estarem mais fortes tanto no negócio como na sua vida diária.”

Quote 34:

“Por aquilo que eu entendo, eles falam muito mais de *kixikila* as pessoas empregadas. Então por exemplo, a Renata e eu vamos fazer assim, eu ganho 400 e você ganha 500, então no fim do mês dos seus 400 eu recebo 300. Entao vamos fazer um acordo de alguém ceder 300 dólares. Então este mês eu recebo os teus 300 . . . no mês seguinte te dou os meus 300. O principio básico de *kixikila* é assim na população.”

Quote 35:

“Quatro ou mais pessoas que vão contribuindo pra alguém; pode ser diário, semanal . . . ou mensal.”

Quote 36:

“Os grupos são unidos . . . porque antes de receberem . . . nem todos se conhecem, podem ser da mesma aldeia, do mesmo mercado, mas não conhecem um ao outro . . . Mas ontem teve um acidente com cinco crianças e rompeu cinco crianças. Três crianças pertenciam a uma cliente nossa . . . Ela havia recebido 1000 dólares, e o grupo não podia ir lá cobrar pois ela tinha óbito. Então ontem contribuíram para família dela, e alguns não apareceram na reunião pois tinham que arranjar mais dinheiro pra reembolsar por ela.”

Quote 37:

No começo foi muito difícil fazer o reembolso, porque a recebíamos o dinheiro e íamos comprar fardo. Ai, os vizinhos queriam comprar o fardo, mas não tinham o dinheiro de imediato. Então eu fazia *kilapi* com eles. Mas a hora de fazer o reembolso chegava e os vizinhos ainda me deviam aquele dinheiro, entao eu não podia fazer o reembolso.”

Quote 38:

Nós sabemos que é melhor para eles trocarem o dinheiro no banco, que eles conseguem mais dólares por kwanzas, mas é assim que eles fazem à anos. É parte da nossa cultura, e eles gostam de saber mesmo nas reuniões o quanto vale o seu dinheiro.”

Quote 39:

“Eu tenho dinheiro, vou emprestar a Renata esse dinheiro, empresto-lhe 200 dólares e no fim do mês tem que me devolver 300, a taxa de juros é 50% no mercado paralelo, ou você vai manter com o capital principal e vai me dando os juros de 50% mensalmente, 100, 100, 100, e no fim do contrato me devolve o capital inicial.”

Quote 40:

“O que chamou atenção é a tal metodologia dizendo que Microfinanças vai ajudar o pobre economicamente ativo. Aquela pessoa que tem pouco . . . tem experiencia de fazer negócio, mas não tem um valor monetário. Então aquela pessoa quer aumentar o seu valor monetário, e nos pagar quinzenalmente, aquilo é o que fez com que eles concordassem. Depois, a taxa de juros é também muito baixa, se eles vão dever na praça com os *kinguilas*, e eles receberem 100 dólares, aquele dinheiro tem que trabalhar diário, o dinheiro tem que multiplicar diário. Todo dia eles têm

que pagar aos *kinguilas* cinco dólares, quer dizer, se ficar com um mês aquele dinheiro, aquele 100 vira 200, 300 dólares. Nós já não, nossa taxa de juros na altura era de 12% durante 5 meses.”

Quote 41:

“Tive um grupo que contribuía alguns valores pro fundo do grupo. Esse dinheiro, o grupo sempre rejeitava depositar no banco. O que eles faziam? O grupo emprestava esse dinheiro a outras pessoas com uma taxa de juros a 20%. E esses lucros também vinham para o grupo. E quando no grupo também houvesse alguém que tivesse falhas, eles podiam tirar aquele dinheiro e fazer cobertura de pagamento. Às vezes a pessoas está no hospital, então eles achavam que em vez de gastar dinheiro para dar o dinheiro do reembolso, como tem que comprar medicamentos, eles tiram dinheiro do fundo do grupo pra fazer o reembolso para aquela pessoa.”

Appendix C

Proof of Minimal Risk Clearance for Research Involving Human Subjects from the University of Washington Human Subjects Division

Date: Tue, 22 Aug 2006 11:12:09 -0700
From: Tanya Matthews <XXXXXXXX@u.washington.edu>
To: Renata Lemos <XXXXXXXX@u.washington.edu>
Cc: XXXXXXXX@u.washington.edu
Subject: Human Subjects Application # 06-1813-E/C 01 Approval

Dear Ms. Lemos,

Thank you for your many responses and for forwarding the revised materials. Human Subjects application # 06-1813-E/C 01, "Microfinance and Social Capital Construction in Angola," has been approved by the Human Subjects Division. A condition of this approval is that you forward a letter of cooperation from DW, when it is available. The dates of the approval period are from August 22, 2006 to August 21, 2007. I will forward your copy of your approval to the address listed on your application.

Please take a few minutes to read the purple coversheet attached to your approval materials, it outlines your responsibilities concerning this application. (I have attached a copy of this letter to this e-mail for your convenience)

If you have further questions, please feel free to contact me.

Best of luck with your research,

Tanya Matthews, Ph.D.

Human Subjects Review Administrator

University of Washington

Box 355752

Seattle, WA 98105-6613

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Interview C7. Huambo, Angola. August, 2006.

Interview C8. Huambo, Angola. August, 2006.

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