AFCAF DEVELOPMENT GROUP LTD



**PROJECT PROPOSAL FOR**

**AFCAF MICRO FINANCE GROUP**

PURPOSE: MICRO CREDIT TO DEVELOP SMALL SCALE ENTERPRISES AND OTHER INCOME GENERATING ACTIVITIES

TARGET: 30.000 HOUSEHOLDS IN DISTRICTS OF WAKISO, KAMPALA, GULU, KITGUM, ARUA AND MASAKA DISRICT

BENEFITICIARIES: DISADVANTAGED WOMEN AND YOUTH

 MARGINALISED GROUPS

PROPOSED BUDGET: US 6000,000 dollars

CONTACT ADDRESS:

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**EXECUTIVE SUMMARY**

Household’s poverty and AIDS have executed on enormous social, placing a large burden on the poor and heightening poor living conditions in the country. The social costs are protracted increasing number of disadvantaged households without food, clothes, medical care, education and other necessities for social life.

Uganda’s future lies with its children. The country’s vision for 2040 is to become a middle income country. When today’s children will be the driving force behind this goal.

AFCAF has made progress on many fronts. But early childhood and adolescents remain periods of high risk. Poverty is still widespread especially among young people. Social and economic disparities persist among households.

These gaps can be narrowed with the right approach for AFCAF, this means strengthening household capacity to exceed services and protection to the poorest and most disadvantaged women with burden of children.

Household poverty and AIDS have executed one enormous social, placing a large burden on the poor and heightening poor living conditions in the country, the social cost care protracted increasing number of disadvantaged households without food, clothes, medical care, education and other necessities for social life.

In response to these social consequences,

AFCAF DEVELOPMENT GROUP herein after refer as ‘’ Aid for Children and Aged Foundation - AFCAF has adopted a strategic plan to address the social economic problem in the country. The plan is embodied in the micro Finance scheme for women and AIDS marginalized groups, comprising of steps to address the institutional capacity building and micro- credit delivery to the advanced community.

**PROJECT OBJECTIVES**

To proposed scheme seeks to contribute to poverty alleviation and human capital development objectives by implementing micro-credit interventions targets to the most disadvantaged segments of population namely women and their dependants, orphans and youth.

The development objects of the scheme are to promote self-help initiatives through informal sector development scheme both in rural agriculture and informal micro-and small –scale enterprises.. The project strategy involves the provision of community – based financial services and enhancement of women’s ability to run business by providing them with the knowledge on proper business practices and increasing their income- earning opportunities. At the end of five year implemention period, the scheme will be evaluated on the following indicates

1. Formation of at least 30,000 incomes and savings households to support self help initiatives.
2. Established small- scale enterprises and at least 40,000 people employed under this scheme.
3. Reduction of relief dependency by at least 40%
4. Increased opportunities for women and youths getting more accessible to financial services.
5. Established capital budget worth US $ 7500,000 increasing the volume and number of outstanding loans.

**PROJECT DESCRIPITION:**

In order to achieve the objectives of the scheme, a package of linked services will be provided at the community level. Mainly AFCAF DEVELOPMENT GROUP and its Development partners as change agents, working collaboratively with the district local councils. Wakiso and Kampala district will deliver these services .The scheme is sought to extend credit worth $ 600,000 to a total of 30000 households in, **Wakiso, Kampala Gulu, Arua. Kitgum and** **Moyo district**.

The scheme will consist of three mutually reinforcing components namely;

i) Shaping the Micro-finance institutional environment. Negotiations are underway with the local councils to provide field support in managerial technical services. The collaborative involvement with the **Network for** **Agriculture and Livelihood** **Umbrella – NALU Vision micro finance** **group** will ensure reliable management Capacity building for AFCAF DEVELOPMENT GROUP. In its management capacity, the **NALU Vision micro finance group** WILL MONITOR AND EVALUATE THE PERFORMANCE of the scheme and assist its impact on the targeted groups. Besides the same **NALU VMFGL** will advise the donors on policy issues affecting micro Financing in Uganda.

In its role as the implementing for this scheme, AFCAF DEVELOPMENT GROUP will be responsible for establishing systems to execute, monitor and supervise as well as evaluate and earn from the performance of the scheme. The organization will also have the responsibility of maintaining an open and inclusive participatory, process, which will maximize informal sector involvement in the implementation and supervision of the scheme.

ii) Enhancing know –how through business management skills.

 AFCAF DEVELOPMENT GROUP will have programs to support the injection of know- how and expertise into the business enterprising groups. These groups will be demanded driven services designed to provide the support required by the groups. They will involve education, training business skills and extension service.

iii) Enhancing know- how through financial credit support.

 A Co-operative Savings and Credit group account will be set up to provide for share capital under management contract to financing institutions. This will mobilize resources from financers and or rich small and medium sized enterprises.

