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Since 1947. Helping Women Help Themselves

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BAIDOA WOMEN'S SMALL ENTERPRISE DEVELOPMENT PROJECT

PROJECT IMPLEMENTATION 1987 - 1990

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FINAL REPORT

by

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ACRONYMS

Domestic Development Department	DDD
United States Agency for International Development	USAID
Government of Somali Democratic Republic	GSDR
Somali Women's Democratic Organization	SWDO
Management Unit for Support and Training	MUST
Project Review Group	PRG
Private Voluntary Organization Partnership Project	PVOP
Private Voluntary Organization	PVO
Non-Governmental Organizations	NGO
Ministry of Finance	MOF
Community Development Coordinator	CDC
OEF International (formerly Overseas Education Fund)	OEF

INTRODUCTION

In November 1987 OEF international and the Somali Women's Democratic Organization (SWDO) received a grant from the United States Agency for International Development (USAID) to implement the Baidoa Small Agriculture Enterprise Development project. The project had two broad goals; the first goal was to improve the socioeconomic conditions of poor, rural women in the Baidoa District of the Bay Region of Somalia. The second goal was to improve the capacity of the National and Regional Somali Women's Democratic Organization to help women in Baidoa District.

The history of the project can be divided into two phases. In phase one, the project undertook to establish a one hundred hectare irrigated farm where women would be taught improved cultivation, storage, processing, marketing and business techniques. After completing this training, the farm would provide irrigated plots to project participants to grow high value crops, such as vegetables.

Despite original tests indicating that the land chosen for the farm was suitable for irrigation, follow up detailed studies (undertaken as the first activity under the grant) showed that the salinity of the soil and water was too high for irrigation. Due to these unacceptable soil conditions, the project was redesigned. In phase two, the redesigned Baidoa Women's Small Enterprise project maintained the goals of the original project, but shifted its focus to agriculture-related small enterprise development and credit to build on skills already possessed by women.

During the life of the project the economic, political, and security conditions in Somalia deteriorated until the general breakdown and civil war in January 1991. The project continued to work in these worsening conditions until the impending fall of the Said Barre government forced it to close in December 1990.

Despite political and economic conditions in the country, the project was able to continue working toward achieving its goals and objectives until it closed. The project had completed or was in the process of implementing the following activities set out in the Grant Agreement: hiring and training staff, forming women's groups, conducting business skills training, disbursing credit to women micro-entrepreneurs, constructing an office for the regional SWDO, and conducting management training for the regional SWDO. This report reviews the history of the project and discusses the successes, the constraints faced, and lessons learned. Because the project was forced to close prematurely, no final evaluation was performed; the information in this report is drawn from project documents and the experience of the Project Manager from July 1989 until its close.

SECTION 1. PROJECT BACKGROUND

1.1 Baidoa and the Bay District

Baidoa is located approximately 150 miles Northwest of Mogadishu in the middle of the wedge between the Juba and Shabelle rivers. The majority of the population in the region identify themselves as Rahanweyn, one of the two major agricultural clans in Somalia. The Rahanweyn speak a local dialect, Af May May, which differs from the national language, Somali. Native Somali speakers have great difficulty understanding the dialect.

Baidoa receives enough rainfall in two rainy seasons to support dry land farming of drought resistant crops such as sorghum. For this reason, the rural population has adopted a semi-nomadic way of life. During the rainy seasons, families will keep their animals near or around their villages as they farm their fields. During the dry season, herders and/or whole families will take their animals deep into the bush in search of water as water sources near the villages dry out. They will return to their fields with the return of the rains.

Sorghum is the staple crop; however farmers will grow vegetables and fruits if they are near a water source which can provide irrigation. Most families have goats or cattle, and many have camels. Camels are highly prestigious animals and traditionally owned by men. Women are much more likely to own cattle or goats only.

Women play an important role in the social economy of the Rahanweyn. Within the household unit women perform a multitude of tasks, including farming, herding, milking and ghee (butter) making, collecting fuel wood and water, cooking, washing, repairing household items, and child care. The culture recognizes the fundamental role of women in the household economy; one traditional strategy for increasing household income and labor is to take another wife.

Women play an important role in the local market economy. The majority of vendors in the Baidoa town market and the local village markets are women. They sell goods ranging from kerosene (for lamps) to fruits, vegetables, grains, pasta, sugar, spices, woven mats, milk jugs, and pottery. Women also own and operate tea shops and retail stores which sell imported and higher value goods than the market stalls.

OEF was the first and only NGO to work in the Bay Region. Previous development efforts centered around large scale, government-sponsored agricultural research and extension projects.

1.2 The Somali Women's Democratic Organization

The Somali Democratic Women's Organization was created in 1977 as the women's arm of the Somali Revolutionary Socialist Party. Its mission was to transmit the party message to Somali women. In carrying out this mission, the SWDO developed a network from the national capital through regional centers into the villages. It was one of the few national organizations able to develop such a network. In the 1980's the National SWDO voiced a desire to implement social and development projects and move away from its purely political roots. Having worked with the SWDO for a year and a half, the author believes that this change in direction was, in large part, due to a desire for additional funding over and above the money the organization received from the government and membership fees.

In 1984 OEF selected SWDO as a partner organization as it was the only non-governmental organization working with women in rural areas. The first joint project was a community forestry project with refugee women located in the Northwest which operated from 1984 through 1987.

The second OEF/SWDO project was the first development project with which the Bay Regional and District SWDO committees had been involved. Previously, these committees had existed with little funding or local autonomy. Prior to the project, their main activities were organizing parades and assemblies for national holidays, which were mainly funded by donations from the local party and government. These activities had little impact on the social or economic condition of women in the area. In OEF's discussions with women in the market place during the Community Development training for the staff, some women said that they had initially been excited by the possibilities of the SWDO, but had grown ambivalent as they felt that they received no benefits from SWDO activities. OEF increasingly recognized the limitations of working with the SWDO but felt it was still a vehicle for reaching rural women.

1.3 Economic and Political Conditions

Civil war between the Government and Isaaq Clan broke out in Northern Somalia in 1987, at the time this project was being negotiated. As the war in the North had no direct impact on Mogadishu and Baidoa, the project was approved by the GSDR and USAID and moved ahead. However, during the life of the project, the economic and political situation in Somalia deteriorated toward the fighting that destroyed Mogadishu in January 1991, and forced the premature closing of the project.

The project was not affected by civil disturbances until rioting broke out in Mogadishu in July 1989. From this time on security deteriorated; car thefts by the government and bandits throughout the country increased and violent crimes throughout Mogadishu became common. The increase in violence forced the U.S. Embassy to place travel restrictions within the city on its employees for the last half of 1990.

At the same time as the violence in Mogadishu was increasing, the civil war spread as clans in the central and southern regions of the country challenged the central government. The increase in rebel activity in the Central region, while not directly affecting Baidoa, forced the Project Manager to relocate to Mogadishu in July 1990 to avoid the threat of being cut off in Baidoa.

In addition to the deteriorating security situation, the banking system failed in late 1989. A shortage of cash in the banks led to a run on the banks that the government could not stem. By the end of 1989, all commercial banks were closed, and the country had reverted to a cash only economy. However, the Central Bank was able to continue in operation and provide banking services to the project.

The combination of increasing civil disorder and economic collapse led to rapid devaluation of the Somali Shilling and high inflation rates. From October 1989 to October 1990, the official inflation rate was 264 percent. In the eighteen months between July 1989 and December 1990, the Somali Shilling devalued approximately 760 percent.

1.4 The Private Voluntary Organization Partnership Project Structure

The Baidoa Women's Small Enterprise Development Project was funded under an umbrella project, the Private Voluntary Organization Partners Project (PVOP). The PVOP was established by USAID and the GSDR to manage USAID funding for international PVO's and local NGO's. Under the PVOP, the Ministry of Interior established the Management Unit for Support and Training (MUST). MUST was designed to be the PVO coordinating body for the PVOP Project and to screen project proposals for USAID, monitor projects approved by AID, and assist foreign PVO's work with the government and local NGO's work with USAID.

As originally designed, PVOP funding came from two sources. All Somali Shilling funding for the PVOP projects originated through PL 480 food grants which were sold by the GSDR to generate money for development projects. The GSDR through MUST and the Domestic Development Department (DDD) was responsible for budgeting and disbursing Somali Shillings to the PVOP and its sub-grantees.

Funding in U.S. dollars for non-local expenses were provided directly by USAID to the organization implementing the grant. AID required that the GSDR provide a minimum of 25% of total funding of projects under the PVOP.

All projects under the PVOP were required to submit quarterly financial reports to MUST and the DDD, and quarterly activity reports to MUST. Annual plans and budgets were reviewed and approved by both MUST and the DDD as part of each years funding cycles.

SECTION 2. PROJECT DESCRIPTION

2.1 Project Description from Original Grant Agreements

At the time the project was developed, increasing agricultural production was a priority concern for the Government of the Somali Democratic Republic (GSDR). The Bay Region is a major rainfed agricultural area, and was attracting large scale agricultural research and extension projects. OEF and the SWDO chose the region for the project because of this agricultural potential and because of the important role women play in agricultural production in the region.

The Small Agricultural Enterprise Development Project was designed as a three year project with two main goals. The first was to improve the socioeconomic conditions of low income rural women and their families in the Baidoa District through small agricultural enterprise development. The second was to strengthen the ability of the Somali Women's Democratic Organization to help low income women run such enterprises. The project was designed in response to the SWDO's desire to help their women constituents meet the need for increased local food supplies and sources of family incomes.

Originally the project was to provide technical assistance and equipment to establish a 100 hectare irrigated farm where women could be taught improved cultivation techniques, post harvest storage and processing methods, marketing, and small enterprise development. Aside from the training, plots of irrigated land would be made available to the participants to grow high value crops.

Members of the SWDO were to be trained as Community Development Workers to assist in and eventually assume responsibility for project activities.

The project planned that up to 3,000 people (500 low-income women and their families) from Baidoa and nearby villages would benefit from increased food and income from expanded food production. The SWDO at the national, regional, and local levels were expected to benefit from increased capabilities in development and management of community development projects responsive to their client population.

The Grant set forth the following project objectives:

1. To improve socioeconomic conditions of the rural women, their families and communities;
2. To increase community level food self sufficiency and family income;
3. To strengthen the capability of local groups to function as active community development organizations;
4. To identify, work with and support community groups that have the potential for becoming NGOs.

Project activities were to include the following:

1. Complete soil and water testing to confirm initial surveys that the farm was suitable for irrigation;
2. Construction of farm buildings and regional SWDO office.
3. The development of the farm on an incremental basis to provide land for demonstration plots, tree nurseries, and working fields;
4. Staff Training
5. Participant training in agricultural techniques, storage and processing, marketing, and small enterprise management.
6. SWDO management training;

Despite the positive preliminary water and soil tests on which the project was based, the follow up comprehensive water and soil tests of the original 100 hectare site and an alternative 78 hectare site showed that neither piece of land was suitable for irrigated farming. After these two setbacks, the idea for providing a farm was dropped, and the project was revised to concentrate on micro and small enterprise development.

2.2 Project Description from Revised Grant Agreements

Under the revised grant, the goals of the project would remain the same; the renamed Baidoa Women's Small Enterprise Development Project would benefit 500 low income women by improving socioeconomic conditions for rural women, increasing community level food self sufficiency, and strengthening the capability of local groups to function as community development organizations.

However, the activities were changed. The project farm and agricultural demonstration and training activities were dropped and the project focussed on providing business/management skills, technical assistance, and credit to low income rural women and their families. The project would strengthen the ability of the SWDO to help low income women run small enterprise projects through training and actively participating in the project.

The activities which OEF and the SWDO were to implement under the revised project were:

1. Training of Field Staff.
2. Small enterprise development
 - A. Group Organization.
 - B. Business skills training for Village Women.
 - C. Credit.
 - D. Follow up Business Support.
3. Management training for SWDO.
 - A. Needs assessment.
 - B. Integrated training workshops on problems/needs identified.
 - C. Follow up technical assistance
4. Construction of SWDO Office.

These activities were implemented from July 1989 through the close of the project in December 1990.

SECTION 3. SUMMARY OF ACTIVITIES AND ACCOMPLISHMENTS

3.1 Accomplishments under original grant

Of the activities stipulated by the original grant OEF completed the soil and water testing of the 100 hectare farm site, hired staff, established a steering committee, and developed training plans.

The steering committee was composed of the Project Manager, SWDO Counterpart, Regional and District SWDO members, and local and regional government officials. The committee met on a regular basis to review project progress and provide assistance as needed. The committee assisted the project in conducting site surveys and obtaining the alternative parcel of land.

As specified in the project design, several surveys to assess the overall water availability, water and soil quality, and options for land use were conducted from May to late September 1988. The results of these surveys showed that both water and soil had unacceptably high salinity levels and could not be irrigated.

The unacceptable quality of the soil forced the project, with the agreement of the steering committee and help of the SWDO, to locate an alternative site. The regional SWDO identified and obtained possession of an alternative site of 78 hectares in November 1988.

In December 1988 and January 1989, the project conducted water and soil surveys on the new site. The results of these surveys showed that the water and soil were suitable for irrigation, but that there was not enough water available for year round irrigation. Without year round irrigation, many of the projects planned activities could not be implemented. This necessitated a major redesign of the project.

By the third quarter of 1988, offices in Baidoa had been rented and a core staff hired. The staff worked closely with the consultants conducting the surveys. The Project Trainer developed training plans for the participants, and began working with the SWDO and the Institute for Women's Education's Family Life Center to identify Community Development Workers (CDWs). However, when the decision was reached to redesign the project, all project activities were discontinued and the staff let go in order to conserve project funds until a revised project could be approved and started.

3.2 Project Redesign

In redesigning the project, OEF and SWDO took into account women's needs in rural Somalia, the experience of other women-focused rural development projects in Somalia and OEF's capabilities and experience in other African countries. The primary considerations in the redesign were to build on what women were already doing in the area of food production, processing and marketing and to avoid the introduction of complex technologies that were dependent on outside assistance.

OEF explored the feasibility of providing business training and credit to women to start or expand small businesses in activities with which they were already familiar, such as chicken and goat raising, vegetable and honey production, sale of fodder and eggs, etc. Extensive discussions were held with the agricultural extension service, AFMET, and its partner organization, Lutheran World Relief, regarding AFMET's recently-established program to reach women farmers with new technologies such as animal traction and improved seeds. OEF also consulted with the Family Life Center (FLC) of the Ministry of Education which is involved in providing literacy, health, child care and nutrition training to women through a network of "community women leaders". Both

organizations thought that the proposed project would complement what they were doing, as well as provide the resources women needed for increasing their income.

In addition, OEF met with organizations involved in implementing or designing women's credit projects, including CARE, UNICEF, UNHCR and GTZ. All of the people contacted indicated that a rural women's credit project was needed and could work. At the time, CARE's Mogadishu women's credit project was operating successfully. Further, UNICEF was organizing a women's credit program network so that organizations could cooperate in areas such as training.

The original project amendment, submitted to USAID on February 19, 1989 maintained the original project goal and number of participants. However, it proposed that OEF and SWDO abandon the idea of developing a large farm and, instead, cooperate with AFMET and FLC in identifying villages and individual women who might be interested in receiving training and credit in order to establish or expand small enterprises. Project activities were to include training extension workers and village women in group cooperation, new agriculture techniques and business, the development of a 2-hectare demonstration plot, the establishment of a credit fund, and management training for SWDO.

The AID Project Review Committee met to review the revised proposal and suggested several changes before it was to be submitted to the Project Review Group (PRG) (The Project Review Group was made up of representatives from government ministries, USAID, and the PVO community and reviewed all PVO projects funded by USAID). In late March, OEF's Assistant Director for Africa returned to Somalia to conduct further research and refine the new proposal. The Project Review Group met on April 6. They requested additional information including a revised budget, a detailed implementation plan and a description of the proposed credit system. The PRG also requested changes which included dropping the demonstration plot and replacing an expatriate trainer with a local trainer. The changes were made and the information was prepared and submitted. The PRG met again on April 20, 1989 and approved the proposal. USAID approved the project in May 1990 (see section 5.1.3).

3.3 Accomplishments under the revised grant

3.3.1 Hiring and Training of Field Staff.

The revised project faced two difficulties in staffing the project. First, it needed to find senior staff, preferably women, who had a university education, experience in business and community development, and were fluent in English. Second, the project had to find women field workers from Baidoa.

Finding women to fill the senior training and supervisory positions was difficult. The trainers which the Management Unit

for Support and Training (MUST) and the Ministry of Interior assumed to be available when they rejected the expatriate position of Trainer were not available. The project could not identify any experienced trainers in Mogadishu. In addition, very few educated, English speaking, women were willing to relocate to Baidoa.

Due to the difficulty in finding qualified women for senior positions, a highly qualified man, Haroon Ahmed Yusuf, with previous PVO managerial experience, was hired to fill the position of Senior Trainer. Haroon's task was to work with the Project Manager and OEF trainers to train the field staff and to advise the Project Manager on programmatic and administrative issues. He was extremely effective in this role and played a large part in all of the project's successes.

The Field Manager was seconded from the National SWDO's office where she was the SWDO's Arabic Translator. She had no experience in community development, credit, or training, but showed great promise, working closely with Haroon and OEF trainers to design and present training sessions to the staff and regional SWDO. Unfortunately, when she was on a weekend break after six months on the project, the President of the National SWDO took her, without informing OEF, to Baghdad as the SWDO President's translator. After the trip to Baghdad the Field Manager visited Saudi Arabia and did not return to Somalia. Her duties, to coordinate and supervise the Community Development Coordinators (CDCs), were then taken up by the Senior Trainer while (for what turned out to be the rest of the project) a search for her replacement was conducted.

Under the original grant, OEF and SWDO had agreed that the regional SWDO would present candidates for the Community Development Worker position, and OEF would make the final selection of qualified candidates. This process was maintained for hiring the CDCs. The Project Manager established a high school degree and minimum age of 24 years as the minimum qualifications for the position. This requirement created some difficulties with the regional SWDO, whose priorities were to have their daughters hired. However, the project was able to find three women who met these criteria and also had experience working as enumerators for the Bay Project, a USAID funded research project.

The Field Manager and the CDCs were the main contacts with the credit groups. They introduced the project, conducted the trainings, assisted the groups administer the credit, and advised the women entrepreneurs. Therefore, they needed to be thoroughly trained before entering the communities and establishing groups.

The staff training for the CDCs and Field Manager was designed to give them enough skills to present the Business Skills Training (described in Section 3.3.2-B) to the women's groups and to help women fill out the loan application form. The staff went through

general training sessions in Training of Trainers and Community Development before being given intensive training in presenting the training materials which would be used with the communities. The staff participated in the following training modules:

1. Management Training to understand their roles and responsibilities within the project and OEF. November 15 - 25, 1989.
2. Introductory Training of Trainers (TOT) for the Senior Trainer and Field Manager to prepare them to facilitate the Community Development Module. December 2 - 7, 1989.
3. Community Development Training for the CDCs develop basic skills for working in the community as a change agent and collecting information needed in Community Development work. December 12 -28, 1989.
4. Training of Trainers for the CDCS to understand the difference between teaching and facilitating and to learn and practice skills necessary to design and facilitate a training session. January 10- 25, 1990.
5. Doing a Feasibility Study for the CDCs to learn to prepare a feasibility study, using OEF's methodology. February 10 - 25.
6. Introduction to the Credit Program for the CDCs. March 10 - 15.
3. Community Development, Business Skills, and the Credit Program to prepare the CDCs to explain the program to village women, select credit groups, train the groups in business planning, develop business plans, and distribute loans. April 14 - May 3, 1990.

All training was presented in Somali by the Senior Trainer and/or Field Manager. Both the Senior Trainer and Field Manager received practical experience in training by working closely with OEF's Training Manager and training consultant to design, prepare, and present the sessions.

The initial staff training was undertaken from November 1989 through April 1990, when the first credit groups were organized. After these training sessions were completed, the field staff had a firm understanding of how the credit system functioned and were able to successfully present the training sessions to community women. The next sections describe the process of group formation and the training sessions which the CDCs facilitated and presented after completing training.

In addition, a training package for the CDCs to use was introduced by the training consultant. This training package included a black board, session plans in Somali, and training materials (attached in Annex 5) packaged in a portfolio bag for carrying to the village.

A follow up visit by the OEF training consultant occurred in July 1990. During this visit, the training package was evaluated, improvements were made based on the experience of the field staff, and further training was given to the CDCs. In the report for the follow up visit, he evaluated the CDCs as follows:

"...they have improved. These women, as with anyone, will require several years of work to become trainers. We can say that they are becoming presenters (animateurs) and facilitators."

Although further training was planned for the CDCs, the initial three month training was successful in giving them the basic skills necessary to organize credit groups, facilitate the business skills training, and work with the groups in administering the loan program.

3.3.2 Small enterprise development

The small enterprise development component of the project was designed around women's groups. Groups of ten women were organized in each village or town section. These groups would participate in the training together, receive the loan fund as a group, be responsible for certain aspects of credit management such as loan approval and loan collection, and eventually take over responsibility for their loan fund.

The following sections describes the criteria for participant selection, the process for forming the groups, the business skills training, the credit program, and follow up business support.

OEF implemented the following steps in one village and four town sections.

1. The SWDO selected a Community Development Representative from the village who would help the CDC organize the initial introductory meetings.
2. The CDC oriented the Community Development Representative in her roles and responsibilities and assisted her in making a plan for arranging upcoming meetings.
3. The Community Development Representative informed the village committee and organized the initial Village Information Meeting.
4. The CDC and CDR conducted a Village Information Meeting to introduce the project.

