

PROJECT DESCRIPTION

MPAL Credit and Savings Expansion Project

Senegal

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

Cuisse d'épargne et de credit de Mpal ("CPEC MPAL" or "Mpal") began as an informal network in which members pooled their capital and loaned money to each other. Since 1994 it has operated as a legally registered financial firm, providing microloans and savings accounts for over 1300 members in the St. Louis and Louga departments. Mpal wishes to expand its member base to rural areas outside MPAL and increase the types of services it provides. However, many rural residents are not aware of the existence or potential benefit of financial services, and MPAL does not have experience raising its profile outside its existing market. Further, MPAL lacks the technical and physical infrastructure to manage an expanded financial organization.

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. MPAL Contribution

MPAL will contribute its current office, located in the district of Tack in the commune of Mpal, the labor of its current manager and accountant, and its existing equipment and tools.

IV. Project Goal

The goal of the Project is to improve the standard of living in the St. Louis and Louga municipalities.

ADF



MPAL



V. Project Purpose

The purpose of the Project is to improve access to credit among the poor in St. Louis and Louga municipalities, as evidenced by the following.

- A. The number of Mpal members will increase from a baseline of 1422 members in 2009 to:
 - 1. 1678 members in Year 1;
 - 2. 1980 members in Year 2; and
 - 3. 2336 members in Year 3.

- B. The value of loans disbursed will increase from a baseline of CFA 407,786,899 in 2009 to:
 - 1. CFA 457, 786,899 in Year 1;
 - 2. CFA 487, 786,899 in Year 2; and
 - 3. CFA 487, 786,899 in Year 3.

VI. Project Outputs

By the end of this project, it is expected that MPAL will improve its capacity to provide microcredit services as indicated by the following results.

- A. The value of annual salaries paid by MPAL to its staff increases from a baseline of CFA 1,610,000 to:
 - 1. CFA 5,570,000 in Year 1;
 - 2. CFA 5,570,000 in Year 2; and
 - 3. CFA 5,570,000 in Year 3.

- B. The number of new loan requests will increase from a baseline of 600 in 2009 to :
 - 1. 636 in Year 1;
 - 2. 700 in Year 2; and
 - 3. 742 in Year 3.

- C. MPAL's net income (before taxes and depreciation) will increase from the current baseline of CFA 14,531,595 to:
 - 1. CFA 25,781, 883 in Year 1;
 - 2. CFA 44,916, 689 in Year 2; and
 - 3. CFA 50,171, 466 in Year 3;

VII. Project Activities

MPAL will ensure the following major activities are implemented with the assistance of consultants where necessary.

A. Institutional Management Improvement Activities

1. MPAL will improve the working conditions at its head office by installing air conditioners and fire extinguishers. MPAL will also improve the head office by procuring new IT equipment and office furniture. MPAL will also set up a conference room.
2. MPAL will hire a consultant to create a new information management system. The new system will be able to track loan data, maintain a comprehensive client portfolio, and maintain MPAL's accounts. The staff will attend training on proper use of loan software and other office technologies.
3. A consultant will train MPAL staff on management techniques, such as risk assessment, client relationships, and internal controls.
4. The ADF Technical Partner will train the management staff in ADF reporting and accounting requirements.

B. Marketing Activities

1. MPAL will purchase two new motorcycles for its credit agents to visit clients and potential customers.
2. A consultant will train the Awareness Committee in a communications and outreach strategy. The Awareness Committee will then lead an information campaign in the rural areas, where they will explain the benefits of financial services to poor residents.
3. The line of credit will be expanded by CFA 80,000,000.
4. MPAL will open two branch offices in Gandiole and Ndjith. The offices will be staffed with two cashiers, and outfitted with adequate furniture, computers, and other equipment.

VIII. Roles and Responsibilities

ACA in Senegal will provide the standard ADF Training in bookkeeping, monitoring and assessment. MPAL is responsible for ensuring the proper management and implementation of the Investment. The ADF Partner in Senegal will provide MPAL with technical and management assistance during implementation.

IX. Monitoring and Evaluation

ACA in Senegal will closely monitor the activities of MPAL to ensure proper reporting, adherence to the project implementation plan by the client and movement towards the achievement of project objectives. ACA will continuously assess the project risk and take remedial actions as needed. Monitoring by ACA will be an important aspect of the on-going coaching and advisory service. ACA will review ADF's quarterly reports and will submit comments and observations to the management of MPAL as part of the on-going performance assessment.