 **PROJECT IMPLEMENTATION:**

To main executing agency will be AFCAF DEVELOPMENT GROUP a local civil society organization. This will be supported by the **NALU VMFGL** as a coordinating agency for the donors. The **NALU VMFGL** the donor’s representatives and the Directors of AFCAF DEVELOPMENT GROUP will constitute the oversight policy body responsible for approving project plans, reviewing project programs and providing advice on issues arising from the implementation of the scheme. This scheme will be consisting with the country’s assistances strategy, addressing poverty alleviation and human resources development two of the main goals of Uganda’s long-term development plan. The scheme will target the segment of the population most vulnerable to poverty namely; women and their dependants.

It is envisioned to provide micro credit for promotion of small- scale enterprises and income generating initiatives. Since economic development for women will be given maximum priority, scheme would definitely result into positive gender impact.

* 1. **INTRODUCTION:**

AFCAF DEVELOPMENT GROUP here after referred to as Aid for Children and Aged Foundation is a nonprofit oriented organization dedicated to assist the most disadvantaged people in society.

These people include most particularly to displaced people and AIDS marginalized group (especially women and children) who are left without food, clothes and other necessities for social life.

AFCAF DEVELOPMENT GROUP started and evolved from its mother NGO WAR AND AIDS REMNANTS AID (WARAID)

Accordingly it up graded its status and set a program to assist widows and youth who were found without food security.

 In 2002, AFCAF DEVELOPMENT GROUP was finally registered with registrar of companies in the ministry of Justice and constitution affairs as a company limited by guarantee

1.2 **LOCATION**

The Head Office of AFCAF IS LOACTED IN Kampala city Uganda Entebbe Road

Road, P.O. Box 24036 Kampala. Email: james.afcaf@gmail

 Tel: 0772350932

1.**3 MISSION**

The mission for AFCAF DEVELOPMENT group is to promote self help initiatives through informal sector development schemes both in rural agriculture and informal micro- and small scale enterprises.

* 1. **MANAGEMENT**

The Board of Directors directs the duties and activities of AFCAF DEVELOPMENT GROUP; the Executive Director is the head of Board and responsible for the general operation of the Organization. He is joined by the Assistant Director, secretary and treasury.

The organization has specific departments to manage relief aid and promote development program as shown here below;

 **RELIEF PROGRAM**

* Relief aid for orphans
* General relief aid ( considering widows and other victims)

**DEVELOPMENT PROGRAM**

* Women development projects
* Youth development projects
	1. **STRENGTH OF THE ORGANISATION**
* Net working

The strength of the organization is evident mainly on developed household net work though which a good number of clubs perform activities geared towards promoting health and self sustenance. Wakiso District has the biggest number of clubs registered with AFCAF considerable net working is also accorded to local and international organizations. Some of these organizations differ a long a continuum from one-off meeting to on-going cooperation, working together and a continuous sharing of idea and resources. They include but not limited to local groups and Co-operative groups etc.

* **Volunteers;**

AFCAF has a considerable number of local volunteers who give generously of their time and energy to help in the Development programs for youth and women.

* **STAFF**

The organization is composed of committed staff that is tailored to departments and services. The department for development.

Program is staffed with the qualified social scientist assisted by fieldworkers for specific lines.

* **FINANCING SOURCES**

The financial backbone of the organization is the membership support through annual fees and contribution. Additional financing is derived through several cost sharing schemes, initiated in conjunction with other organization.

* 1. **ACHIEVEMENT**

The past Fourteen years have witnessed credible events that form important milestones on the journey towards the mission –achievements for the organization. AFCAF DEVELOPMENT GROUP is now operating in 50 Districts of Uganda, with an established coordination office in Kampala city.

The coordination of the development program for the organization has trained various groups of women and youth firstly with the help of external trainers, then women and youth have started to take initiatives to benefit from the self- sustenance scheme. At least 30,000 people have been mobilized for the self- help initiatives.

- A widow and AIDS orphanage foundation project were established to cater for orphan’s education and welfare in Gulu town the project is now supporting 853 orphans in primary school. Other achievement includes:

 1. Two implementation program net works have been established to facilitate development for women and youths. These are AFCAF Farmers savings and credit Co-operative group and FABAO Christian Investment Club

2. The organization has been fortunate in the past decade to get to know a number of local volunteers, who have given generously of their time, energy and other resources. Volunteers have sustained the organization in different ways including cash, services and material support.

3. Increased collaborative arrangements and formal linkages between local institutions, government department, ministries and other NGOs.

**1.7 SITUATION ANALYSIS**

1. The organization is a growing recognition of the needs to focus priority on society’s most disadvantaged groups War and AIDS marginalized groups, women and children. In 1986 the lords Resistance Army of Joseph KONY CAME INTO CIVIL WAR AFTER 20 YEARS OF CIVIL STRIFE AND PROLONGED GUERILA STRUGGLE THAT LEFT Northern Uganda people with a war torn and ravaged economy and society.
2. Northern civil war has inflicted human and material losses on society and economy. Qualifying the loss of people is tactically impossible. The suffering, pain and tramatization caused by civil war cannot be measured.