5. The Village committee and SWDO selected women, based on the project's criteria, as potential participants from attendees at Information Meeting.
6. The CDC and CDR conducted a Group Selection Meeting to complete the Credit Program Selection Form. OEF then processed the forms and selected the women who best met the criteria.
7. The SWDO selected group officers.
8. The CDC conducted a Group Formation and Officer Installation Meeting.
9. The CDC trained the Group Officers.
10. The CDC conducted the Credit Program Training sessions 1-7
11. The CDC and Group Officers disbursed the credit funds to the group members.

A. Group Organization.

Group organization began with village information meetings. These meetings were open to all village women interested in participating in the credit program. During the Village Information Meetings, the CDC for that village described the project and explained the criteria for choosing the participants. These criteria were drawn from the Project Proposal which stated that preference would be given to women with lower incomes, a higher proportion of dependents, no husband support (either single, divorced, widowed, or with husband absent), and no access to land. Originally all those women who felt they met these criteria and were interested were invited to participate in the next meeting. However, this approach led to more applicants than OEF and the SWDO could process. Therefore, the procedure was changed to have the village SWDO and village leaders select thirty to forty women who had attended the Village Information Meeting for the next meeting.

The next meeting was designed to screen the applicants to meet the criteria for participants which OEF and SWDO had agreed upon in the Project Proposal. A questionnaire with scoring system was developed to identify women who fit these criteria. The CDCs and CDR helped the applicants fill out the questionnaires in groups so that the groups would assist in verifying answers. In each village the ten women who best fit the criteria were chosen for the first groups.

Table one presents a summary of the Selection Criteria Data for the first thirty women chosen to participate in the project. Within this group, eighty-four percent of the women were either single, divorced, widowed, or without husband support. Almost all of them lived in a household with only one income earner. Eighty percent of them did not have access to agricultural land, and very few owned animals. Almost of all the businesses these women ran were small, single person enterprises selling low value goods or services. In addition, ninety percent of the participants were illiterate.

TABLE 1

SUMMARY OF SELECTION CRITERIA DATA FOR FIRST THREE CREDIT
GROUPS CHOSEN

(30 Women)

Average Number in Household	5.5
Average Number of Dependents	2.1
Average Number of Wage Earners	1.0
Percentage Single	10%
Percentage Divorced	26%
Percentage without Husband Support	36%
Percentage Widowed	10%
Percentage Married	16%
Percentage with No Farm	80%
Percentage with access to Small Farm	13%
Average number of goats	0.1
Average number of Cattle	0.2
Average Number of Camel	0
Percentage selling Agricultural Produce	33%
Types of Businesses Represented	
Tea Shop	1
Milk	1
Egg Vendor	1
Sorghum	1
Firewood	4
Woven matts and baskets	4
Tobacco	2
House Plastering	3
Mufo	2
Shopkeeper	1
Fruit and vegetable vendors	2
Unskilled Labor	3
None	5

Originally, after the groups were selected, the CDCs met with the groups to facilitate the group selection of a group leader, secretary, and treasurer. As described in section 5.4.2, this system proved ineffective and was adjusted to have the SWDO select the group leaders. After selecting the group leaders the CDCs met with the group to set the times and meeting places for the business skills training.

By the end of the project, six groups had completed this process and organized into credit groups. The goal of the redesigned project was to develop credit groups in 25 rural villages around

the regional center of Baidoa. However, due to concerns about security travelling out of Baidoa (especially transporting large amounts of money) and pressure from the SWDO and local government, the emphasis was shifted to creating groups in the town sections of Baidoa.

To establish the first three groups, OEF and the SWDO compromised. In order to follow the design of the grant, the SWDO agreed to establish one group in the village of Awdinle, one hour out of Baidoa. To meet the need of the SWDO and local government, OEF agreed to establish one group in the poorest town section, Horseed. Another village had been chosen for the third group, but the initial high response to the program in Horseed led to the decision to establish two groups in that town section.

Upon completion and loan disbursement to the original three groups, three new groups were created. By this time the security situation made transporting large amounts of cash outside of Baidoa too risky. Therefore, the additional three groups were organized in the Baidoa town sections of Isha, Berdalle, and Halwadag.

B. Business Skills Training for Village Women

All six groups completed the business skills training and received loans. The business skills training was built around a Business Project Cycle which consisted of the following activities - Form an Idea; Gather Data; Analyze Data; Set Goals and Objectives; Design a Business Plan; Implement the Business Plan; and Evaluate the Business. The training was made up of the following seven modules and took about two weeks to complete.

1. Introduction to the Business Project Cycle
2. From Idea to Gather Data (collect data on your potential business and markets)
3. From Gather Data to Analyze Data
4. From Set Goals For Your Business to Design a Business Plan
5. Design a Business Plan and Why the Credit Program Charges Interest
6. Complete Individual Business Plan (and Loan Applications)
7. Training Completion/Loan Dispersal

The output of the training program was a simple business plan, cash flow analysis of the business, and a completed loan application. Each women in the project completed this training program.

Because of the abrupt closing of the project and the relatively short time the project worked in the communities, there was no evaluation of the impact of the training on the way the participating women managed their enterprises. However, there is anecdotal evidence that new ideas were introduced to the group that the participants found useful. The idea of daily and periodic evaluations of expenses and income were new to the groups. All the CDCs reported that the women found the idea of counting their money at the end of the day to judge their performance not only new, but useful. The women also seemed to find that setting goals for their businesses could be useful. Some of the goals for the women's businesses included, increasing income, repaying the loan, saving money, feeding the family, establishing a shop in future, increasing customers, buying clothes for the family, and gaining experience.

C. Credit

Loans for any legal income generating activity were made available to all the participants who had completed the training and filled out the loan application form. The maximum loan was approximately the Somali Shilling equivalent of US \$50.00. The exact amounts of the loans were determined by the credit needs in the loan applications. The maximum length of a loan was twelve months, though most women chose to repay within four to eight months. The cash flow table on the application helped to determine the repayment schedule. Interest rates were set at five percent a month. This rate was chosen in order to attempt to maintain the value of the loan funds and because it was the highest rate the SWDO and OEF felt the women would accept at the beginning of the project. (The issue of interest rates is discussed in section 5.4.3.) The loans were approved by a committee made up of the group leaders and CDC.

The women took loans for such businesses as selling sorghum, selling eggs, collecting and selling firewood, baking bread and Mufo, selling clothes, selling cooking oil, selling vegetables, and expanding tea shops or small all purpose shops.

All six groups received credit after completing training. Status of five of the groups is reported below in Table 2. There are only five groups reported because of problems in Horseed. The Horseed town section will be discussed separately in section 5.4.4.

The results reported in Table 2 show good repayment rates, with an average repayment rate of 83%. However, it is clear that the repayment rate can change from month to month. For example, repayments in Awdinle started slowly but, as the group became stronger with experience, repayment rates improved. Berdalle started well, then slipped a little when the first principal payments were due. However, the field staff felt that they would have improved if the project had continued. Halwadag met its first and only scheduled payment one hundred percent.

TABLE 2

STATUS OF OEF/SWDO LOAN PROGRAM AS OF DECEMBER 1, 1990

Village	Date of Loans	No. of Loans	No of Defaults	Avg Repayment Rate	November Repayment Rate
Awdinle	July	10	0	64%	88%
Berdalle	September	8	0	86%	73%
Halwadag	October	9	0	100%	100%
Isha	November	10	0	Not Due	Not Due
Horseed (Paying)	June	11	0	82%	41%
Totals		48		83%	75%

Village	Original Value of Fund (SoSh)	Current Value of Fund (SoSh)	Percent Increase	Date of Loans
Awdinle	744,000	876,219	17%	July
Berdalle	870,000	957,000	10%	September
Halwadag	50,000	1,312,500	5%	October
Isha	1,360,000	1,360,000	0%	November
Horseed (Paying)	773,000	880,908	13%	June
Totals		4,997,000	5,386,627	

The results also show the real value of the loan funds decreased over time. The monetary value of the loan funds were increasing at approximately 5% a month. However, Ministry of National Planning statistics for the same time period show an average monthly inflation rate of 17%. Additional training would have been needed to explain this situation to the groups, and to develop a system for maintaining the value of the loan funds.

D. Follow up Business Support

Once the loans were disbursed, the CDCs regularly visited the borrowers and group leaders. At this stage of the project, these visits were spent working with the groups to smooth out problems in administering the loan program, working with the group leaders to ensure loan repayment and making arrangements for late repayments. Due to the premature closing of the project it was not possible to institute systematic business support.

3.3.3 Management Training for the SWDO

The redesigned project outlined the process for undertaking management training for the SWDO as follows:

- A. Conduct Needs assessment.
- B. Design and conduct integrated training workshops on problems/needs identified.
- C. Provide follow up technical assistance

Given the regional SWDO's low level of organizational development and the history of the project, it was impossible to conduct management training for the SWDO as outlined above. The regional organization was a loose knit group of women whose main organizational task was to organize parades and rallies. They were quite capable at this, and therefore felt no need for additional organizational/management training. In addition, the failure of the farm project in the first year and a half of the project greatly damaged OEF's credibility in Baidoa and with the regional SWDO. The SWDO had seen no tangible results of the project, did not understand the failure of the planned farm, did not trust the consultants who did the water and soil tests, and had come to mistrust OEF's intentions. When the new Project Manager arrived to implement the small enterprise program, the regional SWDO was no longer willing to sit through a series of organizational planning meetings, which they saw as a waste of time. They wanted to see results, immediately.

Given this situation, the project's priority in working with the SWDO became to re-establish a partner relationship between the two organizations by restoring OEF's credibility and developing methods for working together to implement the project. In developing a partner relationship with the SWDO, OEF's goal was to give them as much responsibility as possible and to work with them to carry out that responsibility. In this way the SWDO would receive management training based on the actual project activities they were implementing.

The first step in this process was a planning workshop to start construction of the SWDO Regional Office, which had been included in the redesigned project. This planning workshop had four objectives. The first was to introduce and practice the participatory techniques OEF used in working with its partners. The second was to introduce the planning cycle. The third was to define the roles and responsibilities of OEF and the SWDO in the construction of the office and the fourth was to make a simple action plan to start construction. The workshop was completed in October 1989, after which the SWDO identified a contractor

and obtained the land for the building; construction began in January 1990.

The second step was a four day Credit Planning Workshop to plan and organize the implementation of the credit program. The goals of this workshop were to define the roles and responsibility of each organization in the implementation of the credit program and develop an action implementation plan. Many of the roles and responsibilities of each organization were spelled out by the grant, but needed to be reviewed and clarified. The outcome of this workshop was that the SWDO would select an SWDO member as Community Development Representative who would help arrange meetings in each village and introduce the CDC to the village. In addition the SWDO would select an initial group of thirty to forty women who would fill out the Criteria Questionnaire. OEF would be responsible administering the questionnaire, training the groups, and administering the cash flow of the credit program. With these decisions agreed upon, the project was able to hold the first village information meetings three weeks later at the end of the staff training.

Another need of the SWDO, which was recognized during this Credit Program Planning workshop, was for the regional organization to benefit directly from its partnership with OEF. The fact that the SWDO women were not ready to recognize training in organizational skills (such as problem definition, goal setting, planning, or systems for working together) as beneficial meant that another approach to the issue needed to be developed.

The approach adopted was to develop a demonstration activity run by the SWDO which would demonstrate good business practices to women in the region, generate income for the SWDO committees in Baidoa, and provide a source of credit funds after the activity was well underway, thus increasing the sustainability of the project. With this approach, not only would the SWDO learn general organizational skills by applying them to a specific project, but also, as difficulties arose, how to identify organizational problems.

To meet the goals of the demonstration activity, The SWDO chose to establish a dry goods wholesale shop. Two additional days were added to the Credit Planning workshop to develop the organizational structure for the Demonstration Activity and the process for implementing the project. The following process for implementing the Demonstration Activity was agreed on by both organizations.

1. An SWDO Demonstration Committee would be formed to run the business. The committee would participate in the Business Skills training to produce a business plan and be trained in book keeping.

2. The SWDO would locate and rent a store front and obtain the necessary licenses.
3. OEF would hire an accountant to be a consultant to the project. The accountant would develop a simple accounting system and train the Demonstration Activity bookkeepers and treasurer to use the system before any funds were disbursed.
4. OEF would fund the project by providing 60% of the start up funds as a grant, and 40% of the funds as a loan payable at 2% a month interest over 18 months.
5. The accountant would periodically check the books and report to OEF, the Demonstration Committee, and the regional SWDO.
6. The accountant would provide additional training as needed.

Before the project was forced to close, the first four of these activities had been completed, the funds had been disbursed, and the shop had opened and made sales.

Because after each workshop an activity was implemented, the SWDO learned that these organization/planning workshops led to results and the relations between the two organizations improved. In addition, the SWDO was taking on new and more demanding roles and responsibilities in the credit program and Demonstration Activity. This increase in responsibilities began to put a strain on the group's ability to work together. Therefore an opportunity for building organizational and leadership capacity based on the intra-group problems the SWDO was experiencing emerged, but was not acted upon before the project closed.

3.3.4 SWDO Office Construction

Construction of the SWDO office was begun in January 1989. The SWDO was responsible for hiring the contractor and monitoring the progress of the construction. OEF was responsible for funding the project. The construction faced a series of delays throughout the year. High inflation rates necessitated a series of renegotiated contracts. The collapse of the banking system caused delays when funds could not be withdrawn from the bank. A rock shelf was found under the site, appreciably slowing the construction of the cesspool. The contractor claimed that the prepared doors and window frames had been stolen from his storage shed delaying the installation of these fixtures. Nevertheless, the SWDO kept pressure on the contractor and the project was completed in December 1990.

SECTION 4. PROJECT SUCCESSES

Despite the deteriorating economic, political, and security situation, the project can point to successes in each of the activities stipulated by the grant.

4.1 Staffing and Training

The project was able to hire a good, enthusiastic staff with great potential from Mogadishu and Baidoa, which was acceptable to the regional SWDO and made up mostly of women from Baidoa. Because the CDCs needed to be from Baidoa for cultural and language reasons, the CDCs hired had no previous experience in community development, training, nor business. The training provided by OEF was successful in developing their presentation, facilitation, and business skills to a level at which they could conduct the training, assist women in filling out the loan applications, and work with the groups to administer the credit program. The staff's hard work and performance were major factors in the project's successes.

4.2 Group Formation and Participant Training

The project was successful in working with the SWDO and local leaders to organize groups of women around the credit program. The OEF feasibility study training materials were adopted to the project context, and six groups participated in the training. The training program received positive feedback from the participants, but an evaluation of its long term impact on the participant's business practices was not possible.

As can be expected, the strength of the groups varied. In one town section one group decided to drop out of the program (see section 5.4.4). On the other hand, in the village of Awdinle, the group took responsibility for loan collections when the CDC could not visit the village due to local inter-clan fighting.

4.3 Loan Disbursement and Repayment

Despite a deteriorating economic climate, which included the failure of the bank in Baidoa and inflation running at over 200 percent a year, the project disbursed fifty-seven loans. With the reorganization of the two groups in Horseed, and the agreement of the nine to repay and drop out of the program, the last reports indicated an overall repayment rate of eighty-three percent. Given the worsening economic and security situation the project was experiencing, this is a more than acceptable repayment rate.

4.4 SWDO Management Training

The failure of the farm project in the first year and a half of the project lead to credibility problems between OEF and the regional SWDO. The series of workshops over the second year and a half were successful in reversing much of these perceptions. Each workshop reinforced methods of working together and resulted in tangible project activities such as the office construction, the credit program, and the SWDO Demonstration Project. By the end of the project, the working relations between the two organizations were quite good, with both organizations understanding and accepting their roles and responsibilities in the project.

In addition, the SWDO was taking on more organizational responsibilities than they had before with their participation in the credit program and Demonstration Project. It was apparent that these additional responsibilities were putting a strain on the capacity of the women to work together. This strain was creating an opportunity for OEF to work more closely on management issues with SWDO as the SWDO was coming to openly recognize the need for improving their leadership, management and group building skills.

4.5 SWDO Office Construction

With the SWDO taking the lead in identifying and working with a local contractor, the SWDO office was completed.

SECTION 5. PROBLEMS AND CONSTRAINTS

5.1 Bureaucratic Problems and Constraints

5.1.1 Delay in Funding

The first major problem the project faced was a delay in the disbursement of Somali Government counter part funding for four months. Although the project grant was awarded in November 1987, no funds were released by the Domestic Development Department of the Ministry of Finance until the last week in March 1988. This delay essentially halted project activities because, at the time, the grant agreement required all local expenditures to be made in Somali Shillings released from the Ministry of Finance; conversion of US dollars to shillings was prohibited. Without local funds no project activities were possible during these first four and half months. During this time, the Project Manager took unpaid leave and two consultancies were postponed.

This delay in receiving funds was exacerbated by the Ministry of Finance's insistence that its accountant be made co-signatory of the OEF shilling account once the funds were made available in March 1988. This would require the

Ministry of Finance accountant's approval and signature on every check cashed by the project. At the time, other PVOs were following this system and had found that it caused great difficulty in their ability to maintain a smoothly operating financial system. Because of the problems this system was causing for other PVOs working in Somalia, the OEF Project Manager decided not to acquiesce to the Ministry of Finance. After a series of meetings with the Ministry of Finance, MUST, and USAID, MUST and the Ministry of Finance informally waived the requirement. The first funds were released to the project on May 29, 1988. This dispute resulted in an additional two months in which no project activities took place.

After the resolution of these two problems, the project encountered no other serious problems or delays due to the disbursement of funds from the DDD. The relief from this problem was made possible by an amendment to the AID PVO umbrella grant which allowed PVOs to convert grant dollars to shillings.

5.1.2 The Private Voluntary Organization Partnership Project

The Baidoa Women's Small Enterprise Development Project was funded under an umbrella project, the Private Voluntary Organization Partners Project (PVOP). Under the PVOP, the Ministry of Interior established the Management Unit for Support and Training. MUST was designed to be the PVO coordinating body for the PVOP Project to screen project proposals for USAID, monitor projects approved by AID, and assist foreign PVO's work with the government and local NGO's work with USAID.

Throughout the project, OEF's relations with MUST were cordial, but MUST did not achieve its designed purpose of becoming the coordinating body for PVO's working in Somalia. MUST never had the authority it needed to play that role. USAID and the DDD controlled project funding, and the project often needed to deal with them directly. It was the project's experience that MUST influence within the Somali Government was never great. Often MUST just added one more bureaucratic level to move through as MUST approval was needed before receiving Ministry, USAID, and DDD approval on plans and other bureaucratic necessities. Therefore, instead of supporting and assisting PVO's negotiate USAID and Government of the Somali Democratic Republic (GSDR) bureaucracy, MUST added another layer of complexity.

5.1.3 AID Delay re Use Of Project Funds For Credit

The PRG approved the revised project in April 1989. However, final approval by AID was delayed for over a year because the Somalia AID Mission indicated to OEF that it was not familiar with the policies relating to using AID project

moneys to establish a revolving loan fund. The Somali AID Mission referred the matter to the AID Legal Counsel in REDSO/Nairobi. The Legal Counsel raised a number of questions about OEF credit policies and sustainability of the loan fund, to which OEF responded through correspondence and in meetings with the Legal Counsel in Nairobi. OEF also requested the assistance of the AID Africa Bureau Small Enterprise Advisor in providing the Legal Counsel with background on other credit funds which were being operated with AID money.

AID approved the revised project in May 1990, one year after PRG approval. This delay in approval caused little delay in implementation as AID gave OEF authorization to implement the training and organizational development components of the revised project and final approval came at the time OEF was ready to establish the loan funds; however, the delay in approval of the revised budget delayed planned purchases (such as a project computer).

5.2 The National Economic and Political Environment

From mid 1989 through the end of 1990, during the implementation of the revised project, the economic and political environment steadily, and at times, rapidly deteriorated toward the civil war that ravaged Mogadishu in January 1991.

In July 1989, two weeks after the new Project Manager arrived in Somalia, riots broke out in Mogadishu. Nightly disturbances accompanied by gunfire lasted a week, and the curfews continued for another week. Concerns over security delayed project activities for a third week.

In August 1989, a shortage of cash led to a run on the national banking system. By the end of the year, the commercial banking system had collapsed and the country had reverted to a cash only economy.

The difficulty in cashing checks, the resulting refusal of vendors to accept checks, and the final collapse of the banking system, forced the project to delay and eventually cut back on hiring new staff until a solution could be found to the problem of obtaining cash for operations.

The banking situation improved slightly in September but remained serious. It was not until October that an agreement was worked out between PVOs and the Central Bank to ensure a reliable flow of funding. With this agreement in place, OEF was able to resume hiring new staff.

The project was fortunate to have both its dollar and shilling accounts with the Central Bank, which, after negotiations with the PVOs working in Somalia, was able to

continue supplying the project with cash. However, the collapse of the banking system required the project to adapt the credit program to a cash only system and forego linking credit groups to the banking system.

With the increase in political and security problems, the value of the Somali Shilling fell steadily and rapidly. In July 1989, the official exchange rate was just under SoSh 500 to US \$1.00. By December 1990, the exchange rate was SoSh 3,811 to US \$1.00. This is a devaluation of approximately seven hundred and sixty percent in eighteen months. This devaluation directly affected the price of imported goods, which rose to keep pace with the exchange rate. The price rise in domestic goods was not so great and helped to relatively hold down the rate of inflation of the general price index. According to government figures, the general price index rose two hundred and sixty four percent between October 1989 and October 1990.

During 1990, banditry, robbery, and violent crimes increased dramatically. In January 1990, travel to Baidoa had to be postponed due to a surge in auto-thefts and robberies on the Mogadishu-Baidoa road. The group committing the robberies was caught, but the risk of being robbed on the road remained, and increased dramatically toward the end of 1990. Fortunately, no OEF vehicles were robbed.

In July, 1990, tensions in Mogadishu increased after an aborted political trial, funeral of a popular opposition leader, and a massacre at a soccer stadium took place within a three week period. This increase in tensions led to increases in violent crime and confiscations of four wheel vehicles by the Somali Army in Mogadishu. In response to this situation, the U.S. Embassy placed restrictions on all after dark travel by U.S. personnel.

