

PROJECT DESCRIPTION

LOMEDS Capacity Building Project

Kenya

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 purpose of the Lokori Micro Enterprise Development Scheme (LOMEDS) is to contribute to the development of the pastoralist and agro-pastoralists of Turkana by providing credit facilities that enhance food security, employment, and incomes for its members. LOMEDS would like to expand its credit facility to reach more of its members but currently lacks the necessary internal capacity, including human resources, management systems, written policies and procedures, office space and equipment, and investment capital.

III. Funding

A. ADF Contribution

The financial plan for ADF's contribution is set forth in Appendix A-1 to 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. Grantee Contribution

LOMEDS will contribute land as well as the time and skills of its staff, management committee, and members in the implementation of the Project.

IV. Project Goal

The goal of this Project is to improve the food security and standard of living for marginalized people living in the Turkana region of Kenya.

V. Project Purpose

The purpose of the Project is to strengthen the institutional, management, and operational capacity of LOMEDS and plan for future expansion as evidenced by the development of a comprehensive business plan that ADF deems suitable for investment by itself or other funding source.

VI. Project Outputs

By the end of the Project period, LOMEDS will accomplish the following.

- A. Improve services provided to members as demonstrated by:
 1. LOMEDS administers a microcredit facility using an appropriate software-based management system and according to a written set of policies and procedures, which have been approved by the Board of Directors;
 2. an increase in the value of loans given to members from zero in the Project's base year to KES 500,000 in Year 1; and
 3. an increase in the number of members receiving loans from zero in the Project's base year to 33 in Year 1.

- B. Improve financial management, corporate governance and human resource capacity of LOMEDS as demonstrated by:
 1. LOMEDS produces financial statements and reports that include monthly income, balance sheet and cash flow statements, consolidated quarterly and annual statements, and it establishes adequate financial controls, accounting procedures, policies, and systems that meet international audit standards;
 2. LOMEDS implements a human resources policy in accordance with policies and procedures documented in a human resources policy manual; and
 3. LOMEDS establishes and implements a policy for procurement that aligns with international audit standards and best practices.

VII. Project Activities

LOMEDS will ensure the following major activities are implemented.

- A. Improve LOMEDS' prospects for expansion by commissioning the development of a comprehensive business plan that includes:

1. market report with analysis of potential markets for its loan products; and
 2. marketing strategy that includes recommended loan products, credit methodology, specifies a geographical area of operations and targeted business activities that would qualify for credit, and documents baseline and projected financial performance of the microcredit enterprise.
- B. Enhance LOMEDS' organizational capacity by:
1. constructing an office structure;
 2. procuring electricity for the office, installing a back-up generator, and establishing Internet connectivity; and
 3. purchasing and installing improved office furniture and equipment, including computers, and a photocopier.
- C. Strengthen LOMEDS' financial and management systems by:
1. developing accounting and human resource policy manuals and training staff and board in the policies codified therein;
 2. training the Board of Directors and management staff in record keeping, leadership, management and group dynamics; and
 3. hiring a program coordinator and accountant.
- D. Improve LOMEDS' ability to administer a microcredit enterprise in accordance with best practices by:
1. installing and training staff to use a software-based loan tracking system for management and decision making purposes;
 2. hiring a credit officer;
 3. developing a loan operation policy manual; and
 4. LOMEDS' leadership and management designing loan products that specifically meet demand in the group's target market.

VIII. Roles and Responsibilities of the Parties

ADF's will provide the standard ADF training in bookkeeping, monitoring and assessment. LOMEDS is responsible for ensuring the proper management and implementation of the Grant. ADF or technical service providers identified by ADF will provide LOMEDS with technical and management assistance during implementation.

IX. Monitoring and Evaluation

Within sixty days of the effective date of this Agreement, the Grantee, working with the ADF Partner, will form a monitoring and assessment committee composed of a representative cross-section of the Grantee's organization. The committee will provide the Partner input for the Project monitoring plan. In addition, during implementation, the committee will have responsibility for ensuring that the Project follows the implementation plan, and that problems identified through monitoring and evaluation are properly addressed in a timely manner.