1. In assessing the costs of war to an economy, one would ideally calculated the destruction of the production factors ( Labour, capital and knowledge) to determine the country’s potential output without war and then compare this information with the internal output. However, making these ideal computation is difficult, time- consuming and beyond scope.
2. For the past time decades civil war have destroyed Uganda lives, skills and assets, undermined Institution competence and accountability caused incurable personal dislocation and suffering, and intensified ethnic hostilities. In sum internal strife has wrought havoc on civil society throughout the northern Ugandan Region.
3. Worse still is the insurgency of HIV/ AIDS pandemic. In addition to its desolation impact on infected individuals, hurt all those who are linked to them by bonds of kinship, economic dependence, or affection.
4. The grief suffered by survivors and the possible lasting psychological damage especially to the children who lose parents are potentially the most damaging consequences of the pandemic they are however difficult to measure, probably unreachable by public policy and therefore beyond scope. In addition, survivors suffer economically; the harm from a prime-age adult death constitutes the most important economy impact of HIV/AIDS Pandemic.
5. The economy stocks of a prime-age adult death would have been larger and more persistent, except that households use strategies to cope. The degree of household resilience to the economic impact of a prime age adult death has important implication to the society’s response to a generalized epidemic.
6. To varying degree however, three coping mechanisms observed in our society.
	1. Altering house hold composition
	2. Drawing savings or selling assets and
	3. Utilizing assistance from other households these strategies have been attempted when ever households confront the tragedy of prime age adult death.
7. To AFCAF development group strategic plan for the fees 2016 – 2021 whose them focuses on accelerating gender equality and woman’s empowerment in Uganda, analysis the political, economic and social drivers that hamper Uganda .

Woman’s advancement and purposes strategies policies and concert actions to close the gender gap.

1. AFCAF DEVELOPMENT GROUP therefore, need to do more on gender equality to achieve human development closing the gender gap will not only set Uganda on a double digit economic growth track to empower households to meet the sustainable development goals (SDGS)
2. The plan focuses loses an average to us & 7billion dollars annually from the gender gap in labour participation alone. The plan will also support Ugandan common achieve of the human development outcome of men

1.8 **RATIONALE;**

For a long time now, civil society organizations have had a development theory that prescribes a bottom up approach to development in order to reach the rest desired of want and misery. Until the 1980’s there has been a shift in some of these theories development towards an alternative model that has its roots in the conception of empowerment as form of social change.

 This process of empowerment is meant to be nurturing, hibernating and energizing to the poor and empowered.

The empowered approach therefore emphasizes enhancing decision making autonomy, self- reliance, direct democracy and experiential social learning. As such, empowerment cannot be achieved through top down structure, but rather by people’s involvement in development, as they learn to increasingly articulate their needs and established rights.

In Uganda, like in many other developing countries in sub-Saharan Africa (SSA), whereas there has been an emphasis on empowerment, it has almost remained gender biased with little emphasis on the empowerment of women as a social group. Women do not have access to and control other means of production. They have no access to credit, banking or marketing services, although they are the one who process, store market produce and feed their families and societies.

More Ugandans have moved from poverty over the last 10 years, the population living below the national poverty line declined from 31.1% in 2006 to 19.7% in 2013. The reduction was driven by growth in household’s agricultural incomes resulting from favorable food prices and good rainfall enabling poor smallholder farmers to obtain higher incomes from their produce.

However, the increase in peoples’ income was not driven by the adoption of modern farming techniques and practices. About two thirds of the agricultural income growth of households was attributed to high commodity prices.

Poverty reduction among households in agricultural accounts for 79% of the national poverty reduction from 2006 to 2013.

This was aided by the government’s increased spending on road infrastructures education, growth in urban centers, promotion of the trade and access to new regional markets, as well as the return of peace to the war torn northern region.

The sector employs over 60% of the population, therefore, the backbone of Uganda’s economy.

The sector also contributes to over 70% of Uganda’s export earnings and provides the bulk of the raw materials for predominantly agro- based industries through progress was registered in monetary poverty for the period under review. Uganda fell short in non-monetary dimensions of well –being as access to basic services, such as electricity and sanitation facilities remains limited, educational completion and progression remain low.

Lack of progress in electricity and adequate sanitation poses a barrier to the country’s aspiration of becoming a middle income country by 2020.

Uganda made significant progress in other human development outcomes, such as reducing child and infant deaths, maternal deaths and access to improved water.

Regional inequality persisted and appeared to be on the rise as poverty reduction was slower in the country’s north and eastern regions, compared to the western and central parts of the country.

According to the research made by the network of agriculture and livelihood umbrella (NALU) vision microfinance group indicates that poverty incidences were highest in the north, at 43.7% followed by the eastern at 24.5% and the western and central at 8.7% and 4.7% respectively.

AFCAF development group seek to advocate for more affirmative action that shall see government programmes benefit the whole country and reduce on the imbalances.

A third of Uganda’s remain poor and vulnerable to shock despite the access registered. That between 2005 and 2009, about 67% (2 of every 3) of families that were lifted fell back in poverty.

AFCAF recommends that the government should undertake to further reduce poverty through shifting focus to improving access to quality basic services that among others include sanitation, electricity, education and health services.

The government should avail affordable storage water, storage facilities to the poor so as to mitigate the rise of rainfall.

Reducing the number of people living in poverty will require both modernizing agricultural production and expanding employment income in non –agricultural sector.