OEF responded to the deteriorating security situation by transferring the Project Manager from Baidoa to Mogadishu in July, 1990. Management of daily activities in Baidoa was turned over to the Senior Trainer, who continued monitoring and developing credit groups. The Senior Trainer reported to the Project Manager through biweekly trips to Mogadishu by him or the Project Accountant.

In July, and again in November 1990 the Project Manager returned to Washington to assess the state of the project and to prepare contingency plans. Each time, OEF concluded that the project was performing well under the circumstances and should be continued. However, the organization was aware of the deteriorating political and security situation and prepared contingency plans to close the project and evacuate the Project Manager if necessary. Criteria for closing the project included evacuation of U.S. or U.N. non-essential personnel.

The objectives of the contingency plans, if they needed to be implemented, were to ensure the safety of the Project Manager, to arrange for the staff as best as possible, and to implement an orderly closing of the project. Airline tickets were purchased for the Project Manager. Emergency funds were transferred to Somalia in order to ensure that severance pay was on hand. Preparations were made to inform all relevant parties and to turn over project assets to the GSDR in the event the project had to close.

From July 1990 on, the Project Manager continued managing the project from Mogadishu as the security situation deteriorated. Theft of four wheel drive vehicles not only increased, but became violent. Violence around the city increased and all travel in the city became restricted. Because of the deteriorating security situation, no new credit groups were formed in November as planned. Finally, the increasing anarchy in the capital led to the evacuation of all non-essential U.S and U.N. personnel in December. This announcement initiated OEF's close down plans. The credit groups were informed; the staff was given severance, and project equipment was turned over to the GSDR. The project ended operations in Somalia on December 23, 1990.

5.3 Natural Environmental Problems and Constraints

The development of a 100 hectare irrigated farm, as proposed in the original grant, depended on acceptable quality water and soils and sufficient amounts of water. These issues were raised by the Project Review Group during the proposal review process early in 1987. To address these issues, OEF hired a consultant, Abdi Jama Seed, to conduct water and soil tests of the first site. He concluded, "having made the necessary analysis of the water in the project area owned by SWDO/OEF International, it was proved that the water in the vicinity is generally acceptable for irrigation purposes. The salinity is tolerable, taking into consideration the levels in the water of adjacent drilled wells. We recommend that OEF International go ahead with the project as the tabulations of the various analyses fall within satisfactory limits for irrigation" (Annex 3).

Based on this initial positive report, the project was approved by the Project Review Group in July 1987, and the grant agreement awarded by USAID in November 1987. However, due to the critical importance of adequate water and soil quality, the first activity under the grant was to conduct more comprehensive water and soil surveys to determine the uniformity of water and soil quality over the 100 hectares.

Several surveys were conducted from May to late September 1988 as specified in the project design. These surveys, conducted by two external consultants, assessed the overall water availability, water and soil quality, and options for

land use. The results of these testings were negative; both soil and water were found to have unacceptably high salinity levels. With these results, the Project Steering Committee recommended identifying another plot of land.

The SWDO Regional Committee immediately investigated the possibility of moving project activities to a new site, and soon identified another plot of land in Baidoa District. With the approval of the National SWDO, the Regional SWDO applied for and was given ownership of this new land in November 1988.

Following discussions with MUST, the Government of the Somali Democratic Republic, and USAID, OEF was authorized to proceed with soil and water tests on the new site. Studies done by consultants in December 1989 showed that soil and water quality were acceptable for irrigated farming. However, water recovery tests conducted in January 1990 indicated that there was not enough water available to irrigate the intended number of hectares.

Without year-round irrigation, many of the projects planned activities would have to be abandoned. This necessitated the major redesign of the project, described in section 3.2.

5.4 Programmatic Issues Raised During Implementation of Revised Project

During the pilot phase of the revised project, the project needed to address three major issues in which OEF's methodology or USAID's set policies conflicted with local expectations or culture. These issues will be discussed in turn.

5.4.1 Group Selection

The first issue to be addressed was group selection. This was an important issue of control for the SWDO and Village Leaders. It was apparent to the OEF staff that the SWDO wanted to control group selection in order to select themselves and their friends to participate in the credit program. The village leaders on the other hand felt that they were responsible for all activities in their village and therefore needed to have some control over all activities under their jurisdiction.

OEF had two concerns in this issue. The first was that the women selected to participate met the criteria established in the Grant Agreement. The staff knew that few of the members of the SWDO committees would meet those criteria. The second concern was that the women selected were participating freely and honestly interested in participating in the program. OEF traditionally encourages self selection of the groups which participate in credit

programs. OEF's experience has shown that groups are much more successful if they are self selected and voluntarily participate in the project.

Although in some senses Somali culture is very democratic, in other areas it is quite hierarchical. OEF's attempt at a relatively open selection process failed. The first two meetings in Horseed attracted over one hundred participants. It was impossible to maintain order while conducting meetings with this number of participants without the complete support and cooperation of the SWDO and the village leaders. In the meetings in Horseed, both the SWDO members and Village Chief disrupted the proceedings. Neither the SWDO nor the village elders would accept being left out of the group selection process.

The project was therefore forced to compromise on the group selection process. Instead of allowing any women who considered herself eligible for the project to participate in the Group Selection Meeting, the village elders and village SWDO would select thirty to forty women who met the project criteria to participate in the meeting. OEF would then select the group members from this pool.

The training consultant wrote the following about this change in project process: "Allowing the elders (both men and women) and the SWDO to select the participants is a project survival decision. They (elders and SWDO) want total control over the selection process and the end result is a compromise on both sides. However, [the project is] still hitting the desired target low income women."

5.4.2 Group Leadership

The second issue concerned group leadership. Again, OEF wanted each group to democratically select its leaders and the SWDO wanted to appoint the group leaders. OEF's approach proved unworkable at this point in the project. Few women in the groups wanted to accept responsibility for managing the groups, and those that were elected often neglected their responsibilities.

In discussing the problem with the staff, the staff felt that the elected leaders did not feel that the group had the authority to bestow nor demand the responsibility required of the group officers. The only short run solution to this problem was to have the SWDO and village leaders, higher authorities, appoint group leaders. The appointed leaders would respect the authority of the SWDO, and therefore show greater responsibility in performing their duties. This adjustment was made in both the established groups and groups formed later, and proved effective.

The training consultant's following comments describe the need for this adjustment.

The concept of people taking responsibility for each other is not possible in this cultural/societal context outside of the sub-clan. It just isn't done. We are introducing concepts foreign to Somalis and I'm not sure appropriate to impose. Only the sub clan elders can assume responsibility for their members and in legal situations only; otherwise, each person is responsible for individual actions.

We cannot expect groups to take the responsibility of monitoring each other. After several years of successful groups and credibility in the process we might be able to slowly introduce such consciousness raising...

5.4.3 Interest on Loans

The final issue that the project needed to address with the SWDO and credit groups was the purpose for and level of interest on the loans. The SWDO's and original groups concerns on interest were based on economics and an unclear understanding of the purpose of interest.

First, the SWDO and loan groups objected to the high rate of interest (five percent a month), fearing that they could not repay it.

Second, the first groups did not clearly understand that the interest would be rolled back into the credit program, and be available for future loans. Many originally believed that the interest was not part of the program, and initiated by the staff for their personal gain.

OEF had very little room to compromise on the issue of interest. One of the USAID requirements for the loan fund was that it maintain its real value (or purchasing power despite inflation). The interest rate of five percent a month was chosen as the highest possible rate to maintain as much of the value of the loan funds as possible at a time (June 1990) when the average monthly inflation rate was around seven percent.

The issue was resolved by first explaining to the SWDO that the high interest rate was mandated by the projects grant agreement with USAID and gaining their support for the five percent rate. Second, an additional training session was designed to explain to the credit groups how the interest remained with the credit fund, and prevented decapitalization of the loan fund.

With the combination of SWDO support and improved explanation of the interest mechanism, all of the credit groups, except one in Horseed, agreed to accept the five percent a month interest level.

5.4.4 Horseed: Resolving a Repayment Problem

Because the town section of Horseed was the first "village" to participate in the project, all of these issues had a greater impact on the two groups there than on subsequent groups in other villages. As the project learned lessons in Horseed, it made adjustments in the process for the following groups in Awdinle and the other town sections.

The initial group selection process was difficult because more than four hundred women accepted the invitation to participate in the Group Selection Meeting. The project could not handle this number of interested women at one time, and with the SWDO redesigned the process. Because of the demand, OEF and SWDO agreed that the SWDO would select an initial pool of forty women, and that OEF would form two groups of ten in this town section.

After the groups had been chosen, the CDCs facilitated their selection of group leaders. As described above, the women selected by the groups did not accept the responsibility, and provided poor leadership to the group. The groups leadership later improved, after the SWDO appointed leaders.

The Horseed groups were the first to raise the issues concerning interest rates. During a public meeting to explain interest rates, the SWDO President, despite earlier agreement with the project, unilaterally announced that she would only accept a lower interest rate. OEF and SWDO later worked out their differences and the five percent a month rate was established, but this public disagreement between the two partners led to nine of the twenty Horseed group members refusing to pay the interest charges.

After five months of attempting to work with the groups and the leaders had failed to improve the situation. OEF and the SWDO issued an ultimatum threatening legal action to delinquent borrowers. As a result, in a meeting in November with both groups, nine women decided to pay back the full amount of the loans by the end of December, and drop out of the program. The remaining eleven, who were following the loan program procedures elected to continue participating, and were re-organized into a single group. It is the record of this group that is reported in section 3.3.2-C.

The poor results in Horseed, as compared to Awdinle and the other town sections were due to the projects growing pains. The CDCs were experiencing working with groups for the first time, the SWDO and OEF were still learning to work together,

and the project process was still being refined based on actual experience. All of these factors conspired to make group building difficult in Horseed, and had an adverse effect on the groups. However, with the solution arrived at in November, the staff felt that the projects relations with Horseed would improve.

The lessons learned in Horseed were applied to developing the other four groups. Due to the changes instituted from the project's experience in Horseed, none of the same problems were encountered with the other groups.

5.5 Relations with the Regional and National SWDO

OEF's relations with the Regional and District SWDO committees went up and down during the various phases of the project. Initially, these committees were actively involved in the project. Members of the committees helped the staff and consultants conduct the soil and water tests and were kept informed of the progress of the Surveys. They acted quickly to identify and obtain an alternative site after the first site was found to be unsuitable. The Regional SWDO also worked with the Project Trainer to identify potential Community Development Workers while the second site was being surveyed.

After the project was put on hold and staff released, the Regional President remained supportive and convinced the National SWDO President to work with OEF in revising the project. However, the many members of the Regional and District Committees were becoming impatient with the lack of results. Despite attempts to keep the committees informed, a group within the committees believed that OEF was wasting money and not achieving anything; they did not trust the consultants making the tests and could not understand why the farm project was abandoned.

Given that two farm sites had failed water and soil tests, this situation would have been hard to avoid. However, the problem was exacerbated by the fact that in the first eighteen months of the project there were one Project Manager and two temporary Project Managers. These changes in OEF's management made it difficult to maintain the partnership relationship when the project ran into serious difficulties.

Moreover, solving the bureaucratic and technical problems and then redesigning the project became all-consuming tasks and, as was later apparent, insufficient attention was paid to relations with the regional SWDO. The process for redeveloping the OEF/SWDO relationship is described in Section 3.3.3.

The project's impact and influence on the National SWDO was minimal. The National SWDO demonstrated little interest in the project except as a potential source of additional income. The National SWDO committee refused attend an orientation to the redesigned project unless OEF paid transportation to the session. In an effort to avoid this expense, OEF suggested that the meeting take place in the National SWDO headquarters during working hours; this suggestion was refused. For the remainder of the redesigned project's life, the major issues of discussion between OEF and the National SWDO concerned "interest" payments (payments to the SWDO liaison officer for participating in the project), requests to repair SWDO automobiles or to purchase more automobiles for the project, and to turn over project assets to the SWDO instead of, as mandated by project documents, the Ministry of Finance.

It was apparent to OEF that the National SWDO felt no need to change or improve their operational methods and that there would be no active voluntary support from the National SWDO for participating in training. Given this, and the fact that operationally the project was based in Baidoa, the project offered its training services to the National SWDO, but made no active attempts to generate interest for organizational development activities in the national office.

SECTION 6. LESSONS LEARNED

6.1 Original Grant Project Design and Approval

The most obvious lesson learned from the design and approval stage is the need for thorough feasibility studies for farm projects in agriculturally marginal areas. The decision on the part of OEF, USAID, and Government of Somalia to go ahead with a project designed around an irrigated farm without a thorough feasibility study to ensure that the area chosen for the project was suitable for irrigation proved to be a poor one.

The awarding of the grant, combined with staffing the project and later initiating the selection procedures for local Community Development Workers raised expectations in Baidoa, which when not met, created serious credibility problems for OEF and the project with the Baidoa community, SWDO, local government, and even national ministries.

The decision to conduct comprehensive soil and water tests as the first project activity reduced the potential damage of the original mistake, as no community women were negatively effected.

6.2 Choice of Partner Organization

The OEF partnership with the SWDO dates back to OEF's exploratory trips in 1982. At that time, the SWDO was the predominant women's organization in Somalia. OEF implemented its first project with the SWDO in 1984. In the mid Eighties, the SWDO was voicing a desire to implement social and development projects. OEF was one of a variety of aid organizations, including USAID, AIDOS, and UNICEF to work with the SWDO to make this shift.

Despite public rhetoric, the SWDO remained a political organization dedicated to disseminating the party message to Somali women. The organization's information and control structure was top down, with little feedback from its members, and its leadership was not interested in changing the organization. The public rhetoric professing a desire to become a development organization had been designed mainly to attract donor aid, not to engage in organizational development.

In retrospect, it is clear that the SWDO was an inappropriate partner organization for OEF. OEF's goal of empowering women was in direct contrast with the SWDO's need to control women. While the project could have had a positive impact on the Bay Region SWDO and Baidoa women, it did not have the leverage and was not designed to influence the National organization.

There was a trade off that OEF lived with, and the SWDO used to leverage donor assistance. The SWDO could provide access to women throughout the country, but the donor organization would need to support an autocratic organization. OEF made that tradeoff nine years ago when it seemed there was potential to effect change within the SWDO. The lesson that OEF has learned from this experience is the importance of not being overly optimistic in its choice of selecting partner organizations. In the future, OEF needs to more carefully assess the pros and cons of working with party affiliated or government created women's organizations - even if they are the only women's organizations in the country.

6.3 Working with Women in Somalia

The project showed that there are no serious cultural constraints to developing and working with groups of women in Somalia and that women will form groups based on credit. During the implementation of the credit program, there was no overt obstruction of the project by male family members,

local leaders, or government officials. There were reports from the first groups that some women's family members voiced reservations at their participation in the program because the family members did not understand the training and because of OEF's bad reputation in the area; however, this did not deter the women from participating.

However, while women will join groups based on credit, the difficulty OEF experienced with selecting group leaders indicates that women forming groups from the bottom up is a new experience in Somalia. The groups seemed to feel more comfortable and functioned better when structure was imposed from outside the group. This indicates that Somali women do not have much experience working as groups and there is a need for projects working with women's groups to provide group building and leadership skills.

Experience from the project also indicates that women's groups are more effective than mixed groups in reaching women. The project focussed on women, and rarely worked with mixed groups; however, occasionally, government officials or male extension workers would attend workshop sessions. When this happened, the men would dominate the sessions. The participation of women decreased dramatically when men were present in the group. As these men were temporary members of the group, the facilitators were not able to work with them to increase their show of respect toward women. Nevertheless, this change in group behavior when men were present indicates that it would be difficult to reach women through mixed groups, especially without skilled and experienced facilitators.

Working with the women in Baidoa district required great flexibility on the part of the project. The women were extremely busy, and care had to be taken to adjust to their schedules and to respect their time constraints. Moreover, the training programs needed to be streamlined, useful, and have tangible benefits, or the women would not attend. To meet these necessities, the OEF training manual, Doing a Feasibility Study, was condensed for use in this project.

6.4 Hiring and Training Field Staff

The project's experienced difficulty in finding educated and/or experienced women field staff to work in Baidoa. While potential women candidates could be found in Mogadishu, few were willing to relocate outside the capital. There were no experienced women community development workers available in Baidoa.

Future women's projects in Somalia located out of Mogadishu will need to incorporate this lack of educated women who are willing to work outside of Mogadishu into their project planning. Future projects will need to concentrate on

initial and on-going training of women supervisors and extension workers from the area. The lack of skilled Somali trainers will compel projects to use expatriate trainers until a cadre of skilled Somali trainers can be developed. These projects will need a few years to develop a group of highly skilled and experienced women community development agents.

6.5 Group Building

The project experience showed that women were reluctant to take responsibility for group leadership. This reluctance was attributed by the staff to the women's belief that the group did not have enough authority to bestow leadership responsibilities.

This cultural trait had important implications for the project's structure, especially in the short to medium term. The project structure relied on the group leaders to take responsibility for much of the loan administration, such as participating in loan approval, loan disbursement, loan repayment, and rescheduling loans. With the group leaders rejecting this responsibility, the CDCs and Field Manager were required to accept it. If the structure of the credit system was not to be adjusted to shift responsibility for loan administration to the communities, the number of groups the CDCs would have been able to work with would have been restricted.

This problem was only beginning to be felt by the project before it was forced to close. Therefore no alternative systems were implemented. However, it is clear that the project had moved too quickly to bypass traditional sources of authority in the community such as village chiefs and the natural women leaders in order to reach the poorest women. The lesson learned from this experience is that any process designed to move loan program administrative responsibilities into the community would need to take the time and effort to conduct a series of orientation, leadership, and training workshops in order to include at least one of these two groups, and probably both, into the project.

6.6 Business Skills Training

Ninety percent of the women participating in the Business Skills Training programs had not attended school and were illiterate. These sessions must have been one of the first organized educational experiences of their lives. It took some time for them to understand the process, their role, and the possible benefits of the training. Therefore, the need for an initial "hook", such as credit, is important to stimulate women's interest and participation.

Initially, the women in the groups showed some animosity to the proposed training sessions for the credit program. They had joined the program to receive loans. A common complaint early in the sessions was: "What do we need to go through training for? It is a waste of time". However, as the women discovered that the trainings were participatory, that they were listened to, and that the contents could be useful for their businesses, their attitudes changed, and they became willing participants.

For the reasons noted above, it was impossible to evaluate the effects of the training program on the business practices of the participants. However, in general, the women gave the training sessions positive evaluations.

6.7 Credit

The SWDO/OEF project was the first small scale credit program in the region. Given the short duration of implementing the credit program, nine months, it is impossible to draw long term implications. However, in the short term the project showed that:

1. Pre-credit training is necessary to explain rules and procedures, determine credit needs, and explain the reasons for interest.
2. Individual credit to people trained in groups can be used to expand micro-enterprises in rural Somalia .
3. Women will repay loans when they understand the process, even in hard times.
4. Interest charges will be accepted by women in Somalia once they understand that interest payments will be incorporated into the credit fund and not removed for other purposes.

The project was forced to close before any of the groups were ready to disburse second loans to their members. A few of the members were one payment from repaying in full their loan, and the field staff were preparing to work with them for a second loan. This would have been the time to evaluate the impacts of the first set of loans. Therefore, there is no information on the level of demand for second loans, nor on the effects the loans had on the women's incomes.

6.8 Building Partnerships

The project illustrated the necessity for paying careful attention to methods of cooperating with partner organization and community groups which encourage listening, understanding behavioral signals, and reconciling

misunderstandings before they become major issues. Much of the difficulties encountered by the project were due to divergence of goals and poor communications which created an atmosphere of, if not mistrust, little trust between OEF and the regional SWDO.

The need to deal with the bureaucratic and technical difficulties encountered early in the project and frequent changes of project managers in the first year and a half made developing the SWDO/OEF partnership difficult. As project managers dealt with solving technical problems, insufficient attention was paid to defining common goals and ensuring mutual understanding of the constraints each partner was working under while the farm site was being investigated. This lack of attention to team building combined with the failure of the farm contributed to the lack of credibility and trust the SWDO showed the new Project Manager at the beginning of implementing the redesigned project.

The project eventually was able to overcome most of the ill-effects of this poor start by implementing a systematic process that respected organizational structure, shared decision-making where possible, and developed formal agreements on roles and responsibilities for each organization in all phases of project implementation.

In doing so, OEF shifted the emphasis of its role from decision maker to facilitator. As described above, the key to developing a partnership relation with the Regional SWDO was a series of workshops. Each workshop used non-formal training techniques presented by a facilitator and was designed to encourage participation by the SWDO committees in analyzing information, designing action plans, and implementing those plans. All the workshops led to the implementation of activities formally agreed upon by both organizations. As the SWDO became more confident that their input was respected in these sessions, and that action was an outcome, relations between the OEF and the local SWDO greatly improved.

6.9 Project Start Up Costs

Given the short duration of implementing the credit project and that the revised project started with no staff and no experience in the target villages, the project is essentially an experience in project start up. Lessons can be drawn from this experience that show that, given the level of human resources in Somalia, project start up costs will be high.

The project experienced difficulty in finding experienced local staff because there are very few skilled community development workers in Somalia, and in communities without

previous NGO experience there are none. Given the need and desirability of hiring field workers locally, the project needed to conduct extensive pre-implementation staff training. The revised grant assumed that the project would be able to hire local trainers to conduct this training; this assumption was false as no experienced local trainers could be identified. The project was, therefore, required to send qualified trainers from the U.S. to conduct extensive initial and follow up training.

