

PROJECT DESCRIPTION**MORABI Expansion of Financial Services for the Poor****Cape Verde****I. Introduction**

This appendix describes the activities to be undertaken and the results to be achieved with the funds obligated under this Agreement. Nothing in this Appendix A shall be construed as amending any of the definitions, conditions, or terms of the Agreement.

II. Background

The Associação de Apoio a Autopromoção da Mulher no Desenvolvimento (MORABI) was registered as a non-profit, non-governmental organization in Cape Verde in 1992 and operates as a microfinance institution. In 2007, the Cape Verdean government introduced new laws regulating microfinance institutions operating in the country. MORABI is currently in the process of adjusting its internal operations and procedures to be in compliance with these new regulations.

MORABI also seeks to expand its financial capacity by: (1) diversifying financial products to include savings and micro-insurance; and (2) offering a diverse package of microfinance services to poor populations, low-income households, and underserved communities.

III. Funding**A. ADF Contribution**

The financial plan for ADF's contribution is set forth in Appendix A-1 of this Agreement. The Parties may make changes to the financial plan without formal amendment, if such changes are made in accordance with Article 8 of the Agreement and do not cause ADF's contribution to exceed the obligated amount specified in Article 4, section 4.1 of the Agreement.

B. MORABI Contribution

MORABI will contribute its personnel, equipment, facilities and distribution channels, knowledge, experience and skills to the implementation of the Project.

IV. Project Goal

The goal of this Project is to raise the standard of living for people in rural areas of Cape Verde.

V. Project Purpose

The purpose of the Project is to increase access to microfinance services for rural residents, particularly women.

- A. MORABI will offer savings accounts to new clients, as follows:
 - 1. 40 new clients in 2010;
 - 2. 70 new clients in 2011; and
 - 3. 70 new clients in 2012.

- B. MORABI will offer insurance accounts to new clients, as follows:
 - 1. 40 new clients in 2010;
 - 2. 70 new clients in 2011; and
 - 3. 70 new clients in 2012.

VI. Project Outputs

- A. MORABI will improve its capacity to provide microcredit services as indicated by its obtaining certification under the new microfinance laws and regulations by the end of the Project.

- B. MORABI will expand its capacity to provide a range of financial services for rural populations as evidenced by MORABI staff's full use of a microfinance package that includes savings and micro-insurance components by the end of the Project.

VII. Project Activities

MORABI will carry out the Project activities with the assistance of consultants and the local ADF Partner.

- A. MORABI will strengthen its institutional and managerial capacity so as to achieve certification under the new microfinance laws through technical assistance and training in the following areas:
 - 1. revise and update MORABI's Accounting Procedures Manual to comply with the country's new microfinance laws;

2. develop and install new and integrated financial and accounting software able to provide timely and adequate financial data ensuring portfolio quality;
 3. establish a project steering committee to oversee overall project implementation; and
 4. design and set up an appropriate procurement policy for MORABI.
- B. MORABI will design a comprehensive outreach and expansion strategy to provide two new services, savings and micro-insurance, to a wider and poorer rural population through the following activities:
1. recruit an international/regional consultant to work with a local consultant to conduct a market study on the two new products;
 2. launch product prototypes and conduct a follow-up evaluation; and
 3. follow a list of indicators to track progress.
- C. MORABI will increase its operational and financial capacity to integrate and manage the new services provided through the following.
1. Training and Technical Assistance
 - a. Design and implement a comprehensive internal and external system to manage funds received, including specified procedural guidelines.
 - b. Design and conduct an on-site training curriculum covering all topics regarding the launching of the new products, accounting and internal controls, product management software, and information management.
 - c. Update the strategic business and marketing plan taking into consideration the market study data.
 2. Hire and train five new staff members to support the expansion of new microfinance services.
 3. Acquire and install a new data backup system to ensure the security and safe storage of data and all transactions in accordance with industry standards and the new Cape Verdean microfinance laws.

VIII. Roles and Responsibilities

ADF's Partner in Cape Verde will provide the standard ADF training, which includes such areas as bookkeeping, monitoring and evaluation, and reporting. MORABI is responsible for ensuring the proper management and implementation of the Project.

IX. Monitoring and Evaluation

The Project Steering Committee (PSC), which includes the ADF Partner in Cape Verde, will closely monitor the activities of MORABI to ensure proper reporting, adherence to

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APPENDIX A

the project implementation plan, and commitment to the Project goals and objectives. The PSC will continuously assess the Project risk and take remedial actions as needed. Monitoring by the PSC will be an important aspect of the on-going coaching and advisory service. The Partner will review ADF's quarterly reports and will submit comments and observations to the management of MORABI as part of the on-going performance assessment.

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