Economic empowerment through its various schemes has become a source of livelihood for many in terms of income, empowerment of opportunities and overall social economic well being. This has become impossible following the collapse of government initiative and consistent inability to provide for its people’s live hood.

Credit plays an important role in the establishment, maintained and expansion of women’s economic empowerment. It provides working capital to potential small- scale. Credit is also important in meeting land development costs building and other premises, machinery and equipment, furniture and fixture, transport and other business lines.

As noted above, the major impediment to the rapid development has been inadequacy of facilities for provision of investment funds and working capital. This is particularly due to the lukewarm response of financial institutions, particularly commercial banks, that makes the cost of borrowing high, lack of collateral security without which no loans are attained, the small size of the project which discourage commercial banks to lend due to high transaction cost, and the lack of a track record by women make the loans assessments by financial institutions difficult.

Since most of the potential women entrepreneurs are poor and commercial banks are hesitant to serve them, Non-banking financial intermediaries and non- government organizations have come up as an important source of finance to women in developing countries.

2.0 **PROJECT DESCRIPTION AND OBJECTIVES**

2.**1 Micro- Financing project.**

* + 1. It has been estimated that there are over ten million economically active poor people in Uganda operating micro enterprises and numerous incomes generating activities. However most of these people do not have access to adequate Financial services, the purpose of project is to bring together in s single source, guiding principles and tools that will promote

 Sustainable micro financing and create a viable institution.

* + 1. The project takes a national perspective, drawing on lessons learned from the experiences of micro financing practitioners, donors and others throughout the country. It covers extensively matters pertaining to regulatory and policy framework and essential components of institutional capacity building, such as product design, performance measuring and monitoring and management of micro- financing institution.
		2. Three approaches are engaged for practical realization of this project.
1. First approach focuses on issues in microfinance promoting. This approach takes a micro economic perspective towards general micro- finance issues. It is primary non- technical.
2. Second approach focuses on Designing and monitoring financial products and services. The approach narrow its focus to the provision of financial intermediation, taking on more technical approach and moving progressing towards more specific ( micro) issues.
3. Third approach focuses on measuring performance and managing viability. This is the technical part of this project, focusing primarily on assessing the viability of micro financing institutions.

2.2. General objectives;

**FIGHTING POVERTY WITH MICRO – FINANCE / Savings and credit Co-operatives**

1. Micro- finance is a development tool, not, simply banking with increasing assistance from the donors; micro- finance is emerging as an instrument for reducing poverty and improving the poor access to financial services in low-income countries, like Uganda.
2. Providing the poor with access to financial services in one of the many ways to help increase their income and productivity. In many cases however, for additional Financial institutions have failed to provide this services. Micro credit and co-operative programs fill this gap. They provide credit through social mechanism such as group based leading to reach the poor and other clients, including women who luck access to formal financial institution.
3. The general objective of these projects is to fight poverty by helping the poor become self-employed and thus escape poverty.
	1. **Project outlines.**
4. AFCAF DEVELOPMENT GROUP will implement a micro- financing scheme, providing credit for on – lending and technical assistance to magnified war and AIDS groups in Kampala, Wakiso, Gulu, Arua, Kitigum and Masaka district. The project is an integral part of the organization’ endeavors to develop the informal sector both in rural agriculture and informal micro and small- scale enterprises.
5. The project is sought to extend credit worth us $ 6000,000 to total of 30,000 house hold in six districts . Consideration for the credit will favor marginalized group including women and their families dependants intending to develop small and medium scale enterprises for income generation under their project short- term investment loans will be provide on quarters basis to groups of people with viable projects.
6. AFCAF DEVELOPMENT GROUP will carry out the proposed project following the outlined steps below;

Step I

AFCAF DEVELOPMENT GROUP will announce the micro financing group for small- scale enterprises, opportunities directed to marginalized war and HIV /AIDS group in above Districts. Women and youth groups will be highly considered.

 Step II

AFCAF DEVELOPMENT GROUP will solicit and approve proposals from 30,000 households from the two Luwero triangle Districts on a quarterly basis .

 Step III

AFCAF DEVELOPMENT GROUP will formulate 200 enterprising groups of 150 members each rising from 30,000 households. Enterprising groups will be based on parish level basis. These groups will be targeted for training and capacity building in business and financial management.

 Step IV

Each enterprising group will be sub-divided into 30 small groups of five members forming a crocus. The crocus will guarantee collateral security for its members the total number of these crocuses will be 6000 in the districts.

 Step V

AFCAF DEVELOPMENT GROUP will extend loan to every qualifying crocus, after through preparation of applicants for business and financial management. Each crocus will be answerable for its members. An average of US $ 2500 dollar has been estimated for each crocus on quarterly basis.

 Step VI

 **SAVING SECURITY**

AFCAF DEVELOPMENT GROUP will consider the following components;

1. Savings cards for each member of the crocus will be introduced requiring the crocus to save with AFCAF –Co-operative Savings and Credit group at the district level on regular basis.