The low cost per loan experienced in community loan programs around the world depend on the community and borrowers taking responsibility for parts of the loan administration systems. Communities often take responsibility in such areas as helping borrowers complete applications and assisting in collecting repayments. With these responsibilities resting within the community, the credit program's field workers are able to concentrate their time in developing new communities and extending new loans.

OEF's experience in Somalia showed that newly formed groups were not willing to take on these types of responsibilities. To develop a system which would pass these responsibilities on to the community would have required extensive leadership training and group building around the credit program. In other words, a community infrastructure to support the loan program would have needed to be developed. This required time the project did not have. Therefore, during the project's life, the responsibility for administering the loan program fell solely to the field workers. Thus, the field workers were not able to serve as many borrowers as a comparable project in other countries.

CONCLUSION

The project was able to carry out the activities stipulated by the grant, and was beginning to have a positive impact on women in Baidoa. Project successes occurred despite the difficulties that the project faced ranging from bureaucratic delays to the discovery of saline water and soils early in the project to adapting to a deteriorating security and economic environment at the end of the project.

In the first phase of the project OEF completed the first project task to conduct follow up comprehensive water and soil tests of the original 100 hectare site. The unfavorable results of these tests and the tests of the alternative site forced the redesign of the project.

Under the redesigned project, OEF established the first PVO training and credit program in rural villages and towns in Somalia (the previous credit programs had been established

in Mogadishu or refugee camps). In so doing, OEF executed all the activities stipulated by the revised grant. A staff was hired and trained. Three Community Development Coordinators and five Community Development Representatives were trained and gained experience in facilitating and working with women's groups. Women's groups were organized and participated in business skills training and a credit system was established. Forty eight women received loans which they used to develop their micro-enterprises. Organizational development activities for the regional SWDO were conducted through the development of an SWDO wholesale shop. By the end of the project, the regional SWDO was taking on greater organizational responsibilities and becoming more involved in local development efforts. And, finally, an office for the regional SWDO was completed.

The successes of this project demonstrated that Somali women can be organized into groups around credit and, even during difficult economic times, women running micro-enterprises will repay their loans. In developing the groups, OEF learned two important lessons: first, that traditional and party (the SWDO) leaders must be involved in group selection, and second, that women are may unwilling to take leadership roles in non-traditional processes without support from traditional leaders.

Finally, the project illustrated the importance of defining shared goals, specifying organizational roles and responsibilities, and using of non-formal training techniques to improve communication and to share decision making for developing a solid partnership with local organizations. During the implementation of the revised project, OEF's process proved successful in re-establishing OEF's credibility and working relations with the regional SWDO after the failure to find a suitable farm site. The use of non-formal training techniques also allowed OEF to identify the needs of the women's groups and regional SWDO, and make adjustments to meet those needs.

The fall of the Barre Government cut short the project's efforts to build on these achievements and develop a sustainable loan system and active SWDO committees. However, the project demonstrated the potential for working with women entrepreneurs in rural Somalia. Despite the change in political climate, the lessons learned by the project will be useful for future women's projects in Somalia and elsewhere.

ANNEX 1. Project Activities by Quarter

Below is an outline, presented by quarter, of major activities completed by the project and external events which effected the project.

4th Quarter, 1987

First Project Manager hired, but takes unpaid leave due to unavailability of local funds.

Due to delays within the Domestic Development Department (DDD) no local funds were disbursed by GSDR this quarter. The grant at this time stipulated that only funding from the DDD could be used for local expenditures. Therefore, no project activities in Somalia were possible during this period due to lack of funds.

1st Quarter, 1988

No funds distributed by GSDR until last week of March.

Project manager returns from leave end of March.

Two consultancies for water and soil surveys of farm site postponed.

Potential project staff lost to other projects.

Enthusiasm and momentum with Baidoa SWDO and OEF credibility in Baidoa reduced as Baidoa SWDO found it difficult to understand why funds had been granted but not released.

2nd Quarter, 1988

GSDR moneys released, but Ministry of Finance (MOF) requires MOF accountant as co-signatory of account. OEF refuses to accept this condition as it would make implementation extremely difficult.

Requirement for MOF signatory informally waived by MUST and MOF May 12.

First funds drawn by project on May 29, 1988.

Staff Hired end of May - Agriculturalist, Administrative Officer, Field Secretary, Driver.

Perimeter path to mark farm boundary cleared, grid lines for surveying were cleared, and detailed topographical map prepared.

Land use survey completed - Report recommended live fencing rather than barbed wire, suggested use for dry land section of farm, indicated top soil was suitable for irrigation, and strongly recommended further investigation of water availability and quality.

Project vehicles arrived May 17th. However, despite country agreement signed in January, OEF could not get duty free clearance by end of quarter. This forced project to resort to hiring vehicles to conduct project tasks.

3rd Quarter, 1988

Training Coordinator Hired.

Project Manager counterpart approved by SWDO.

Vehicles cleared through customs.

Ground water and further soil analysis show that both ground water and soil on the 100 hectare farm are extremely saline, and unsuitable for irrigation.

Alternative site of 78 ha identified by Baidoa SWDO.

4th Quarter, 1988

Thomas Murry leaves project and Interim Project Manager hired.

Project Review Group agrees to and requires testing of new site before approving project amendment to include the new site. Other activities suspended until approval of amendment.

Soil tests of new site indicated that soil was suitable for irrigation.

A hand dug well to determine water depth and quality was begun - after nine meters had been dug, water had not been reached.

Core drilling rig and team were hired to speed up the search for water.

Two year training plan developed by Training Coordinator.

Preliminary identifying of Community Development Workers undertaken.

1st Quarter, 1989

SWDO and Family Life Center representatives interviewed a total of 25 candidates for the position of Community Development Worker.

Three bore holes hit water. Tests indicated that water was suitable for irrigation.

Recovery rate for water was poor. Final conclusion that there was not enough water for year round irrigation on 78 hectare farm.

Decision taken to abandon the farm idea and redesign the project.

Current staff let go with option to reapply to revised project, if approved.

2nd Quarter, 1989

Amendment submitted to the PRG. Revised project drops the development of the farm and shifts emphasis to small enterprise development.

The PRG approved revised project proposal.

New Project Manager recruited at end of quarter.

Other project activities put on hold until arrival of new Project Manager.

3rd Quarter, 1989

Interim Project Manager turns over project to New Project Manager who arrives in Somalia early July.

In July rioting broke out in Mogadishu, preventing the Project Manager from leaving Mogadishu for a month (Mid July to Mid August).

Training consultant prepares staff development package.

Orientation program held with National SWDO and Benadir Regional SWDO.

Orientation held with Baidoa regional and district SWDO committees.

In August the financial crisis began as the banking system began to run out of cash. The inability to cash project shilling checks delayed a trip to Baidoa and hiring new staff. The banking situation improved slightly in September, but hiring plans were cut back

to ensure that the project did not over extend itself and that staff salaries could be met.

4th Quarter, 1989

Hired Senior Trainer, Field Manager (SWDO Counterpart), and three Community Development Coordinators.

Held Orientation and Management Training for OEF staff.

Credit Consultant establishes policies, procedures, and administrative systems for loan program.

Held Planning Workshop to design and organize construction of SWDO office.

SWDO identifies contractor and construction begins.

OEF Training Manager further develops training plans.

1st Quarter, 1990.

Training of Trainers conducted for field staff by OEF Training Manager.

In consultation with SWDO and other organizations working in villages, two beel centers (central villages) and one town section of Baido chosen as pilot villages for the credit program.

The Senior Trainer and Field Manager conducted training from OEF's Doing a Feasibility Study for the Community Development Coordinators (CDCs).

Community Development Coordinators oriented in policies and procedures of credit program.

SWDO regional and district Committees oriented in policies and procedures of credit program.

2nd Quarter, 1990

Credit Program Planning Workshop held with regional and district SWDO committees to: 1) define roles and relationships of SWDO and OEF, 2) to develop action plan for implementing credit program and, 3) to design and develop action plan for SWDO Demonstration Activity.

The Field Manager who was the SWDO counterpart is taken to Iraq by SWDO National President as translator. She visits family in Saudi Arabia and does not return to Somalia.

An OEF training consultant working with the project staff adopts OEF Business Skills training materials to Somalia and trains field staff to present the training sessions developed. A training kit consisting of portable black board, flip charts, and training manual in Somali were prepared for each CDC and the Field Manager.

Three credit groups of ten women each were established, one in the village of Awdinle and two in the town section of Horseed.

The two groups in Horseed completed business skills/credit training and received loans averaging US \$50.00 each.

SWDO Demonstration Committee formed and attended Doing a Feasibility Study workshop to develop business plans for the Demonstration Activity.

3rd Quarter, 1990

Due to security situation and increased risk of travel outside of Baidoa, OEF and SWDO agree to establish new credit groups only in town sections of Baidoa.

The OEF training consultant returns to evaluate the first round of loans and revise the training sessions given the field staff's experience with the pilot groups.

Financing for SWDO Demonstration Project agreed upon by OEF and regional SWDO.

Security situation in Mogadishu and neighboring regions requires that Project Manager relocate to Mogadishu. Senior Trainer takes over day to day management of activities in Baidoa under the Project Manager's supervision.

Training completed and loans disbursed to groups in the village of Awdinle and the town sections of Berdalle and Halwadag.

Fighting between two local clans near Awdinle make monitoring loans in Awdinle difficult.

Accounting consultant establishes accounting system for SWDO Demonstration Project and trains the Committee in its use.

4th Quarter, 1990

SWDO receives first disbursement of funds, purchases goods, and opens Demonstration Activity wholesale shop.

Training completed and loans disbursed in town section of Isha.

Due to security concerns about travel between Mogadishu and Baidoa and the transport of money, establishing new groups postponed. Armed guards are hired for Baidoa office.

Monitoring of existing groups continues. The original groups in the town section of Horseed are reorganized.

SWDO office completed.

The U.S. Embassy and U.N. announce evacuation of non-essential personnel. The U.S. puts out travel advisory advising all private Americans to leave Somalia as soon as possible. The road to Baidoa becomes increasingly more dangerous.

OEF closes project, turning over loan funds to the credit groups and project assets to the Government of Somalia

ANNEX 2. Major Delays Faced by Baidoa Women's Small
Enterprise Development Project

November 1987 - March 1988: No local funds released by
Ministry of Finance.

March - May 1988: No funds release while OEF and Ministry of
Finance negotiate Ministry of Finance requirement that
Ministry of Finance accountant co-sign all project
checks.

October 1988: Water and Soil Surveys indicate that 100
hectare farm site is unsuitable for irrigation.

November 1988 - February 1989: Alternative site of 78
hectares identified and surveyed. Lack of water on this
site results in redesign of project.

March - May 1989: Project Amendment is prepared and approved
by Project Review Group.

May - June 1989: Search for new Project Manager

July - August 1989: Civil disturbances and curfews in
Mogadishu delay travel to and from Baidoa.

August - October 1989: Collapse of banking system delays
staff hiring.

October 1989 - December 1990: Deteriorating security
situation and lack of banking system slow project
progress.

Soil Report

The selected soil samples from the Baidoa area were analysed giving priority to the total salt (EC of saturation extract), the proportion of sodium to calcium (SAR), and the organic matter and phosphorous content.

The results of the analysis are the following:

PH-is in the range between 7.4-7.8 with an average of 7.6 showing that the PH is not a limiting factor for plant growth, since most of the highly productive agricultural soils have PH values in the range of 6-8.

Salinity-the electrical conductivity of the saturation extract (ECe) in mmhos/cm at 25°C is expressed as salinity status:

ECe values of: 0-2 no salinity
2-4 very slight salinity
4-8 slight salinity
8-11 moderate salinity
11-15 severe salinity

Most of the samples analysed have ECe values of the range of 0.42-1.10 with an average of 0.75 mmhos/cm indicating that the soils are non-saline.

SAR is expressed as alkalinity status:

0-10 = no alkali problem
10-15 = moderate alkali problem
16-25 = moderately severe alkali problem
and drainage problem.
25 plus = severe alkali and drainage problem.

The results of the analysed samples show no alkali problem.

Texture-the samples have clay content in the range between 8-42%, giving textural classes of clay loams and loams which are the most desirable textural classes for moisture storage.

Methods of Laboratory Analysis

Sample preparation

Each soil sample was air-dried and sieved to pass a 2mm screen before being analysed. This fine earth fraction was used in subsequent analysis. No particles coarser than 2 mm were recorded. A sub-sample of the fine earth fraction of each sample was ground in a mechanical mortar to pass an 80 mesh sieve for use in determining carbon and phosphorous content.

Particle Size Analysis

10 grams of soil were dispersed by shaking them with sodium hexametaphosphate and water. The suspension was then transferred to a one liter cylinder, made up to volume. A Pipette Method.

Electrical Conductivity of Saturation Extract

Distilled water was added to the soil until the saturation point was reached. The saturated soil paste was left overnight and was then extracted using suction, to obtain a saturation extract. The electrical conductivity of this extract was then measured and the results expressed in mm hos/cm at 25° as the electrical conductivity of the saturation extract (ECe).

Soluble Cation in Saturation Extract

Soluble calcium plus magnesium were measured in the saturation extract with the Versenate Method.

Soluble Sodium by Flame Photometer

SAR was calculated by using the formula:

$$SAR = \frac{Na}{\frac{ca + mg}{2}}$$

Na, Ca and Mg are in meg/l.

Organic Carbon Content by Walkly-Black Method.

Phosphorous by Olsen Method.

TABLE N^o 1: Physico-chemical properties of SWDO/OEF Baidoa soils.

Sample No	pH	EC x 10 ³ mmhos/cm	Ca ⁺⁺ + Mg ⁺⁺ / meg/l	Na ⁺ / meg/l	SAR	Organic matter %	P P/m	Particle size anal			textural classes
								sand	silt	clay	
1	7.4	0.84	8.30	1.96	1.00	1.3	2.3	2.5	41.5	33.5	CL
2	7.6	1.10	11.95	3.15	1.30	2.1	4.10	35	39.9	25.1	L
3	7.6	0.53	6.25	1.26	0.70	1.9	2.5	22	41.6	36.4	CL
4	7.7	0.42	5.70	1.03	0.60	1.5	3.2	28	42.0	30.0	CL
5	7.6	0.74	7.8	2.51	1.30	1.7	4.6	13.7	51	35.0	siCL
6	7.7	0.79	8.30	2.31	1.10	2.3	3.7	16.8	40	42.6	si C
7	7.7	0.74	8.85	1.83	0.90	1.7	2.6	18.2	74.10	7.7	Si
8	7.8	0.84	8.3	3.54	1.70	1.3	3.4	46.7	33.10	20.2	L

Prepared by Soil Specialist:
Mohammed Farah Omar

- clay
L - loam
Si - silt




Water Report

Having made the necessary analysis of the water in the project area owned by SWDO/OEF International, it was proved that the water in the vicinity is generally acceptable for irrigation purposes. The salinity is tolerable, taking into consideration the levels in the water of adjacent drilled wells.

We recommend that OEF International go ahead with the project as the tabulations of the various analyses fall within satisfactory limits for irrigation.

TABLE N^o 2: Water Analysis

Sample No	pH	EC _w 10 ⁶	Ca	Mg meg/l	Na	SAR
1	7.5	1.950	13.0	8.0	27	8.3
2	7.5	2.780	15.6	10.4	33.2	9.2
3	7.6	1.270	13.5	13.0	43	11.8

The first sample which was taken from a well on the adjacent property to that of SWDO/OEF is good water for irrigation. This is the only sample worth taking into consideration because it is from a well and that is how OEF plans to irrigate their land.

The other two samples were taken from rivers, and are not of good quality for irrigation. It must be noted that the rivers are filled with external fluids and are particularly saline during the dry season.

**OEF International
Baidoa Small Agricultural Enterprise Project
Credit Plan**

Consultancy Report:

Shari Berenbach
December 26, 1989
Mogadishu, Somalia

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I. OEF International Credit Approach in Somalia

The Baidoa Small Agricultural Enterprise Project, as amended, is a two-year effort which aims to:

1. improve the socio-economic conditions of low-income rural women and their families in the Baidoa District; and
2. to strengthen the ability of the Somali Women's Democratic Organization (SWDO) to help low-income women to establish small agriculture-related enterprises.

Training, technical assistance and credit is being provided to assist women in establishing small agriculture-related enterprises in twenty five villages near Baidoa town. The small enterprise development program includes four components: organization of women's groups; training in community and small enterprise development; the provision of group-guaranteed credit; and, technical support for various agricultural and related topics.

To date, there have been very few projects in Somalia which have provided small credits for agriculture-related enterprises to women in rural villages. While a number of organizations have provided credit to market women in Mogadishu (CARE, Oxfam, UNICEF), the principal other PVO credit experience has been the provision of in-kind credit to refugees (Action AID). The "trickle-up" credit activities of Save the Children Foundation (SCF) in the Lower Shebelle region most closely parallel the OEF initiative. However, the SCF activities are relatively recent and it is premature to discern lessons which can be easily transferred to other regions. OEF International has had extensive experience promoting agriculture-related enterprises in other African countries (Senegal, Mali) and in Asia and Latin America. However, the agro-pastoral traditions of the Bay Region present a specific cultural and economic context which distinguishes this initiative from other national settings.

OEF International considers that its Baidoa Small Agricultural Enterprise Project is charting new ground. In so doing, a rolling design approach has been adopted. During the first year of credit delivery, OEF will monitor field activities and introduce program adjustments on the basis of field results. We will not impose a blueprint for methodologies developed in other contexts.

At the end of the first year, policies, procedures and administrative systems outlined in this document will be adjusted to reflect the learning accumulated through field experience. Project planning documents presented in this paper are intended as a first draft, outlining the initial operating guidelines. While they define a beginning point for this project, we anticipate that substantial modifications will be introduced through the course of the first year.

The OEF International credit approach in Somalia is guided by a number of principles:

Results: OEF International holds itself accountable for accomplishing tangible results through its field activities. Credit and small enterprise activities lend themselves to this emphasis on field results. Credits are either paid back on time, enterprises are either profitable, and village groups are either involved in the administration of credit, or they are not. OEF will adjust its field methodologies until reliable field results are obtained.

Organization Building: OEF International knows that successful village-based credit is not developed in a vacuum. Group building techniques which ground the credit delivery methods within a sound community development framework are essential for effective group-guaranteed credit. Strengthening the capacity of indigenous organizations such as SWDO to support such village credit methods is needed.

Enterprise Feasibility: Assisting women to develop agricultural enterprises which are both financially and technically feasible is central to OEF's approach. OEF provides nonformal education to prepare women to define feasible enterprise opportunities while drawing upon basic agricultural skills women already possess. Where appropriate, OEF will introduce modest technology improvements to enable women to increase their financial return.

Local Ownership: Ultimately, OEF is aware that the most successful credit programs instill a strong sense of local ownership and accountability among borrowers. Initially, OEF staff will be directly involved with key credit decisions. Over time, however, the administration of the credit program will be devolved to the village groups. Intensive training and supervision will be introduced in the beginning months with the objective of preparing villages to administer the credit activities on their own.

The credit methodology outlined in this planning document assumes the availability of human and financial resources. A Senior Trainer is responsible for the overall training, group building and credit training activities for project staff, villages and the SWDO. A Field Supervisor/Trainer will supervise the field activities of Community Development Coordinators who work directly with the villages in providing training, feasibility study assistance and credit administration. Community Development Representatives, affiliated with the SWDO at the village level, are the local link between the village and project staff. As the project progresses, an Agricultural Adviser and/or local consultants will be drawn upon to support the enterprises.

This planning document presents in preliminary form the initial credit methodology to be used by OEF in Somalia. Presented below are:

- Credit Policies
- Credit Procedures
- Monitoring and Evaluation Guidelines
- Credit Administration Guidelines
- Credit Training Outline

This document outlines a comprehensive view of all facets of the credit delivery system to be introduced through this project.

II. Credit Policies

Article I: Program Purpose

The purpose of the Baidoa Small Agricultural Enterprise Project, as amended, is to improve the socio-economic conditions of rural women and their families in the Baidoa District. Group-administered village loan funds enable Somali women and their families to engage in agriculture-based small enterprises.

Article II: Village Groups

Groups comprised of 5 to 20 Somali women and their families will administer the village loan fund. Members are required to participate in the OEF training and to adhere to the guidelines of the village loan fund established in these credit policies.

Article III: Village Group Leadership

Each village group will elect a president, secretary and treasurer whose requirements and responsibilities are defined below.

1. *Requirements:* Village leaders are democratically elected from among the group members. To be eligible to serve as a group leader, the member must demonstrate basic numeracy skills, the ability to sign her name, and good moral character.
2. *President:* The President is responsible for the following functions:
 - a) Review loan plans and recommend or decline approval, in conjunction with the two other officers.
 - b) Convene group members for regular meetings.
 - c) Assist women to develop their loan plans and to provide counseling to members as the need arises.
 - d) Safeguard the integrity of the loan fund.
3. *Secretary:* The Secretary is responsible for the following functions:
 - a) Review loan plans and recommend or decline approval in conjunction with the two other officers.

- b) Record all credit decisions taken by the committee in regular meeting minutes.
 - c) Verify receipts and record all disbursements and repayments of loans to group members.
 - d) With the treasurer, calculate interest and principal payments due.
 - e) Safeguard all financial records.
4. *Treasurer:* The Treasurer is responsible for the following functions.
- a) Review loan plans and recommend or decline approval in conjunction with the two other officers.
 - b) With the secretary, calculate interest and principal payments due.
 - c) Sign receipts for the disbursement of loans and collection of repayments.
 - d) Safeguard the loan fund.

Article IV: OEF International

OEF International is the executor of the Baidoa Small Agricultural Enterprise Project with offices in Baidoa and Mogadishu. OEF's responsibilities are outlined below.

1. OEF provides village group members training in organization building, enterprise feasibility, marketing and credit administration.
2. OEF makes available loan funds to village groups for the purpose of financing productive activities as defined in these policies.
3. OEF establishes interest rates to be charged by the village loan funds and reviews them with village groups. Rates will be set on a periodic basis. In order to safeguard against loan fund decapitalization, rates will reflect anticipated inflation levels.
4. OEF has access to all village loan fund records and may safeguard these records as necessary.
5. OEF may recall the village loan fund if irregularities have been determined. Financial losses due to irregularities conducted by village loan fund leadership or group members will not be reimbursed by OEF.

Article V: OEF International Representatives

Representatives of OEF International, such as the Senior Trainer, Trainer/Field Supervisor and/or the Community Development Coordinator (CDC), will exercise the following responsibilities:

1. Provide training and guidance to village group members and leaders in all facets of the program, including: group building, feasibility studies, marketing, credit and agricultural practices.
2. Participate with the village leadership in the decision to approve or decline loan requests. The OEF International representative reserves the right to veto credit decisions.
3. Supervise the movement of village loan funds, including countersigning with the Treasurer all receipts.
4. Assist the Secretary to maintain all financial records.
5. Assist women to develop their loan plans and to provide counseling to members as the need arises.
6. Attend village group meetings as required.

If there are charges of impropriety against OEF representatives, OEF International will conduct its own independent investigation. OEF International may either discipline or dismiss staff in accordance with the findings of the investigation. Any financial losses accrued to a village loan fund due to improprieties by OEF International personnel will be reimbursed.

Article VI: Activities

1. Credit is available for all legal, rural-based activities which generate a financial return for the group members. They may be conducted on an individual or group basis.
2. Activities may include, but are not limited to: sorghum production; other cash crop production: peanuts, cow peas, sesame, mung beans; processing of milk, ghee or eggs; honey production; collection of fodder; artesanne production: garments, baked goods, food snacks, pottery, straw products; and, commercial activities such as market vending (meat, vegetables, livestock), village stores and tea shops.
3. The project will support existing or new enterprises, provided that the women can demonstrate prior (home based or commercial) experience. Activities may be seasonal in duration or on-going.

4. To be eligible for credit, the technical and financial feasibility of a proposed activity must be demonstrated by the group member. Project plans will include the essential information to assess enterprise feasibility.

Article VII: Project Financing

1. Loan amounts are determined in accordance with the project plan. However, loans will not exceed the Somali Shilling equivalent of US\$300. It is anticipated that initial loans will range from the Somali Shilling equivalent of US\$10 to US\$50. Loan size may increase in accordance with the success of earlier repayments, the requirements of the proposed project and the capacity of the borrower to meet equity investment levels outlined below.
2. The village loan fund may finance 75% of total project in-kind and cash inputs. A 25% investment will be sought in in-kind materials, labor or cash from the group member and their family. In special instances, the village loan fund may consider making more than 75% of the project funds available, but at no time will this exceed 90% of total project funds.
3. Project financing may be used for the purpose of working capital, equipment purchase, and/or building improvements in accordance with the project plan submitted.
4. If credit funds are used for purposes other than those outlined in the project plan, the loan will be considered in default and full repayment will be due immediately.

Article VIII: Loan Terms

1. The loan terms will be established in accordance with the project plan. Loan terms will range from a minimum of one month to a maximum of one year. To reflect the agricultural cycle which guides rural productive activities, loan terms are likely to extend from three to six months. Loan terms will be as short as possible, while reflecting the cash flow of the proposed activity.
2. Loan terms are eligible for renegotiation when circumstances require it and there is agreement among village group members.
3. Grace periods on principal payments may range from one to three months. Partial interest grace periods may also be adopted by the village group.

Article IX: Savings

1. All borrowers will be expected to demonstrate savings at the time of loan cancellation. Savings belong to the borrower and may be used by them for any purpose including personal purposes and/or as a source for equity investment in future projects.

2. The borrower will propose in their project plan a target level of savings to be reached by the end of the project. While this rate will be determined by the borrower, anticipated levels range between 5-25% of the loan.

Article X: Loan Approvals

1. The loan approval is the responsibility of the three village leaders and the OEF representative. To be approved, the project plan should:
 - demonstrate technical and financial feasibility;
 - satisfy equity level requirements;
 - present a realistic schedule for loan repayment; and,
 - adhere to the credit policies.

Project plans will be presented and discussed by the group members at a group meeting of all members. Subsequent loans, described below, are dependent upon the timely repayment of outstanding credits and attaining the determined savings level.

2. Borrowers are eligible to receive repeat loans once the prior loan has been satisfactorily canceled. If an on-time repayment schedule has been maintained, group member loan sizes may increase in accordance with the proposed project requirements.
3. A new project plan is required for each repeat loan. There is no limit to the number of repeat loans.

Article XI: Loan Agreement

1. The project plan forms the basis for the loan agreement. It is signed by the village group leadership and the OEF representative.
2. The loan agreement clearly outlines the intended purpose and use of funds and the proposed repayment schedule.

Article XII: Loan Disbursement and Collection

1. Depending on the status of the Somali banking system, OEF may assist the group leaders to establish a bank account which requires the signature of the President and the Treasurer or the President and the Secretary. The balance of village loan fund which is not extended as credit should be maintained in this account. If requested, OEF may safeguard village loan funds on behalf of the village group.
2. Loans will be disbursed in cash at the village group meeting in accordance with approved project plans and signed loan agreements. Signed receipts will be maintained with the signature of the borrower, Treasurer and OEF

representative. The secretary will record all loan disbursements. It is anticipated that new loans will be extended once funds have been repaid.

3. Loan repayments will be collected in accordance with the repayment plan outlined in the project plan. Full or partial interest is due each month, with principal payments due in accordance with the project plan. Signed receipts will be maintained with the signature of the borrower, Treasurer and OEF representative.

Article XIII: Late Payments

1. In the case of a late payment, the village leaders should meet with the individuals in question to review their responsibilities, ascertain the nature and extent of problems which have led to the late payment, and attempt to resolve them. OEF staff will serve as a resource to the village group in assisting members who have encountered difficulties.
2. If necessary, an alternate proposed repayment plan should be developed for the delinquent loan. The need to reschedule loan payments may influence the borrower's future access to the village loan fund.
3. Interest payments left outstanding will be rolled into the outstanding principal balance. Subsequently, the borrower will be required to pay interest on the full outstanding balance.
4. Loans delinquent by more than 12 months will be considered in default.

Article XIV: Capitalization of the Village Loan Funds

1. Once the village group has completed the OEF training program and has elected the leaders, OEF International will provide the initial seed capital for the village loan fund. The amount of the initial capitalization will be the total of the project financing plans submitted by group members. The initial capitalization will be made available in either a circular check or cash.
2. The group may request additional financing for the village loan fund in accordance with subsequent financing request by group members. Individual village loan funds, provided by OEF International however, will not exceed the Somali Shilling equivalent of US\$ 3,000.
3. Two percent per month of the loan fund balance will be segregated from interest earnings into a loan loss reserve fund and will not be eligible for re-lending to group members. The loan loss reserve will either be maintained in a bank account, or may be deposited with OEF International as requested by the village group.

4. The remaining portion of interest earnings will be incorporated into the village loan fund and will be available for on-lending to the group members.

Article XV: Loan Default and Write-off Policy

1. As described above in Article XIII, loans past due for more than 12 months will be considered in default. If the village group considers the funds uncollectible, they may be written off.
2. At the end of the project's fiscal year, all loans overdue for more than 12 months may be written off. To write off the loan, the value of the loan should be reduced from the total outstanding balance. An equal amount should be withdrawn from the loan loss reserve and this sum will now be available for lending. Combined, these transactions will reduce the total value of the loan fund.

III. Credit Procedures

A. Village Selection

Villages will be selected for participation in this program on the basis of the following criteria:

- Access to markets
- Production of surplus products
- Within 90 minutes travel time from Baidoa
- Expressed interest in project participation

B. Group Building/Training

In accordance with the OEF methodology, OEF will work with existing groups or help to establish new groups. Village groups will participate in the training sequence provided by the OEF trainer and the CDCs, including organization building, feasibility study, marketing and credit modules.

C. Credit Training

The OEF trainer and CDC will provide credit training to the village groups. Training will include: election of group leaders (president, secretary, treasurer); criteria for selection of the group leaders; review of their roles and responsibilities; definition of terms; exercise on inflation; and, a step by step review of the credit procedures. Please see the Credit Training Module Outline.

D. Feasibility Study Training

The OEF trainer and CDC will provide training in the elaboration of feasibility studies. In a simple manner, the training assists women to define the project plan, including a listing of project inputs required, an assessment of the market, technology, and raw materials required, and simple earnings projections.

E. Group Reviews Proposed Projects

During the training and organization building phase, the OEF trainer and CDC will meet with the group at least once a week. Once the full sequence of training is complete, the OEF CDC will meet with the village group when they review proposed projects.

1. Project plans may be completed by the group members on their own, with the help of the village group leaders and/or the assistance of the OEF CDC.
2. The group verifies that requirements are met in the project plans such as: financial and technical viability, equity, savings targets established, and repayment plan defined.
3. The group reviews again the responsibilities of the group leaders, the group members and OEF in the credit process. The loan agreement form is also reviewed.
4. The President, Secretary, Treasurer and the OEF CDC are responsible for approving the project plans. Once approved, two copies of the project plan are prepared.

F. Loan Agreement and Disbursement

1. Once the project plan is approved, the loan agreement is prepared for signature by the group leaders, the OEF CDC and the borrower. The agreement is signed at a group meeting in the presence of all group members. The loan agreement signing 'ceremony' is attended, whenever possible, by the Trainer/Supervisor and/or the Senior Trainer.
2. The original agreement and two copies are signed by all parties with project plans attached. The original is kept on file at the OEF offices in Baidoa. One copy is maintained with the village group files. One copy is given to the borrower.
3. At the time of signing the loan agreement, the borrower reviews again their full responsibility in implementing the loan agreement.

4. Funds are disbursed to the borrower at the time of signing the loan agreement. Funds will be disbursed in cash. The borrower, the treasurer and the OEF/CDC all sign the disbursement receipt in the numbered disbursement receipt book. The receipt book is maintained by the Village Group. One copy of the receipt is distributed to the borrower and one copy is kept by OEF.

G. Loan Monitoring

1. The CDC meets with the entire group one week after the loan disbursements. Each member is called upon in this group meeting to discuss their progress in implementing project plans. To the extent possible, the CDC should confirm that group members have deployed loan funds for their intended purpose. If necessary, the CDC should meet with the individual group members at their home to verify the use of the loan funds for their intended purpose.
2. The CDC will meet with the group leaders once a week and with the entire group at least once a month to review the progress of the individual projects.
3. Following each meeting with the group leader, the CDC will complete a group meeting report. This report is signed by the group leader and will be reviewed by the Field Supervisor. The group meeting report is filed in the group credit file.
4. As appropriate, the CDC will visit individual group members to review their progress and to resolve any difficulties which may arise. The CDC will complete a member visit report which will be signed by the group leader, the member visited and the CDC. The member visit report is then reviewed by the Field Supervisor.

H. Village Records

1. The Secretary, with the assistance of the President and the OEF CDC will maintain two notebooks, two numbered receipt books, and a file including copies of all approved project plans. These records will be kept in a safe box which will be held by the OEF CDC for safekeeping or in the village. If held by OEF, the safe box will be brought to all meetings.
2. The village loan fund notebook will contain monthly entries. Each month, the amount to be collected from each borrower will be listed. Collections from each borrower will be noted and late payments will be recorded. New loans will be listed. The balance of the loan fund will be calculated.

3. The member accounts notebook will be organized by each group member. Once the first loan is approved, the loan agreement: proposed repayment schedule will be included in the notebook. All subsequent repayments and repeat loans will be listed on an individual member account basis.
4. The disbursement receipt book will be numbered. All loan disbursements will be made upon a signed receipt basis. Receipts must be signed by the treasurer, the OEF CDC and the individual receiving the loan funds. Copies of the receipt are provided to the borrower and to OEF.
5. The collections receipt book will be numbered. All collections of loan repayments will be made upon a signed receipt basis. Receipts must be signed by the treasurer, the OEF CDC and the borrower. Copies of the receipt are provided to the borrower and to OEF.
6. A file of the loan agreements with project plans attached will be kept by the group and by OEF. OEF will maintain the originals of the agreement and the village group will maintain on their premises a file of the copies of the agreement.

I. Loan Collections

Each month, repayments will be collected in accordance with the village loan fund notebook and the member accounts notebook. The group leader, the borrower and the CDC will sign the collections receipt book. Copies of the receipt are given to the borrower and to OEF.

J. Late Payments

1. If a borrower is not able to adhere to their credit repayment schedule, the member should meet with the group leaders and the CDC to review the situation and to determine if and when the existing problems can be resolved. If appropriate, the CDC and group leaders should visit the individual at their home. At all times, group members should be encouraged to adhere to their interest payments due. As long as payments can be resumed within 60 days, it is not necessary to formally modify the repayment schedule.
2. Depending upon the severity of the problems confronted, and if the credit repayments have not been resumed within 60 days, the group leaders and CDC may recommend a grace period on principal and/or a rescheduling of the loan payments to enable the member to correct existing difficulties and to resume her activities. To provide a grace period and/or rescheduling of the credit-repayments, the entire group must meet to discuss the situation. If approved by the group leaders and the OEF/CDC, an amendment will be made to the loan agreement.

3. Interest outstanding will be added to the principal balance of the loan. Thereafter, it will accrue interest as part of the balance.

K. Repeat Loans

Once cancelling the outstanding loan, members will be eligible for repeat loans. If the repayment record has been satisfactory, repeat loans may be of a larger size. The same steps are required as described above to qualify for repeat loans.

L. Capitalization of Loan Funds

1. Once a village group has completed the training, they are eligible to receive a village loan fund. The value of the fund will be determined by the sum of all project plans submitted and approved. The Field Supervisor/Trainer and/or the Senior Trainer will meet with the group to review the policies and procedures for use of the village loan fund. The village loan fund will be made available to the group in cash or check at the time of loan disbursements in the loan agreement ceremony.
2. After the group has demonstrated a successful loan repayment record, they may be eligible for additional capitalization in the village loan fund from OEF. To qualify for additional capitalization, the group will have to demonstrate a good repayment record, adherence to savings plans, and sound credit administration. A request for additional capitalization will be prepared in letter form with substantiating documentation signed jointly by the village group and the CDC. This request must receive the support of the Field Supervisor. The request for additional capitalization will be approved by the OEF Project Director. The decision to provide further capitalization will be provided to the group in writing. If this request is denied, a letter will be provided stipulating the reason the request has been denied. Insufficient project funds may result in the denial of subsequent capitalization requests.

IV. Monitoring and Evaluation Plan

The Monitoring and Evaluation Plan for the Baidoa Small Agricultural Enterprise Project entails an assessment of three principal aspects of the project: the village loan fund performance, project performance (staff, village loan fund system) and project impact.

Monitoring and Evaluation Indicators

The village loan fund performance will be monitored on an on-going basis and will comprise an important part of any future evaluations of field

activities. To monitor these funds, a number of indicators will be reviewed: number and average loan size, on-time repayment record, total value of loan fund, turnover rate, adherence to the credit administration system, and assessment of group dynamics.

To assess project performance, both the staff performance and the combined operation of the total village loan funds will be examined. In monitoring staff performance, it is necessary to review the number of villages trained, the number of village loan funds supervised, and the number of group members assisted. The performance of the total system of village loan funds can be monitored through the number and size of the total village funds extended and their combined on-time repayment rate. An evaluation of the village loan fund system would incorporate the monitoring information and refer to indicators such as the combined turnover of loan funds and the U.S. dollar value of the total loan funds.

While project performance is monitored on a regular basis, impact evaluations will entail baseline and mid-term or final project data collection. Baseline and follow-up impact evaluation questionnaires have been developed by OEF International and will be applied here in Somalia as elsewhere. To assess the impact of the loans on women's activities, baseline and follow-up balance sheets have been added to the OEF socio-economic surveys. Finally, group dynamic assessments will be administered periodically to ascertain the impact of OEF training and assistance on village group formation.

Data Collection

The monitoring activities will be reported in regular quarterly reports. The village loan fund records, calculated on a month by month basis, will provide valuable information for the monitoring effort. Activity reports will be prepared by project staff on a semi-monthly basis and provide a record of field services performed. Following each group meeting and/or group member visit, reports will be completed by the field personnel and will be reviewed by the Field Supervisor. These field reports will be kept in village files in Baidoa.

For evaluation purposes, the OEF baseline survey and baseline balance sheet will be administered approximately at the time of the initial loan disbursements. Further evaluation efforts can be conducted at a mid-project and final project basis. By maintaining the source documents as listed in the Monitoring and Evaluation Plan, OEF International should be well prepared for future internal and/or external evaluations.

Village Loan Fund Performance Targets

While it is inappropriate to define firm performance targets for a methodology which has not yet even been pilot tested in the Bay Region, OEF has deliberated potential performance outcomes for the village loan funds. On

the basis of the experience of others in Somalia and elsewhere, we have defined poor, moderate and excellent performance ranges. As the program develops some field experience, the ranges defined may need to be adjusted upward or downward.

	Poor	Moderate	Excellent
1. On-time repayment	50%<	50-80%	80%>
2. Default rate	30%>	30-10%	10%<
3. Turnover Ratio	1:1<	1:1-2:1	2:1>
4. Real Fund Value	(40%)<	(40%)-5%	5%>

Please consult the Summary Overview of the Project Monitoring and Evaluation Plan and the monitoring forms and worksheets in the appendix of this document.

OEF International
Baidoa Small Enterprise Agricultural Project
Summary Overview of Monitoring and Evaluation Plan

<u>Indicator</u>	<u>M/E*</u>	<u>Source Document**</u>
I. <u>Village Loan Fund Performance</u>		
1. Number and average size loan	M&E	VLF Records
2. On-time repayment record	M&E	VLF Records
3. Total value of loan fund	M&E	VLF Records
4. Maintenance of records	M&E	VLF Records
5. Turnover rate of fund	E	Worksheet
6. Group dynamics assessment	E	Assessment Form
II. <u>Project Performance</u>		
A. <u>Staff Performance</u>		
1. Number villages trained	M	Activity Reports
2. Village loan fund supervision	M	Group Mtg Report
3. Group member assistance provided	M	Member Visit Rpt
B. <u>Village Loan Fund Performance</u>		
1. Number of village loan funds	M&E	OEF Records
2. Combined on-time repayment	M&E	VLF Records
3. Combined turnover rate of funds	E	Worksheet
4. Combined US\$ value funds	E	Worksheet
III. <u>Impact Evaluation</u>		
1. OEF baseline socio-econ character	E	OEF Questionnaires
2. Baseline balance sheet	E	Balance Sheet
3. OEF impact socio-econ character	E	OEF Questionnaires
4. Impact balance sheet	E	Balance Sheet
5. Group dynamic assessment	E	Evaluation Form

* - Some indicators will serve for monitoring purposes alone (M), while others will be examined on an annual or bi-annual basis for evaluation purposes (E). In most instances, indicators will be drawn upon for both monitoring and evaluation purposes (M&E)

** - Source document refers to the records or other worksheets which will be reviewed to ascertain monitoring and evaluation information.

V. Credit Administration Systems

The credit administration system for the village loan fund entails two notebooks and two numbered receipt books. These notebooks will be maintained by the village group Secretary and Treasurer with the assistance of the OEF CDC.

- The village loan fund notebook will be organized with monthly entries. Each month, the amount to be collected from each borrower will be listed. Collections from each borrower will be noted and late payments will be recorded. New loans will be listed. The balance of the loan fund, loan loss reserve and the total value of the loan fund will be calculated each month.
- The member accounts notebook will be organized by each group member. Once the first loan is approved, the loan agreement and proposed repayment schedule will be included in the notebook. All subsequent repayments and repeat loans will be listed on an individual member account basis.
- The disbursement receipt book will be numbered. All loan disbursements will be made upon a signed receipt basis. Receipts must be signed by the treasurer, the OEF CDC and the individual receiving the loan funds. Copies of the receipt are provided to the borrower and to OEF.
- The collections receipt book will be numbered. All collections of loan repayments will be made on a signed receipt basis. Receipts must be signed by the Treasurer, the OEF CDC and the borrower. Copies of the receipt are provided to the borrower and to OEF.
- A file of the loan agreements with project plans attached will be kept by the group and by OEF. OEF will maintain the originals of the agreement and the village group will maintain on their premises a file containing copies of the agreement.

A step-by-step review of all activities entailed in credit administration is presented below.

A. Overview of Credit Administration Steps

1. *Preliminary Steps*

- Member account section in member account notebook is opened and first loan payments calculated.
- Prepare Page 1, village loan fund monthly entry by listing all payments due, beginning balance of loan fund, and beginning balance of loan loss reserve and beginning cash balance.

2. *At Village Group Meeting*

- Complete Page 1, village loan fund monthly entry by entering payments received section. Calculate balance for each borrower.
- Complete Page 2, village loan fund monthly entry by filling in the collections summary, calculating the loan loss reserve, and determining the funds available for new loans.
- Indicate new loans made. Verify that the amount lent out and the cash on hand equals the funds available for new loans,

3. *Following Village Group Meetings*

Session I: Complete Page 2. village loan fund monthly entry

- Calculate loan fund balance
- Calculate loan loss reserve balance
- Calculate the total value of loan fund

Session II: Complete Page 1, village loan fund monthly entry and reconcile with member accounts notebook.

- Calculate on time repayment rate
Reconcile repayment information with individual member account
- Calculate next payment due for each member

B. Description of All Steps in the Credit Administration Process

1. *Preliminary Steps*

- Once a loan has been approved, a member account section in the member accounts notebook is opened. The first payment due is derived from the loan agreement approved repayment plan.
- In anticipation of a monthly group meeting when repayments are due, the Secretary and the OEF CDC complete the payments due section of page one of the village loan fund monthly entry. By referring to the outstanding payment due listed in each member account, they are able to list all payments due at the upcoming meeting. The total payment should include the interest less any deferments plus principal payments when applicable. The name and outstanding balance of all loans should be listed in the payment due section, whether a payment is required at the next meeting or not.