 A loan security of at least 25% will be required for any amount of loan applied for

 iii) Initial training/ business orientation courses will be very necessary for this scheme

 At least once a week for 8 weeks for any applicant

b**. LOAN AMOUNTS**

Loans amounts will be based on realistic credit needs of technically and financially feasible under taking, but will be limited to US $ 2500 dollar for each crocus as per quarters, in the first year.

**C. LOAN DURATION AND REPAYMENT**

i. Repayment period for each approved loan shall be up to a maximum of 4 months, including a one month grace periods.

ii) Loan repayment and installments shall be monthly, depending on cash flow and an agreed upon repayment schedule.

iii) Principal loan will be given out on a 3-months recovery rate at 33%.

1. **INTREST RATES**

 Interest will be charged on principal loan at 3% each month.

 e) **LOANS CYCLE AND REVOLVING FUND**

 The grant is sought for five year.

 However, the loan cycle will be developed on a quarterly basis

 Will be continued throughout the year.

 Consequently the grant will turn into a revolving fund, facilitating loans on

Quarterly terms.

2.4 **SPECIFIC OBUJECTIVES**

1. To extend sustainable financial services to marginalize groups, by developing sound micro- financing initiatives.

2 To establish a revolving fund directing credit to low- income marginalized groups

3. To promote business growth and generate employment in rural agriculture and Informal micro- and small- scale enterprises.

4. To extend credit to beneficiaries such as women and their families dependents who would otherwise find it difficult to access credits from commercial banks and other financial institutions.

5. To develop entrepreneurial capacity in rural women and their families,

 Dependants, by training their skills in basic levels of micro enterprise

 Management and technical skills.

6. To mobilize the capacity of small scale product for increased income-generating commodities.

7. To provide a deeper insight to governments, society and other Organizations on how to improve micro- finance programs for the development of small-scale enterprises and income- generating activities.

8. To facilitate the formation of enterprising groups and provide individual loans based on modification of the group lending methodology.

9. To provide generate awareness for enhancing trade and business interaction to the potential of women and their families’ dependants in both urban and rural Districts

10. To generate share capital and increase savings of the beneficiaries.

2.5 **PLANNED ACTIVIES**

 In pursuit of the stated objectives and in relation to the prevailing circumstance, the organization proposed to implement measures on several key fronts including.

1) Up- guarding capacity to run small- scale enterprises and other income- generating activities, through short- term and so cured workshops.

2) Extending financial services to low-income marginalized` groups of people through lending and savings activities.

3) Mobilizing the capacity of small-scale producer’s production of income-generating commodities through advocacy, rural participation, and training and related extension services.

4) Developing entrepreneurial capacity in rural women and their families/ dependants through management and business skills training.

5) Improving micro- financial program for the development of small- scale enterprises and evaluation.

6) Facilitating the formation of enterprising groups through supervision, monitoring and evaluation.

* 1. **IMPLEMENTATION STRATEGIES**`

AFCAF DEVELOPMENT Group plans to achieve the stated objectives by employing several strategies grouped into five categories.

 CATEGERY I: Rural community participation.

CATEGORY II: Education and training including workshops,

 Seminars and business tours.

CATEGORY III: Financial services including lending, borrowing and

 Savings.

CATEGORY IV: Extension services and business consultancies.

CATEGORY V: Supervision, monitoring and evaluation.

* 1. **EXPECTED OUTPUTS.**

1) Establishing credit facility to marginalized groups, women getting more accessible to financial services,

2) The beginning of a revolving fund for the marginalized youth and women groups in Wakiso, Kampala, Gulu, Arua, Kitgum and Masaka district, established credit desk to help rural women. This will include the following measurement criteria;

* + - Established capital base.
		- Established volume of savings deposits.
		- Established number of borrowers.
		- Established loan volume.
		- Established productive activities and integrated into formal
		- Financial system.
		- Established small-scale enterprise and number of people employed

3. Staff trained in group- lending methods

4. Progress in cost- sharing services revenues and sustainability.

5. Progress in investing activities for self- sustenance.

6. Reduction of relief and subsidy dependency.

7. Increased output incomes and growth in business enterprises of individuals.

8. Increased average yield on earning assets and improvements in expense control.

**IMPLEMENTATION PLAN**

 **TASK ACTIVITIES ISSUESTO BE PERSONNEL DURATION**

 **ADDRESSED**

1.Prepara -Research and - Designing and - Micro-finance

tion for development monitoring financial consultant.

micro- - Planning. Products & services. Economic consul-

Finance - Measuring performa- tant.

Scheme nce & managing - Project Manager

 Viability. -Business consultant

 - Assessing viability - Credit officer

 Of micro- financing

 Institution.

2.Rural/ -Mobilization Pursuing innovations -Project coordinators

Commun -Information great access and

ity dissemination out reach.

Participa -Outreach mission -Internal research &

tion center meeting. evaluation.

 -Development interve-

 ntions & intermediary

 role for micro-enterprise.

3.Educat -Develop aware -Informal micro-and - Business consultant

 ion and ness & skills for small-scale enterprise -micro-finance

training self-reliance sector development. consultant

 -Sensitized and - Formation and Project manager

 -Provide training for administration of

 Micro-financing enterprising groups.

 Schemes. -Reduction of

 -Provide training intermediation costs

 - training for and achieving better

 financial manage prospects of sustainab

 ment. ility

4.Financial -Manager micro - Provide a complete - Credit officer

services credit delivery & set of financial services - Economic

including recovery services to develop micro- Consultant

lending, -Manage financial enterprises - Business consultant

borrowing accounts & - Increasing out-

and internal project reach through group

saving. Auditing. Based lending

 -provide extended Managing

 Training on financial viability and

 Management measuring

 performance -Designing and

 monitoring financial

 Services

5. External -Knowledge and -Production and - Project coordinator

 Services skills transfer quality -Field

 Services. -Market promotion assistance.

 - provision on - Operation and

 Technical support financial performance

 Services indicators

 - Economic and social

 Impact.

6.Super -Management & - Operation and financial -Project Manager

vision, supervision of the performance indicators - Internal auditor

monitor scheme - Economic and social - External auditor

ing and -Implement and impact

evaluation monitoring

 - Evaluation

**4.0 TASK ORIENTED RESPONSES**

**TASK ACTIVITIES OUTCOMES**

1.Preparation for - Research and development -Terms of reference

 Micro-finance - Planning - Implementation plan

 Scheme -Planned activities and

 budget allocation.

 - Staff allocation

 - Beneficiary register and

 location.

 - Implementation schedule

 And timing200Rural/community - Mobilization -Organized households groups

 Participation - Information composed of men and

 - Outreach mission woman with small-scale

 Center meeting enterprises and other income

 generating activities

` - At least 30,000 households

 Will be realized for this

 Scheme

 - 6000 enterprising

 groups will be formulated

 each group being with a

 satellite center.

 -Thirty thousand business

 Plans will be approved

 for 30,000beneficiaries.

 -More than 30,000 application

 Will be sent in for credit

 Consideration.

 -There will be increased

 Number of needy people

 Preparing for this scheme

3.Education & - Develop awareness and - 200 satellite centers

 Training skills for self-reliance will be developed for

 - Sensitize and provide sharing information, and

 Training for micro- distribution of resources.

 Finance discipline. -1200 cuscus units will

 -Develop skills for be developed for weekly

 Finance and business meetings, planning and

 Management. Setting strategies for

 Business development.

 -At least people will have

 The capacity for a

 Minimum saving leading

 To share capital

 Attainment.

4. Financial services - Manage micro-credit - At least 30,000 men and

 Including lending, delivery and recovery women will be able to

 Borrowing & services receive a loan worth us

 Saving. - Manage financial $ 6000,000

 Accounts and internal -Over 20,000 women will be

 Project auditing facilitated with micro-

 - Provide extended credit worth US $ 4000.000

 Training on financial - At least a capital share

 Management worth $ 6000.000 will be

 Realized.

 - The initial grant will be

 Increased by 30%.

5. Extension - Delivery of knowledge - Increased earnings and

 Services & skills transfer services saving.

 - Provision of technical -Better life quality realized

 Support services - Increased knowledge and

 Awareness for self-

 Sustenance.

 - Narrow gap between

 Professionals and non-

 Professional.

 - Need assessment reports

From the beneficiaries’ front.

6. Supervision, - Management supervision -Over 30,000 men and

 Monitoring and of the scheme. Women will be facilitated

 Evaluation. - Implementation & by this grant.

 Monitoring. - Micro-credit fund will

 - Evaluation. Established as a result of

 The grant.

 - Accelerated economic

 Growth through cost-

 Sharing activities by

 The community.

 -The marginalized groups

 Will realize saving

 Deposits.

 -Increased economic and

 Social interventions for

 The marginalized groups.

**5.0 BUDGET FOR THE PROPOSED MICRO-FINANCE SCHEME FOR 2016/2021**

ACTIVITY CATEGORYOF UNIT NUMBER COST/ TOTAL EXPL

 EXPEDITURE DESCRITION OF UNITS UNIT COST ANAN

1. Prepara 1. Allowance Safari day

 tion for the for three allowance.

 scheme: officials.

 2. Transport Fuel in liters/

 3. Folders,pens official/ day.

 Text markers Dozen/ item

a. Prepara and note books

 tory visit 4. Facilitation Lunch and tea-

 by project for seventy break/participant/

 coordinators participants. Day.

b.Consulta 5.Questionn Reams of paper

 tive aires and

meeting handouts.

c Designi communica- Secretarial services

 ng and print tion page.

 ing registra

 tion package

 and brochures.

d. Publicity 7. Five project Lunch and tea break/

2. Rural coordinator. Participant/day

 participation 8. Transport Per diem/coordinator/

a. Orientation 9. Stationery trip.

 meetings Folders

 for benefic

 iaries.

b. Field trips hand outs/page

 by staff to

 mobilize secretarial services/

 enterprise

 ing groups page.

 at satellite

 centers.

3. Education 10. staff Training fee/

And training: training. Staff/ day

a. Staff

 training to 11. Benefici Facilitation

 strengthen aries, fee/ resource/

 institulonal workshops person/ day.

 & organizat

 ional capa

 city.

b. Beneficia

ries training

to strengthen

skills in:

small-scale

enterprises,

Business and

Financial

Management.