- To determine the balance loan fund, cash balance and the balance loan loss reserve, consult the prior month's entry in the village loan fund notebook. Insert the last month's ending balances as this month's beginning balance.

Note: For the very first round of collections, the beginning balance of the loan loss reserve and cash is zero. The beginning balance of the loan fund is the total value of loans which are made at the first round.

2. *At Monthly Village Group Meeting*

- Upon receiving loan payments, the Treasurer and the OEF CDC complete the collections receipt book indicating the principal and interest received. The secretary then completes the payment received portion of the monthly account in the village loan fund monthly entry.
- To calculate the balance due, the Secretary subtracts the principal payment from the balance. If there are interest payments due and the borrower does not repay at the meeting, zero payment should be entered. The interest due is then listed in that column and this amount is added to the balance. If no payment is due (principal or interest), then zero payment should be entered and the balance will remain the same.
- After completing page one of the monthly entry of the village loan fund notebook, the Secretary should complete the left half of page two starting with the collection summary section. By totalling the payments received on page one, it will be possible to determine, the total principal payment received and the total interest payments received.
- The Secretary with the help of the CDC then calculates 2% of the beginning balance of the loan fund. This value is then listed in the collection summary. The 2% is then subtracted from the cash received as loan payments and is put in a separate envelope. The secretary then calculates the total funds available for new loans. The CDC then counts the funds collected to make sure that the amount available on hand matches the calculations in the collection summary.
- At this point new loans can be given out. The project plans for loans to be financed with the proceeds from the repayments should be reviewed at the prior meeting and loan agreements should be prepared in anticipation. For each new loan the name, number, activity and amount is listed in the new loans disbursed section. The total value of the new loans disbursed, plus the cash

remaining on hand after loans have been disbursed should add up to the total funds available for new loans calculated above.

- When handing out the loan money, the borrower signs a receipt in the loans disbursement receipt book. This receipt book indicates the name of the borrower, the number of the loan, the activity and the amount. This receipt is also signed by the treasurer and the OEF CDC.

3. *Following Monthly Village Group Meeting*

Session I: Complete Page 2, Monthly Village Loan Fund Entry

- Either later on the day of the meeting, or the next week, the second half of page two of the monthly account is completed. The loan fund balance is calculated. For this calculation, the beginning balance of the loan fund listed on page one is inserted. The principal payments received are subtracted. The total amount of new loans disbursed and interest past due are added. Adding and subtracting as appropriate, the ending balance of the loan fund is calculated.
- Next, the total value of the loan loss reserve is calculated. This is done by adding the beginning balance found on page one with the new amount which has been set aside at the time of loan collections. Together these two equal the ending balance of the loan loss reserve.
- To determine the total value of the loan fund, the ending balance of the loan fund, the ending balance of the loan loss reserve and the cash on hand are added together. Combined, these three amounts equal the total value of the loan fund.

Session II Complete Page one, Village Loan Fund Monthly Entry

- Turn back to page one of the monthly account in the village fund notebook. Following the guidelines at the bottom of the page, the on-time repayment rate can be calculated by dividing the total payment received by the total payments due. If these match, the on-time repayment rate is 100%.
- It is necessary to reconcile the information on page one on loan payments received with the information in the member accounts notebooks. For each member, list the payment received on the right half of their page. Before turning to the next member, the next payment due entry is prepared. The ending balance on the payments received side now becomes the balance for the next

payment due. The loan agreement: approved loan repayment plan should be consulted to determine if a principal payment is due the next month. If a principal payment is due, it should be listed. If not, a zero is placed in this space. The interest due is calculated by multiplying the interest rate (listed above) times the new balance listed. If there is deferred interest, then it should be subtracted from the interest calculated. The total payment can then be calculated by summing the principal and interest payments due less deferred interest. At the time of the last payment, the deferred interest is summed and is entered as a positive addition to the final payment.

- Once completing one member account, the same process is carried out for subsequent members until all payments received on the monthly village loan fund entry are listed in the member account entry.

Note: The credit administration guidelines above assume that the credit administration will be maintained by the village group Secretary, Treasurer and the OEF CDC. On the basis of field experience, OEF may determine the need for a Credit Clerk who assists all groups to complete the credit records.

VI. Credit Training Outline

A. Module for CDCs

1. *Balance Sheet and Income Statement Exercises*

Session: 1 session, 3.5 Hours

Goal: CDCs will be familiar with basic financial statements and understand their relevance for this project.

Objectives:

- Learn how to organize a balance sheet
- Learn how to organize an income statement
- Learn the relationship between the two statements
- Derive meaningful information about business performance from the statements

2. *Credit Policies*

Session: 2 sessions, 7 Hours

Goal: CDCs will know and understand the OEF Baidoa Enterprise Project credit policies and be able to explain these to others.

Objectives:

- Discuss roles and responsibilities of all parties
- Review requirements for activities & project financing
- Determine appropriate loan terms
- Review savings requirement and its rationale
- Discuss approval and agreement policies
- Review policies for disbursement, collections & late payments
- Discuss the initial capitalization of village funds

3. *Credit Procedures*

Session: 3 Sessions, 10.5 Hours

Goal: CDCs will understand all of the credit procedures and be prepared to conduct their responsibilities outlined.

Objectives:

- Review the CDC function in village selection and training
- Discuss how CDC assists others to prepare project plan
- Review procedure for preparing loan agreement and disbursement
- Learn methods for loan monitoring and reporting procedures
- Discuss basic requirements for village records
- Review procedures for collections and late payments
- Discuss procedures for repeat loans, grace periods

4. *Approving Loans*

Session: 1 Session, 3.5 Hours

Goal: CDCs will be able to evaluate good project plans and to structure appropriate loan terms.

Objectives:

- Define characteristics of good and bad project plans
- Identify what features to look for when approving plans
- Learn the different loan terms for all business types (agriculture, commerce, service)
- List typical problems borrowers encounter when formulating plans and assess how they affect validity of business plans

5. *Business Counseling and Loan Monitoring*

Session: 2 Sessions, 7 Hours

Goal: CDCs will be able to distinguish business problems from systems and to make basic recommendations for assisting troubled projects.

Objectives:

- List indications of cash flow problems (no cash) and formulate appropriate recommendations: reduce sales credit, free up inventory, pricing strategies
- List indication of marketing problems (low sales) and define potential marketing tips to help boost sales
- List indications of saturated markets and consider implications of recommending changes of business activity altogether
- List indications of supply, transport and middle-men problems and identify effective strategies for women borrowers
- Identify business areas where women can move from retail to wholesale operation and consider additional skills and inputs required to make this shift
- List diverse sources of technical information which can be a resource to both the borrower and the CDC

6. *Inflation Exercise*

Session: 1 Session, 3.5 Hours

Goal: CDCs can explain to others how to conduct their business so that it will not be hurt by inflation and how the village loan fund has adopted similar practices.

Objectives:

- Review the patterns of inflation in Somalia for last 18 months and economic projections for next year
- Demonstrate the effect of inflation on different kinds of business (traders, agriculture, services, etc.)
- Identify the ways inflation affects the business plan and loan approval
- Discuss how inflation affects interest rates

7. *Credit Administration*

Session: 4 Sessions, 14 Hours

Goal: CDCs can explain to others the credit administration methods and conduct their credit administration functions.

Objectives:

- Review the information held in the two notebooks and two receipt books for the credit administration system
- Identify the responsibilities of the President, Secretary, Treasurer and CDC in the credit administration system
- Learn all steps in completing the cycle of financial reporting
- Identify potential complications and formulate strategies for addressing them (partial principal payments, skipped payments)
- Discuss how to address late payers and when to reschedule loans
- Practice the credit administration cycle steps repeatedly

B. Credit Training Module for Village Groups

1. *Credit Policies and Procedures*

Session: 3 sessions, 10.5 Hours

Goal: Group members will know and understand the OEF Baidoa Enterprise Project credit policies.

Objectives:

- Discuss roles and responsibilities of the village group, elected leaders and OEF staff
- Review requirements for activities and project financing
- Determine appropriate loan terms
- Review savings requirement and its rationale
- Discuss approval and agreement policies and procedures
- Review policies and procedures for disbursement, collections and late payments
- Discuss the initial capitalization of village funds

2. *Approving Loans*

Session: 1 Session, 3.5 Hours

Goal: Group members and leaders will be able to evaluate good project plans and to structure appropriate loan terms.

Objectives:

- Define characteristics of good and bad project plans
- Identify what features to look for when approving plans
- Learn the different loan terms for all business types (agriculture, commerce, service)
- List typical problems borrowers encounter when formulating plans and assess how they affect validity of business plans.

3. *Inflation Exercise*

Session: 1 Session, 3.5 Hours

Goal: Group members can explain how to conduct their business so that it will not be hurt by inflation and understand how the village loan fund has adopted similar practices.

Objectives:

- Review past and future inflation patterns in Somalia
- Demonstrate the effect of inflation on different kinds of business (traders, agriculture, services, etc.)
- Identify the ways inflation affects the business plan and loan approval
- Discuss how inflation affects interest rates

4. *Credit Administration*

Session: 2 Sessions, 7 Hours

Goal: Group members understand the credit administration methods and leaders can conduct their credit administration functions.

Objectives:

- Review the information held in the two notebooks and two receipt books for the credit administration system
- Identify the responsibilities of the President, Secretary, Treasurer and CDC in the credit administration system

Appendix A
Project Plan and Loan Agreement

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Baidoa Small Agricultural Enterprise Project Plan

Village: _____ Loan Number: _____
 Name: _____ Identification No.: _____

Type of Project: _____
 Credit Request Amount: _____
 Target Savings: _____

Project Inputs

Item	#	Cost/Item	Total Cost	Loan	Investment
1.					
2.					
3.					
4.					
5.					
6.					
7.					

Total

Project Review:
 Market: _____ Supply: _____ Skill: _____
 Critical Inputs: (Land amount: _____ hectare)

Financial Plan: week, month, project (circle one)

Sales

Material Costs
 Labor Costs
 Other Costs

Earnings

Loan Repayment
 Saving/Reinvestment
 Profit distributed

Proposed Repayment Schedule

Interest Rate: _____

Date	Balance	Interest(Def. Int.)	Principal	Total PMT
1.				
2.				
3.				
4.				
5.				
6.				

Signed: _____ Date: _____
 President _____ Treasurer _____
 Secretary _____ OEF CDC

Baidoa Small Agricultural Enterprise Project Loan Agreement

Village:
Name:
Project:

Loan Number:
Identification No:

The Baidoa Small Agricultural Enterprise Project makes available group-guaranteed village loan funds which enable Somali women and their families to engage in agriculture-based small enterprises.

1. The information presented in the project plan is accurate. Credit funds will be directed toward the completion of the project plan. If funds are not used as stipulated, the borrower will be in violation of the loan agreement and is required to repay the loan in full at once.
2. The borrower will advise the group leaders and OEF CDC in advance of any change in the attached project plan or the repayment schedule outlined below.

Loan Funds Approved: _____

Approved Savings Target:

Approved Repayment Schedule

Approved Interest Rate:

Date	Balance	Interest (Def. Int)	Principal	Total PMT
------	---------	---------------------	-----------	-----------

- 1.
- 2.
- 3.
- 4.
- 5.
- 6.

Comments/Observations:

	Signed:	Date:
Group Member		
Group President		
Group Secretary		
Group Treasurer		
OEF CDC		

Appendix B
Monitoring and Evaluation Forms

**Baidoa Small Agricultural Enterprise Project
Group Meeting Report**

Village:

CDC:

Date:

CDR:

Participation (Who attended meeting)

1.	6.	11.
2.	7.	12.
3.	8.	13.
4.	9.	14.
5.	10.	15.

Agenda:

Issues Discussed:

Recommendations:

Signed:

Date:

President

Treasurer

Secretary

CDC

Field Supervisor

**Baidoa Small Agricultural Enterprise Project
Member Visit**

Village:

CDC:

Date:

CDR:

Group Member Visited:

Observations/Visit Purpose:

Issues Discussed:

Recommendations:

Signed:

Date:

Group Member

Village Leader

CDC

Field Supervisor

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OEF Baidoa Small Agricultural Enterprise Project
Group Dynamic Assessment

CDC:
CDR:

Village:
Date:

1.....2.....3.....4.....5
Poor Moderate Good

1. What has been the extent of village participation? Rate participation in terms of quality of participation and attendance of group meetings. Describe.

2. Rate how well group leaders have exercised their responsibilities. Describe.

3. Rate how well group leaders exercised good judgement in their approval of projects and handling of village loan funds.

4. Rate the group's ability to resolve internal disputes. Describe.

5. Overall group dynamics assessments:

Supervisor/Trainer:

Date:

**Baidoa Small Agricultural Enterprise Project
Balance Sheet Calculation**

Name:
Village:
CDC:

I.D. Number:
Date:

Loans Received to date:

Date	Amount Loan	Amount Invest	Activity
1.			
2.			
3.			
4.			
5.			
6.			

Indicate current loan

Assets:

Capital & Liabilities:

Cash:

Liabilities:

Other Savings:

Purchases on Credit:

Sales on Credit:

OEF Loan Outstanding:

Inventory Value:

Other Loans Outstanding:

1.
2.
3.

Total Liabilities:

Equipment Value:

Capital:

1.
2.
3.

Initial investment:

Retained Earnings:

Building Value:

Total Capital:

Total Assets:

Total Capital and Liabilities:

Comments:

Field Supervisor/Trainer:

Date:

4/10

Appendix C
Credit Administration Forms

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Village Loan Fund Summary Sheet
 Monthly Entry Page 2

Month _____, 199

Collection Summary	
Total Principal Payment Received	
Plus Total Interest Payment Received	
Less 2% Loan Loss Reserve (x Fund Beg Bal ()	
Plus beginning Cash on Hand	
Total Funds Available for New Loans	

Loan Fund Balance	
Beginning Balance Loan Fund	
Less Principal Payments Received ()	
Plus Interest Pmts Due	
Plus Amount New Loans Disbursed	
Ending Balance Loan Fund	

New Loans Disbursed			
Name	Number	Activity	Amount
Total			
Ending Balance Cash on Hand			
Total Funds Available for New Loans			

Loan Loss Reserve Balance	
Beginning Balance Loan Loss Reserve	
Plus Increase in Loan Loss Reserve	
Ending Balance in Loan Loss Reserve	

Total Value of Loan Fund	
Ending Balance Loan Fund	
Plus End Balance Loan Loss Reserve	
Plus End Balance Cash on Hand	
Total Value of Loan Fund	

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ANNEX 5

TRAINERS NOTEBOOK
DEF SMALL ENTERPRISE DEVELOPMENT PROJECT

Baidoa, Somalia

1 May 1990

Revised
22 July 1990

PREFACE

This Trainers Notebook is intended for use by the OEF Baidoa Program Staff and Community Development Coordinators. It is a step-by-step guide for all training activities being performed under the Small Enterprise Development Project.

This notebook is divided into Meetings (those meetings and trainings that commence before the actual Credit Program Training), Credit Program Training Sessions, and Resources.

For each training activity both the content (what to do) and the process (how to do it) are described.

In order for the Project to maintain quality control in its training activities it is necessary that this notebook be closely followed with little or no deviation. However, as the Trainer, you need to be aware of the needs of each group with which you work and make appropriate adjustments in scheduling.

Questions regarding the use of this Trainers Notebook should be addressed to the Senior Trainer in Baidoa.

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CDR TRAINING

BEFORE FIRST MEETING: Contact CDR and arrange a meeting time.

FIRST MEETING WITH CDR: Meet with CDR alone in a quiet place.

1. Get acquainted
2. Review roles and responsibilities of CDC
 - a. Form and build credit groups
 - b. Train group officers
 - c. Train group members in business skills and credit program procedures
 - d. Supervise and manage credit program
 - e. Approve loans as OEF representative
 - f. Monitor credit program
3. Review roles and responsibilities of CDR
 - a. Enrolled as active member of SWDO
 - b. Reside in village or Baidoa town section represented
 - c. Attend all trainings required for credit groups with first group in village or Baidoa town section
 - d. Sponsor and mobilize and conduct with CDC village or Baidoa town section OEF project informational meetings
 - e. Sponsor and mobilize and conduct with CDC village or Baidoa town section OEF group selection meetings
 - f. Sponsor and mobilize and conduct with CDC village or Baidoa town section OEF group formation and officer selection meetings
 - g. Coordinate OEF credit group trainings in village or Baidoa town section
 - h. Serve as adviser for OEF credit program recipients
 - i. Serve as contact person for village or Baidoa town section back to CDC's
4. Discuss things that CDR needs to do before Information Meeting in village or Baidoa town section
 - a. Locate meeting place
 - b. Decide date and time
 - c. Advertise meeting place, date, and time
 - d. Encourage all interested women to attend
5. Review basic points for conducting a meeting
 - a. Design an agenda
 - b. Speak clearly and loud enough for all to hear
 - c. Look at the audience and at all the members, not just at a few
 - d. Take slow, deep breaths before starting to speak, if you get nervous
 - e. Relax and smile
 - f. Anything else that you feel is necessary
6. Review agenda for Information Meeting
7. Give copy of Roles and Responsibilities for CDC and CDR and copies of any material you feel necessary to CDR

AS

HANDOUT FOR CDR TRAINING:

Roles and responsibilities of CDC

1. Form and build credit groups
2. Train group officers
3. Train group members in business skills and credit program procedures
4. Supervise and manage credit program
5. Approve loans as OEF representative
6. Monitor credit program

Roles and responsibilities of CDR

1. Enrolled as active member of SWDO
2. Reside in village or Baidoa town section represented
3. Attend all trainings required for credit groups with first group in village or Baidoa town section
4. Sponsor and mobilize and conduct with CDC village or Baidoa town section OEF project informational meetings
5. Sponsor and mobilize and conduct with CDC village or Baidoa town section OEF group selection meetings
6. Sponsor and mobilize and conduct with CDC village or Baidoa town section OEF group formation and officer selection meetings
7. Coordinate OEF credit group trainings in village or Baidoa town section
8. Serve as adviser for OEF credit program recipients
9. Serve as contact person for village or Baidoa town section back to CDC's

OEF PROJECT INFORMATION MEETING GUIDELINES

CROWD CONTROL (CDC and CDR):

Materials Needed for Meeting--

- Project Information, Selection Criteria, and Positive Behavior large pictures
- Props (16)
- Clamps (16)
- Handout pictures

Before the Meeting--

- Clear the room of all participants.
- Display the pictures and signs (Project Information, Selection Criteria, and Positive Behavior) where they can be easily viewed by all participants.
- Allow the participants to enter the room in single file. As each person enters give a picture. Alternate the pictures--one of being quiet and the other of listening. Your behavior must reflect these two pictures. Remind the participants as they behave otherwise.

During the Meeting--

- Consistently reinforce the positive behavior of the two pictures.
- Use the large pictures to explain both the Project and the Selection Criteria.
- Encourage questions, but only one at a time. When more than one person speaks and/or someone talks when you or the CDR is speaking stand quietly and remind participants of the Positive Behavior.

End of the Meeting--

- Inform the women that this Positive Behavior is expected at all meetings and to bring their picture to the Group Selection Meeting.

OEF PROJECT INFORMATION MEETING:

CDR Welcome women and introduce self, CDC, and other guests

CDR Present agenda for meeting

CDC Present brief history of OEF
50 year old organization
Provides assistance to women around the world
Specializes in small enterprise development, women in
development, and nonformal education
Ask women what questions they have

CDC Review roles and responsibilities of CDR and CDC
Ask women what questions they have

CDC Describe project in brief (use pictures)
WHO--Poor rural women
WHY--Increase poor rural women's ability to generate
income
WHAT--Credit program and business skill training
HOW--Extend loans to groups for members
WHEN--Now
WHERE--In this village or Baidoa town section
Ask women what questions they have

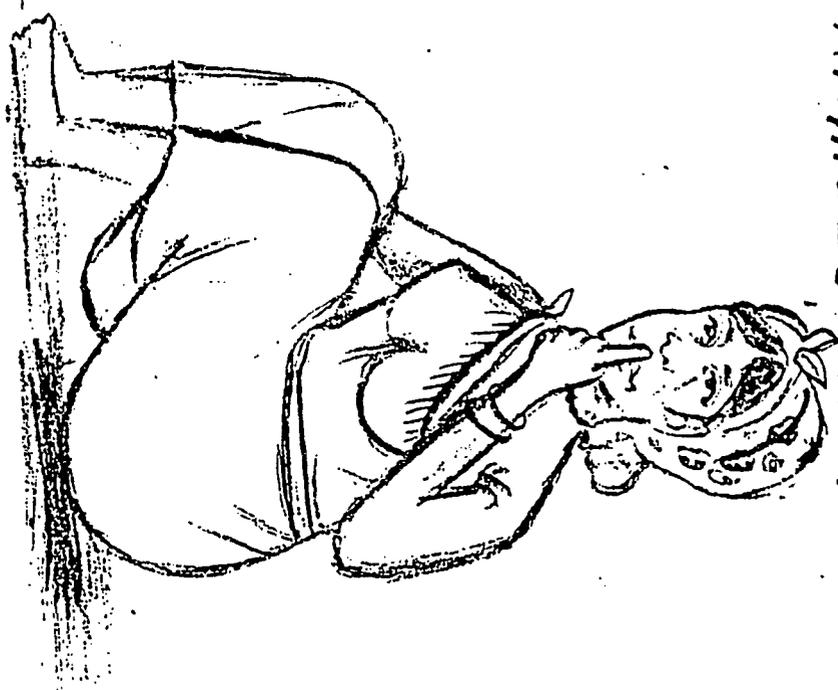
CDC Review the selection criteria (use pictures)
Preference given to single, widowed, divorced, or
unsupported women with many dependents, little or
no land, no or few animals, and small businesses
or business experience
If you meet all or any of these criteria you should
come to the next meeting
Ask women what questions they have

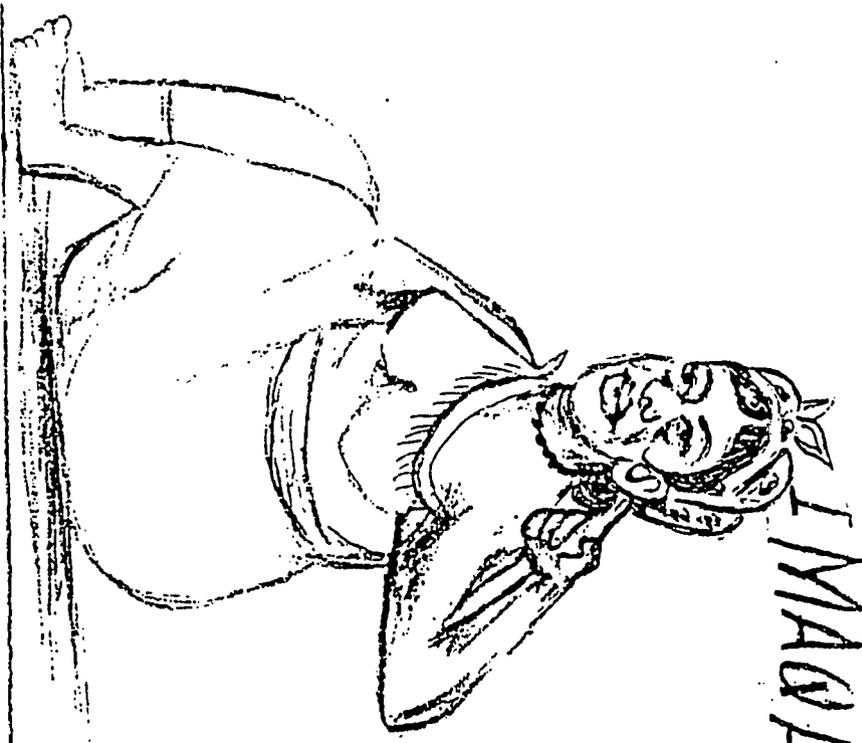
CDR Announce date, time, and place for next meeting. Thank
women for attending and close meeting.