4. Financial 12. Allowance Allowance/officer/

 Services for twenty credit month

 Including officers. Lunch and break

 Lending, 13.Transport. tea/ officer/ month

 Borrowing

 And saving.

a. Manage

 micro-

 credit

 delivery and

 recovery

 service.

b.Manager

 financial

 accounts and

 internal

 project

 auditing.

c. Provide

 extended

 training on

 financial

 management

5. Extension 14. Allowance per diem/

 Services: for twenty field officer/ trip

 Officers.

 15. Transport.

 Transfer of

 Knowledge

 And skills in

 Specialized

 Fields.

6.Supervision, 16. Manager’ per diem/

 Monitoring allowance. person

 & evaluation: 17. Managers’ Telephone calls

a. Project transport.

 Administrt 18. Communic- Faxes

 tion ation.

 19. Stationery Postage/ mail

 And

 Secretarial

 Services.

b. External 20. Independent Reams of paper

 evaluation evaluation fees Laser printer

 ( 5% of the cartridges (pack)

 Project cost.) Secretarial services.

**6.0 FINANCIAL PROJECTION**

 Grant ; US. $ 6000,000 = U sh. 2.1 billion

 Exchange rates; - 1 us. $ = U sh 3500

 - Beneficiaries;- 30,000 household

 - Duration;- ( 4 months x3)

 Loans proceeds:

 - Loan application fee:- U sh. 5000 per application

 - Loan security at 25% of the approved loan

 - Interest rate at 3% @ month.

 **PROJECTED INCOME**

 PROCEEDS FIRST SECOND THIRD ANNUAL

 QUARTER QUARTER QUARTER TOTALS

Loan application fee 1.5 1.5 1.5 4.5

Loan security 8.7 8.7

Interest 10.44 10.44 10.44 31.32

QUARTERY 20.64 11.94 11.94 41.82

 TOTALS

**INCOME DISTRIBUTION**

|  |  |  |
| --- | --- | --- |
|  **SOURCE** |  **AMOUNT** |  **VOTES** |
| Loan application fee | 4.5 | Preparation task No.1Community preparation task N0.2 |
| Loan security  | 8.7 | Education and training task No. 3Extension services task No.5 |
| Interest  |  31.32 | Financial services task No.4Supervision, monitoring and evaluation task No.6 |

( AMOUNT IN U SH. billion)

7.0 MONITORING AND EVALUATION PLAN

AFCAF DEVELOPMENT GROUP will employ a 4- stage monitoring and evaluation system for the checks and balances of the scheme. The below shows the components of the plan.

|  |  |  |
| --- | --- | --- |
| **POST-PLANNING SCHEME**  |  **KEY ISSUES** | **MONITOGING AND EVALUTION** |
| 1. Physical implementation | -Mobilization and utilization of project facilities.-Delivery of inputs.- Disbursement of funds. | Input/ output monitoring (1.B) |
| 2.Operation and maintenance. | -Recurrent cost financing- Continued service delivery-Operation and maintenance - Project return. -Cost recovery - Benefits generation | - Sustainability monitoring(SM) |
| 3. Full development |  -Intended and unintended impact. -Impact on social and economic goals. - Testing of project hypothesis. | - Impact evaluation ( IE) |
| 4. Project completion |  - End project status | - Project completion reports(PCR)-Project auditing. |

**7.1 MONITORING AND EVALUATION CRITERIA**

 **Monitoring:**

**1. Compliance criteria.**

 These criteria will be used to measure- planned activities, and implementation strategies in relationship with the expected output. The purpose there will help AFCAF Development Group problems in the shortest time possible.

2. Feedback criteria.

 This will be actively canvassed from the network of beneficiaries and promoters (AFCAF DEV.GROUP) who will be continuously involved in implantation of various activities and services.

 This criterion intended to keep the prayers abreast with the developments of the designs scheme and ascertain the direction to which the project is taking.

**Evaluation:**

The evaluation framework will set a mechanism to assess the extent to which planned intervention will have met targeted activity objectives. The criteria for evaluation will address delivery of planned intervention in reality with post-implementation results and assess the extent of intended and unintended outcomes.

1. Performance criteria:

 Evaluation will be made in relation to the desired goals and outputs. Performance assessment will be made quarterly and will form part of the scheme’s annual review. It is intended to make remedies to project implementation process.

2. Input to future design criteria:-

These will evaluation the impact of the objectives in relation to the beneficiaries and implementation. It will as well evaluate the impact well after completion and micro-finance services.

3. Evaluation criteria of specifies:-

 Internal evaluation of the activities. Implementation and output will include but not limited to the following:-

1. Development of smell-scale enterprises other income generating activities.
2. Outreach for marginalized groups in the community.
3. Women development in the community.
4. Promotion of sponsor’s identity.

 **ANNEX A**

 **EXPECTED CHALLENGES**

1. Institutional commitment – Dependency on a handful of visionary board members rather than basing on an institutional mission.

2. Organizational structures – Integrate micro finance with a bank culture and structures geared toward a high volume, small business.