AFTER INFORMATION MEETING DISCUSS WITH THE CDR:

1. How did we do?
2. What things do we need to improve before the next meeting?
3. Review agenda for OEF Project Group Selection meeting.
4. Review questionnaire (Credit Program Selection Form) and give copy to CDR. Remind CDR that she will help administer them in the next meeting.
5. List things to do before next meeting and decide who will do what.

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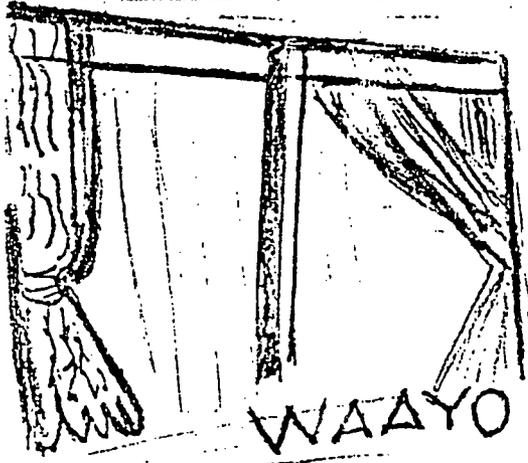
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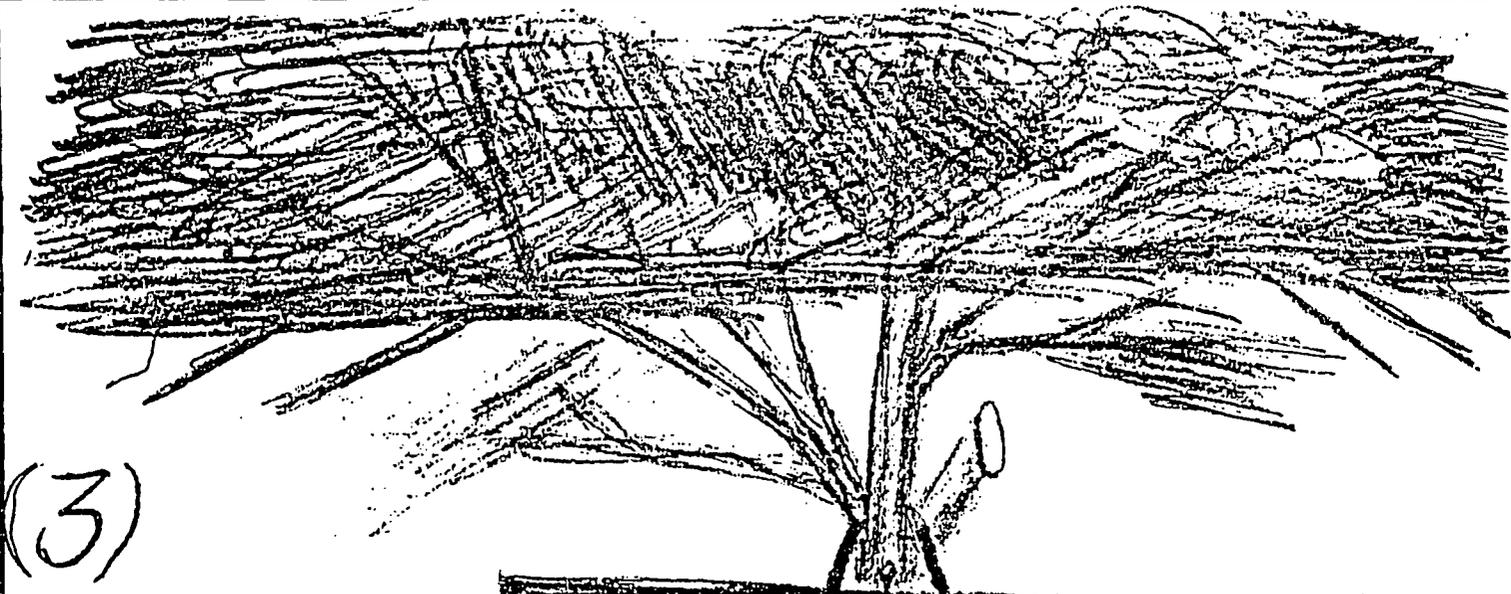


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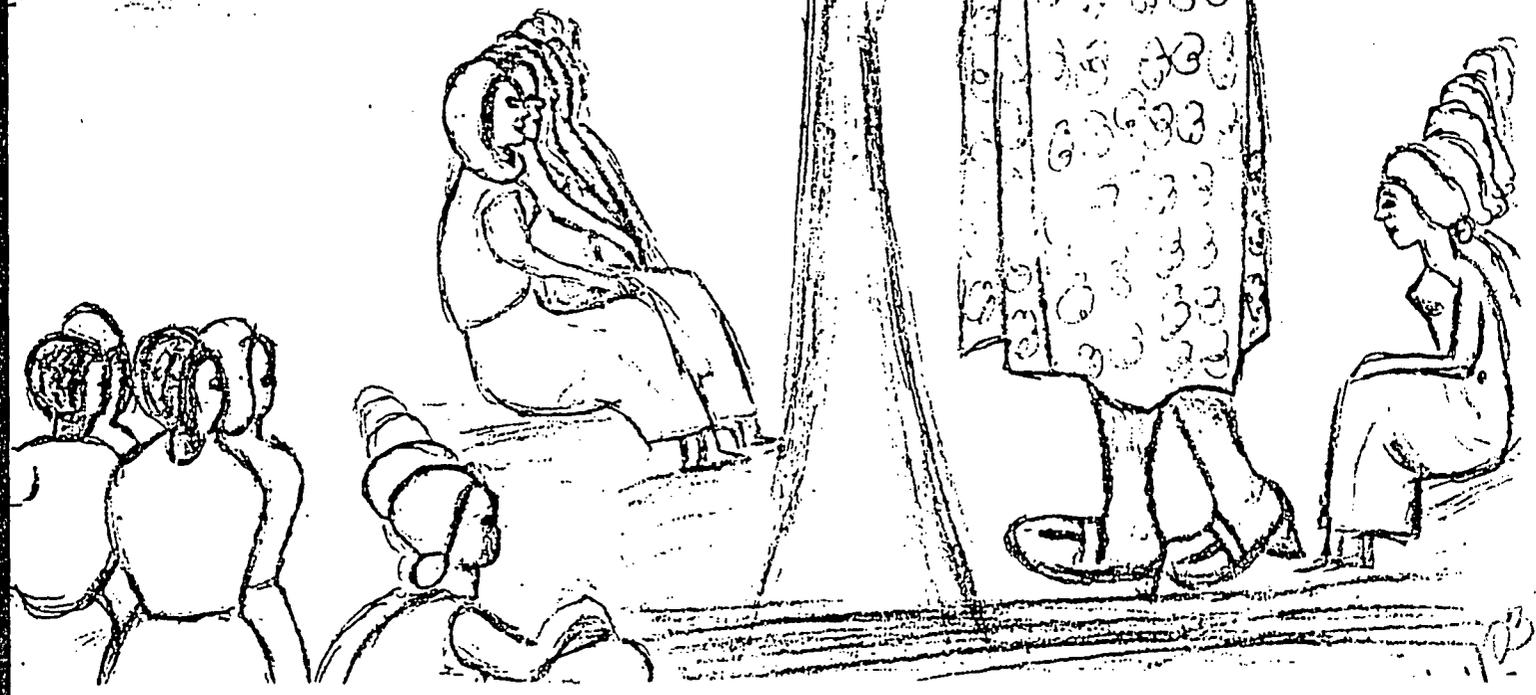
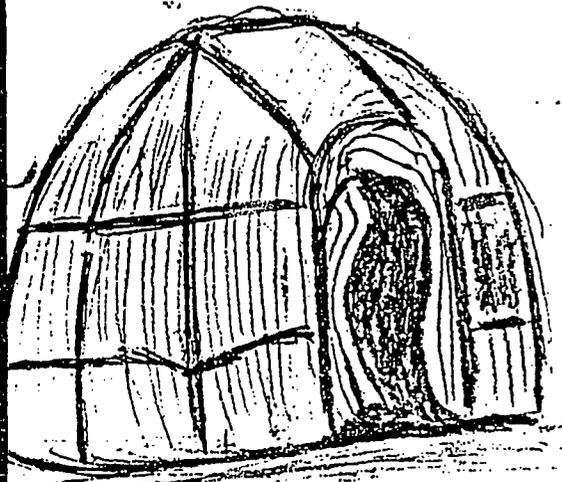
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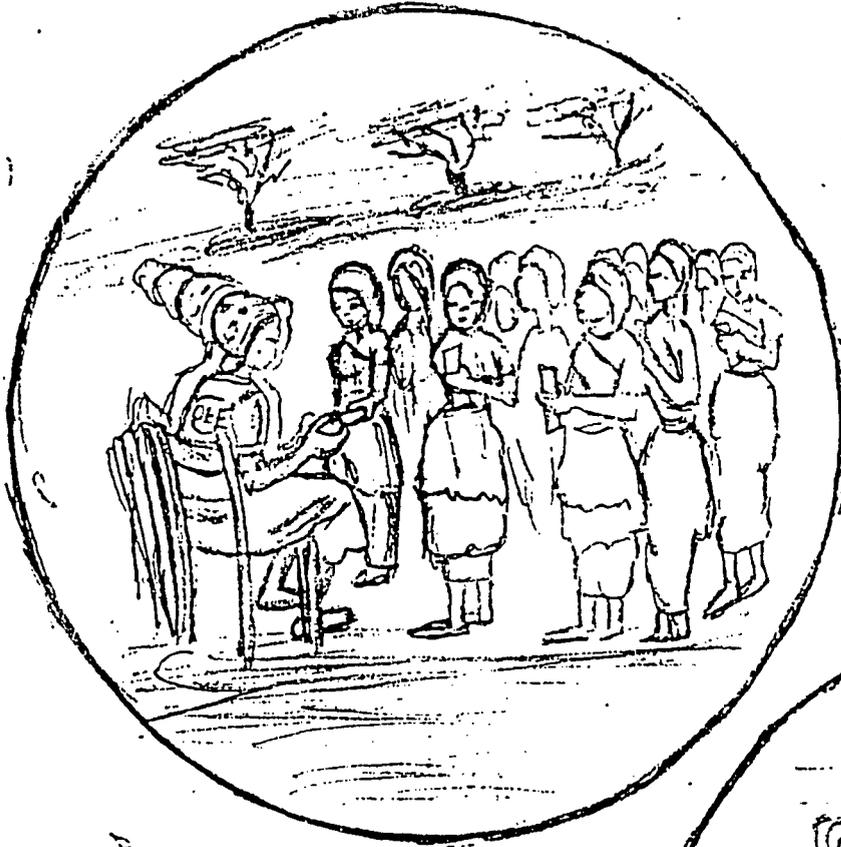
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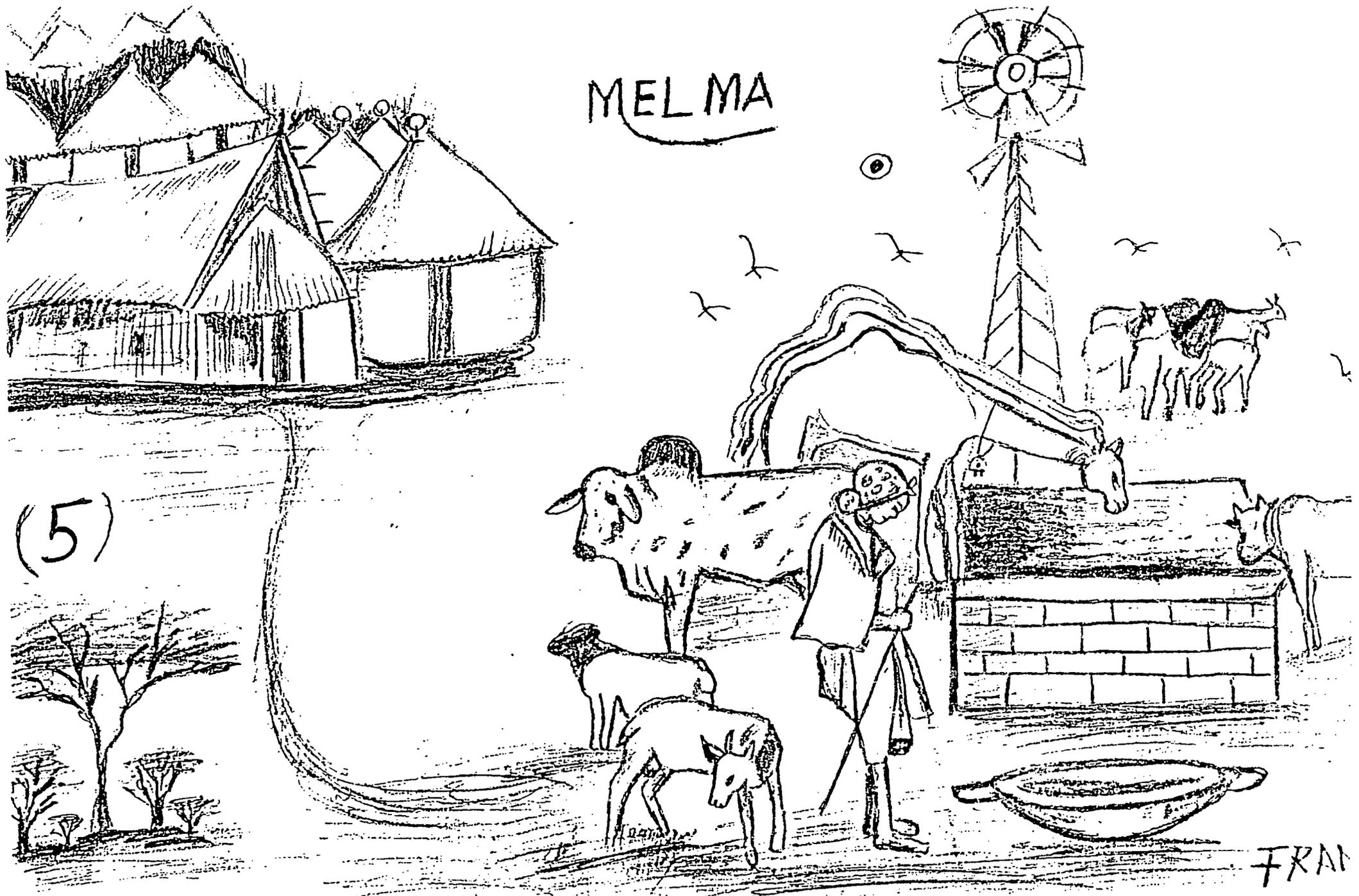
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OEF PROJECT GROUP SELECTION MEETING:

CDR Welcome women; introduce guests; review previous meeting; present agenda for today's meeting.

CDC Have each woman introduce self, tell her favorite food, and tell one thing that makes her happy.

CDC Review selection criteria (use same pictures)

1. Attend all Credit Program trainings to be eligible
2. Maximum loan amount is about Sh60,000
3. Total number of household members and number of working members (excluding elderly, disabled, and children under 10 years of age).
4. Number of wage earners.
5. Marital status.
6. Land ownership.
7. Number and kind of animals owned.
8. Type of present business owned and or labor performed by wage earners.

Ask women what questions they have.

CDC Divide large group into groups of 8-10 women and fill-out questionnaires in the group (CDC, or CDR, or OEF Program staff should fill-out the questionnaires, one in each small group)

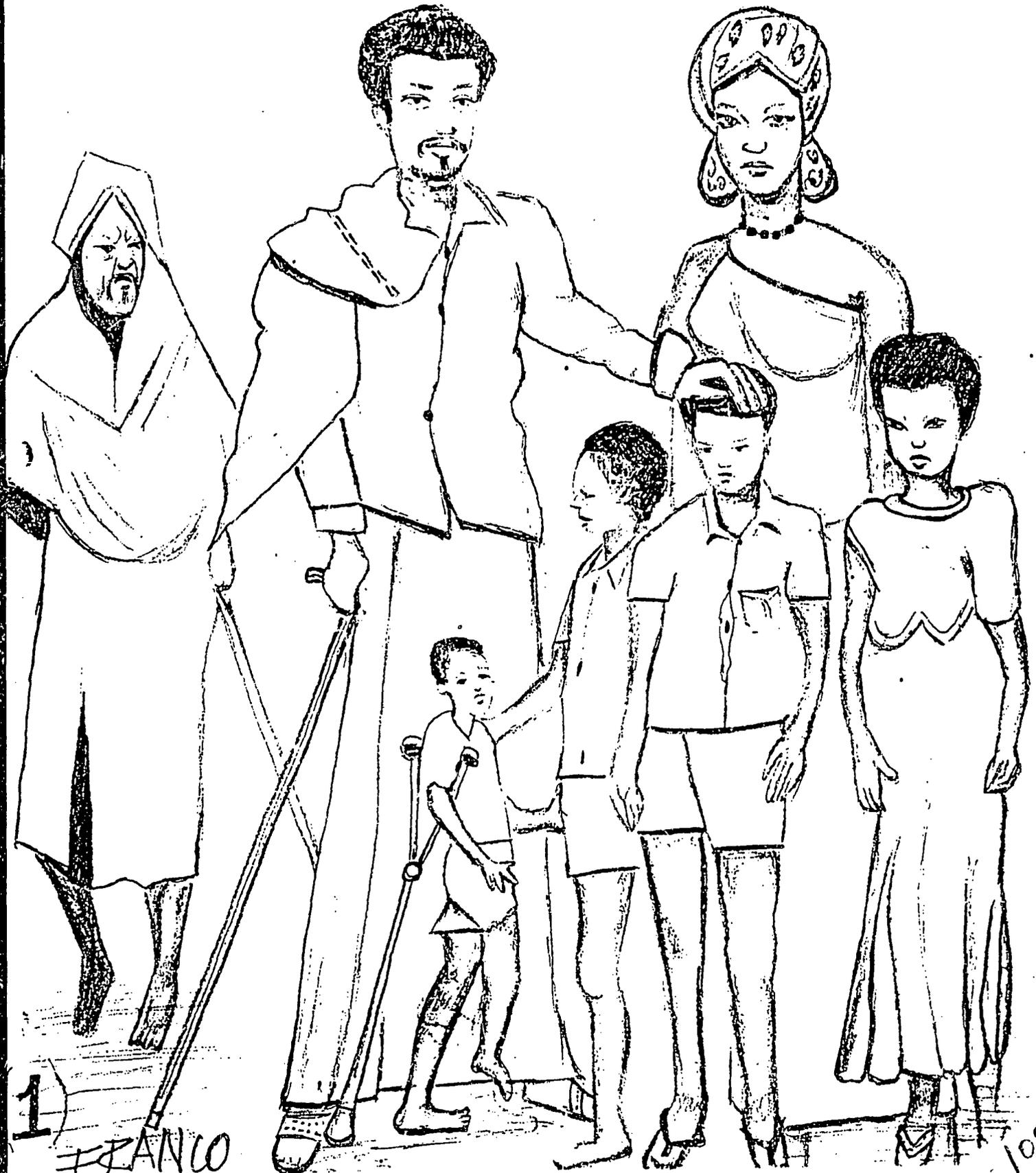
CDC Reassemble women in the large group. Inform women that questionnaires will be processed tomorrow in the OEF Baidoa office. The first group of participants will be contacted by the CDR and informed of the date, time, and place of the next meeting. If need be a 2nd or 3rd group may be formed at a later time. It is the intent of OEF to meet the needs of all women who meet the criteria starting with the most needy in the first group.