3. Financial methodologies – Availability of financial methodologies to reach and remain low-income clients who require small amounts of capital.

4. Human resources- Issues of recruitment, training and performance-related initiatives requires special skills.

5. Cost-effectiveness- Overhead cost structures to minimize processing costs, increase staff productivity, and rapidly expand micro finance loan portfolio-efforts necessary to over costs and earn profits.

6. Regulatory compliance – Preparing reports and observing regulatory requirements to reflect micro finance operations for procedures that the implementing organization and donors have yet to develop.

**ANNEX B**

**ECONOMIC INDICATORS**

1. Performance

 - Ownership to property.

 -Income and expenditures.

2. Lending activities

 - Volume of outstanding loans

 - Number of outstanding loans.

 - Average size of deposits.

 - Average loan as proportion on income.

3. Saving activity

 - Number of deposits accounts.

 - Volume of outstanding deposits.

 - Average size of deposits

 - Average loan as proportion on income

4. Financial intermediation

 - Deposit to loan ratio.

 - Deposit to liabilities ratio

5. Profitability

 - Return on assets

 - Net income or profits before taxes/ average total assets.

 Return on equity

 - Net income or profits before/ average total capital.

**ANNEX C**

**COST SCHEDULE**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  **ITEMS** | **DIRECT** **FINANCIAL****COST** | **DIRECT NON-****FINANCIAL****COST** | **INDIRECT****COST** | **TOTAL COST** |
| 1. Interest and fee expenses. | P | N | N | M |
| 2. Loan-loss Provision. | N | P | N | P |
| 3. Personnel | P | P | P | P |
| 4. Other  AdministrativeExpenses. | P | P | P | P |
| 5. Staff and client training | P | P | N | P |
| 6. Consultancy fees | P | P | N | P |
| 7. Office material supplies | \*\* | \*\* | \*\* | \*\* |
| 8. Publication/publicity | \*\* | \*\* | \*\* | \*\* |
| 9. Transport/facilitation. | N | N | \*\* | \*\* |
| 10. Communication including bills of telephone, postage, faxes, etc | N | N | \*\* | \*\* |
| 11. Utilities | N | N | \*\* | \*\* |
| 12. Repairs and maintenance | N | N | \*\* | \*\* |
| 13. Bank charges. | N | N | \*\* | \*\* |
| 14. Taxes | N | N | \*\* | \*\* |
| 15. Depreciation | N | N | \*\* | \*\* |
| 16. Others | \*\* | \*\* | \*\* | \*\* |
| **TOTAL OPERATIONAL EXPESES** |  |  |  |  |

‘Direct’ or ‘program’ cost \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_those cost directly attributable to

each of the cost center chosen for analysis.

‘Indirect’ or ‘overhead’ cost \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ those costs shared among various services.

**ANNEX D**

**MICROCREDIT INTEREST RATE QUATATION**

1. Micro- credit interest rate quoted at 3% @ month.

2. Computing interest on the original face amount of the loan, rather than on the declining balances. That is to say ‘Flat interest’ charge.

3. Mode of payment spreading interest payments through the life of the loan.

4. Commission charged on loan amount is 1%

5. Quoting a monthly interest rate, but collecting principal and interest weekly, counting four weeks as a month.

6. Requiring compulsory savings as compensating balance.

**ANNEX E**

**IMPLEMENTATION SCHEDULE**

**TASK ACTIVITIES** 1 2 3 4 5 6 7 8 9 1 2

1.Preparation 1. Preparatory visits to 200

 For micro- satellite centers.

 Finance

 Scheme

 2. Consultative meeting.

 3. Designing and printing

 Registration package.

 4. Publicity

2. Rural/ 5. Orientation meetings for the

 Community beneficiaries at 20 satellite

 Participation centers.

 6. Field trips by staff to mobilize

 Enterprising groups at satellite

 Centers.

3. Education 7. Staff training to strengthen

 And institutional and

 Training organizational capacity.

 8. Training beneficiaries to

 Strengthen skills in- a ( small

 Scale enterprise b) business

 Management and c)

 Financial management.

**AFCAF DEVELOPMENT GROUP**

**FARMERS’S SAVINGS & CREDIT COOPERATIVE GROUP**

**MICROFINANCE STRUCTURE**

**2016-2021**

**SECURITY GUARD**

**FARMERS & BUSINESS ENTERPRISING GROUPS**

**PUBLIC RELATIONS MANAGER**

**FIELD STAFF**

**MEMBERSHIP DEVELOPMENT SERETARY**

**VILLAGE SAVINGS AND LOAN ASSOCIATION (VSLA)**

**CREDIT OFFICER**

**THE SUPERVISOR / BRANCH MANAGER**

**INTERNAL AUDITOR**

**T.O.T OFFICER**

**THE MANAGER**

**PROJECT EVALUATION OFFICER**

**CONSULTATIVE TECHNICAL COMM.**

**THE SUPERVISOR & COMMITTEE**

**PROJECT REVIEW COMMITTEE**

**ADM. INQUEST**

**AFCAF EXECUTIVECOMMITTEE**

**DONOR AGENCY REPRESENTATIVE**

**AGM**