CDR Thank women for coming and close meeting.

AFTER THE GROUP SELECTION MEETING DISCUSS WITH THE CDR:

1. How did we do?
2. What do we need to improve before the next meeting?
3. Review the agenda for the OEF Project Group Formation and Officer Election meeting.
4. Make arrangements to meet CDR to give names for first credit group and other groups, if required .
5. List other things to do before the next meeting and decide who will do what.

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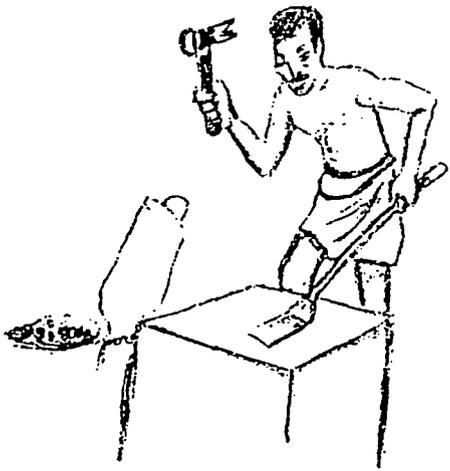


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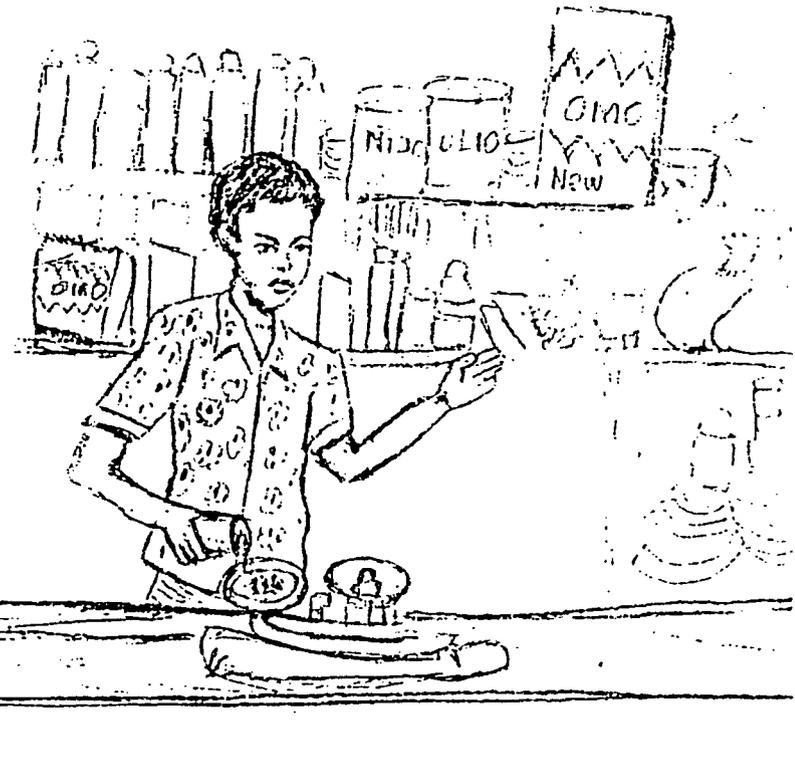
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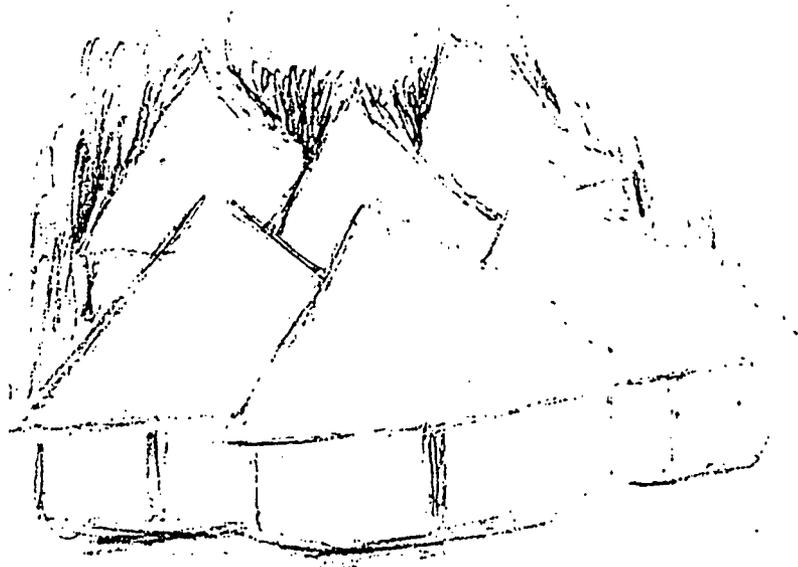
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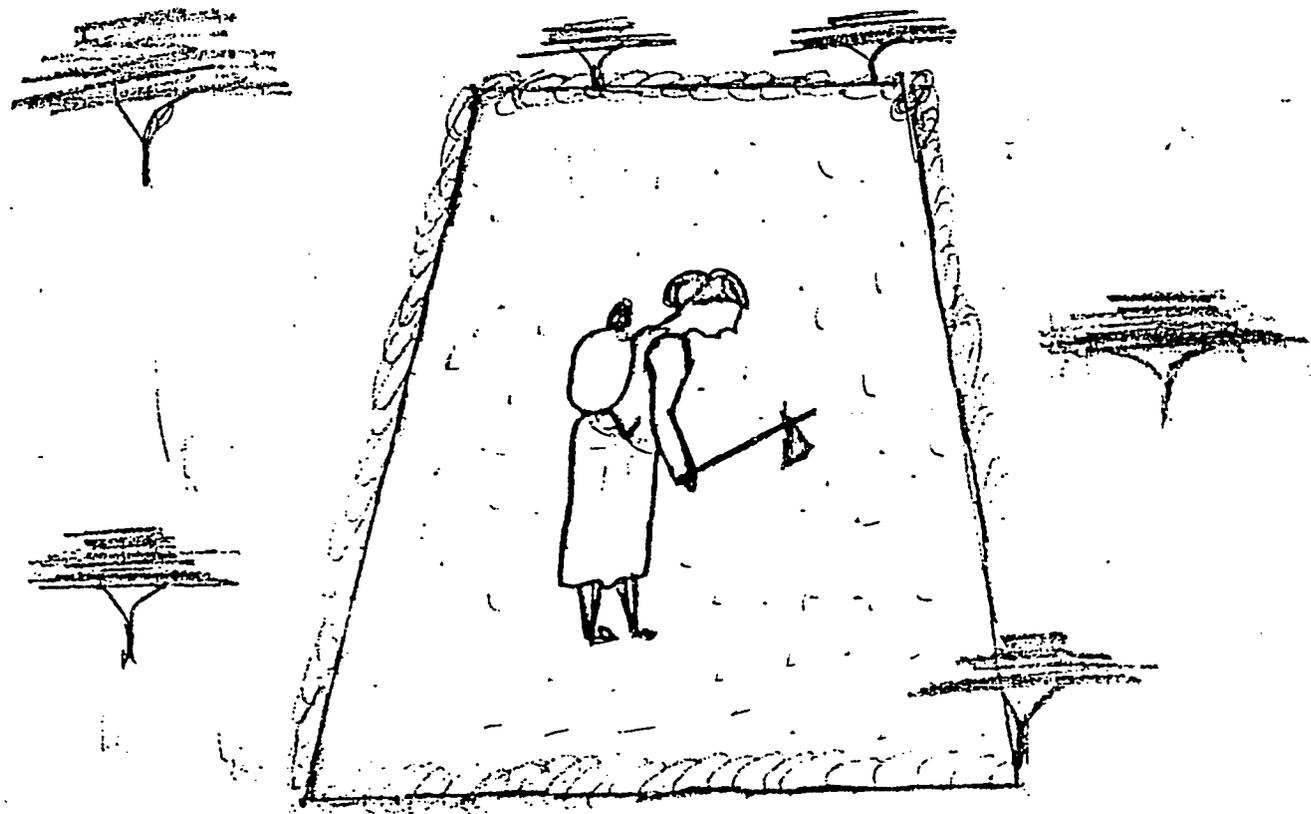
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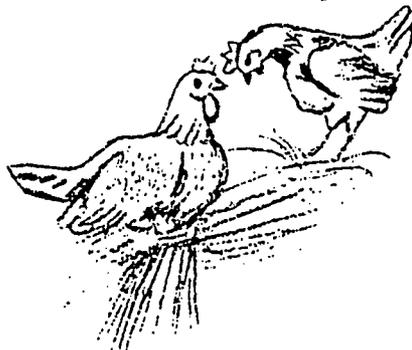
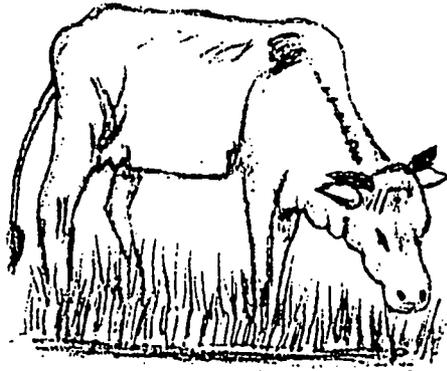


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Nooca Mehrada



6

CREDIT PROGRAM SELECTION FORM

Date _____

Name _____

Village/ _____
Baidoa Town Section

Please answer the following questions?

- 1. How many people live in your household? _____
- 2. How many household members are under 13 years old? _____
- 2A. How many household members are non-working? _____
- 3. How many elderly and/or disabled people who can not work live with your household? _____
- 4. How many wage earners live in your household? _____

(Wage earners include members of the family working on the farm and herding animals, as well as running businesses and earning wages)

5. What is your Marital Status (Circle One)?

Single Widowed Divorced No Husband Support Husband Support

6. How much farm land does your household have access to? _____

7. What type and how many animals does your household have?
Goats _____
Cows _____
Camels _____

8. What type of crops or agricultural products do you sell? _____

9. What type of businesses do members of your household engage in?

INSTRUCTIONS FOR SCORING LOAN PROGRAM SELECTION FORM

- A. Divide the number of working household (HH) members by the number of Total Household Members and add 1. To find the number of working household members, take the Total Number of Household Members (question #1) and subtract the Number of Children under 10 (question #2) and then subtract again the Number of Elderly and/or Disabled who can not work.

The formula is: $\#1 - \#2 - \#3 / \#1$

$$1 + \frac{(\text{Total Household Members} - \text{Children Under 10} - \text{Elderly or Disabled})}{\text{Total Household Members}}$$

2. The number of Wage earns is the total

3. Marital Status is ranked as follows:

1 = Single
2 = Widow

3 = Divorced
3 = No Husband Support
4 = Married with Husband Support

4. Land ownership is ranked as follows:

1 = No land
2 = Less than 2 hectares

3 = Between 2 and 7 hectares
4 = Over 7 hectares

5. Animals are ranked as follows:

1 = No Animals

2 = Few Small Animals: In Baidoa, this is less than 10 goats or less than 2 cows.
In the villages, this is less than 20 goats or less than 5 Cows.

3 = Large number of Animals: Greater than the limits above.

6. The general ranking of businesses is as follows:

1 = No business
1 = Unskilled Labor
2 = Wheelbarrow or One Donkey
3 = Low cost/Local Goods or Two Donkeys
3 = Low cost Farm Sales (Sorghum and beans)
3 = Small Market or Village Shops
3 = Skilled Labor (Tailor, Barber, Mason, etc)
4 = High Cost/Imported Goods
4 = High Cost Farm Sales (Vegetables and Fruits)
5 = Large Shop in Baidoa
5 = Business with Full Time Employees
5 = Managerial Labor

OEF PROJECT GROUP FORMATION AND OFFICER ELECTION MEETING:

CDR Welcome women and introduce guests. Review the previous meeting and present today's agenda.

CDC Explain that this is the first credit group based on the questionnaires from the last meeting. Discuss the responsibilities of the credit group:

1. Each member of the group or the entire group will design, implement, and monitor a small business
2. Each member is responsible for records for her business and to report to the CDC
3. Each member is responsible to repay the loan with interest to the group
4. Upon repayment of the loan the member is then eligible for another loan to further expand her business

Ask women what their questions are.

Explain that the credit group will be governed by its own democratically elected officers. All officers should be able to add and subtract, sign her name, and possess good moral character. Present the roles and responsibilities for the officers:

1. Group Leader
 - a. Review loan plans and recommend or decline approval, in conjunction with the other two officers
 - b. Convene group members for regular meetings
 - c. Conduct all group meetings
 - d. Assist women to develop their loan plans and to provide counseling to members as needed
 - e. Safeguard the integrity of the loan fund
2. Secretary
 - a. Review loan plans and recommend or decline approval, in conjunction with the other two officers
 - b. Record all credit decisions taken by the group in regular meeting minutes.
 - c. Read the minutes of the previous meeting and check for accuracy
 - d. Record the decisions and minutes of the officers meetings
 - e. Verify receipts and record all disbursements and repayments of loans to group members
 - f. With the Treasurer, calculate interest and principal payments due
 - g. Safeguard all financial records
3. Treasurer
 - a. Review loan plans and recommend or decline approval in conjunction with the other two officers
 - b. With the secretary, calculate interest and principal payments due.

Group Formation Meeting, continued

- c. Sign receipts for the disbursement of loans and collection of repayments
- d. Safeguard the loan fund

Ask women what their questions are.

Conduct democratic elections for the three officers.

1. Ask for nominations
2. Have women vote by hand or secret ballot
3. Count the votes and announce names of officers

CDC Present the responsibilities of OEF Baidoa Office for the project:

1. OEF is the executor of the fund
2. OEF provides credit group members training in business skills and credit program procedures
3. OEF will make available loan funds to credit groups for the purpose of financing productive businesses
4. OEF will establish interest rates to be charged by the credit groups and will review them with the credit group
5. OEF has access to all credit group loan fund records and may safeguard these records as necessary
6. OEF may recall the credit group loan fund if irregularities have been determined. Financial losses due to irregularities conducted by the credit group officers or group members will not be reimbursed by OEF

Ask women what their questions are.

Present the responsibilities of OEF Senior Trainer, Field Manager, and/or CDC:

1. Provide training and guidance to credit group members and officers in all facets of the program
2. Reserve the right to veto credit decisions
3. Supervise the movement of credit group loan funds, including countersigning with the Treasurer all receipts
4. Assist the Secretary to maintain all financial records
5. Assist women to develop their loan plans and to provide counseling to members as the need arises
6. Attend credit group meetings

Ask women what their questions are.

CDR Discuss with the women the best time and place for the training meetings. Together decide a schedule. Thank the women for coming. Close the meeting. Arrange with officers a date, time, and place for their training.

AFTER THE GROUP FORMATION MEETING DISCUSS WITH THE CDR:

1. How did we do?
2. What do we need to improve before the next meeting?
3. It is not necessary that the CDR attend the training for the credit group officers, but may observe (only) if agreed upon by the CDC
4. List things to do before the next meeting and decide who will do what.

CREDIT GROUP OFFICERS TRAINING:

Spend some time getting acquainted.

Review basic points for conducting a meeting

1. Design an agenda
2. Speak clearly and loud enough for all to hear
3. Look at the audience and at all the members, not just at a few
4. Take slow, deep breaths before starting to speak, if you get nervous
5. Relax and smile
6. Anything else you feel is necessary

Explain the roles and responsibilities of the officers. Go slowly and carefully using examples where necessary. When you are finished they should clearly understand all of their roles and responsibilities. Assure them that you will be available to help them through every step of the process.

1. Group Leader
 - a. Review loan plans and recommend or decline approval, in conjunction with the other two officers
 - b. Convene group members for regular meetings
 - c. Conduct all group meetings
 - d. Assist women to develop their loan plans and to provide counseling to members as needed
 - e. Safeguard the integrity of the loan fund
2. Secretary
 - a. Review loan plans and recommend or decline approval, in conjunction with the other two officers
 - b. Record all credit decisions taken by the group in regular meeting minutes.
 - c. Read the minutes of the previous meeting and check for accuracy
 - d. Record the decisions and minutes of the officers meetings
 - e. Verify receipts and record all disbursements and repayments of loans to group members
 - f. With the Treasurer, calculate interest and principal payments due
 - g. Safeguard all financial records
3. Treasurer
 - a. Review loan plans and recommend or decline approval in conjunction with the other two officers
 - b. With the secretary, calculate interest and principal payments due.
 - c. Sign receipts for the disbursement of loans and collection of repayments
 - d. Safeguard the loan fund

Officers Training, continued

Review the major points for organizing a meeting agenda:

1. Welcome women, introduce guests, and call meeting to order
2. Secretary reads minutes for previous meeting
3. Group Leader asks for approval of the minutes
4. Treasurer presents status of loan fund
5. Discuss old business
6. Discuss new business
7. Announce date, time, and place for next meeting; thank women for coming; close meeting

Clarify any concerns and answer any questions that the officers have. Inform them that the Group Leader will conduct the next meeting which will be the first training session for the credit program. Arrange to meet with the officers before this meeting to review the agenda and answer any questions that may have arisen. Also inform them that CDR will contact you if they need you before the arranged meeting. CDR will coordinate place and remind group members of the next meeting. CDR is available as an advisor and resource person if needed.

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HANDOUT FOR OFFICERS TRAINING:

Roles and responsibilities of CDC

1. Form and build credit groups
2. Train group officers
3. Train group members in business skills and credit program procedures
4. Supervise and manage credit program
5. Approve loans as OEF representative
6. Monitor credit program

Roles and responsibilities of CDR

1. Enrolled as active member of SWDO
2. Reside in village or Baidoa town section represented
3. Attend all trainings required for credit groups with first group in village or Baidoa town section
4. Sponsor and mobilize and conduct with CDC village or Baidoa town section OEF project informational meetings
5. Sponsor and mobilize and conduct with CDC village or Baidoa town section OEF group selection meetings
6. Sponsor and mobilize and conduct with CDC village or Baidoa town section OEF group formation and officer selection meetings
7. Coordinate OEF credit group trainings in village or Baidoa town section
8. Serve as adviser for OEF credit program recipients
9. Serve as contact person for village or Baidoa town section back to CDC's

Roles and responsibilities of Group Leader

1. Review loan plans and recommend or decline approval, in conjunction with the other two officers
2. Convene group members for regular meetings
3. Conduct all group meetings
4. Assist women to develop their loan plans and to provide counseling to members as needed
5. Safeguard the integrity of the loan fund

Handout for Officers Training, continued

Roles and responsibilities of Secretary

1. Review loan plans and recommend or decline approval, in conjunction with the other two officers
2. Record all credit decisions taken by the group in regular meeting minutes.
3. Read the minutes of the previous meeting and check for accuracy
4. Record the decisions and minutes of the officers meetings
5. Verify receipts and record all disbursements and repayments of loans to group members
6. With the Treasurer, calculate interest and principal payments due
7. Safeguard all financial records

Roles and responsibilities of Treasurer

1. Review loan plans and recommend or decline approval in conjunction with the other two officers
2. With the secretary, calculate interest and principal payments due.
3. Sign receipts for the disbursement of loans and collection of repayments
4. Safeguard the loan fund

SESSION 1: CREDIT PROGRAM TRAINING

TITLE: Business Project Cycle

GOAL: Start the Credit Program Training

OBJECTIVES:

- Start the process of thinking about businesses
- Discuss Group Norms
- Explain the steps of the Business Project Cycle
- Identify the importance of completing the cycle
- Discuss schedule of Credit Program Training activities

HANDOUTS: None

FLIPCHARTS:

- Session 1 Goal and Objectives, Business Project Cycle, Group Norms

MATERIALS: Flipchart paper, markers, clamps

TIME: 140 minutes

ASSIGNMENTS:

- Instruct women to begin thinking about ideas for new or expanded businesses

DESIGN:

- 10 Present Group Norms for Credit Program. Discuss and verify with group for confirmation and any additions:

GROUP NORMS

- Respect the opinion of others
- Encourage others to participate
- Start on time--end on time
- Be responsible for own learning
- Listen actively
- One person speaks at a time
- Respect traditions
- Leave quietly, if need be

- 10 Present Goal and Objectives for this session.

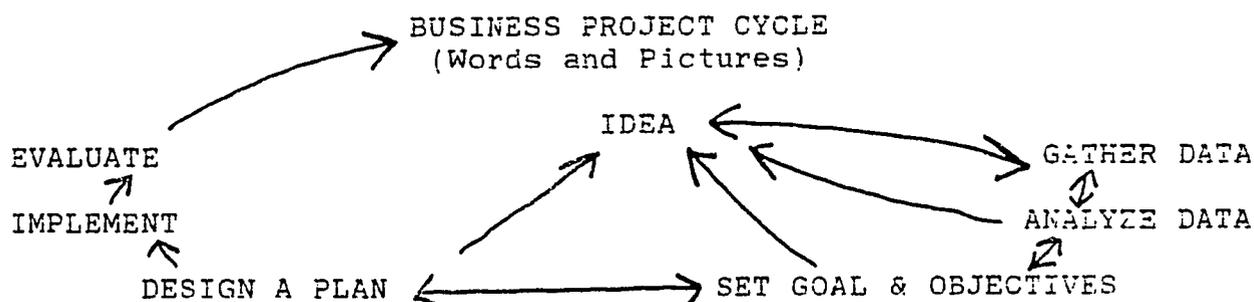
- 20 Explain to the women that this training will involve doing new things. Ask them the following questions with everyone sitting in a circle (ask each woman to respond)--

1. "When I think of starting a new business or expanding my present business, I am afraid of ...?"
2. "When I think of starting a new business or expanding my present business, I have good feelings about ...?"

Session 1 Credit Program, continued

- 30 Brainstorm with the group and record on chalkboard the following three questions--
1. What are traditional businesses that men have?
 2. What are traditional businesses that women have?
 3. What are businesses that men have or no one has in our village that we can have or women's businesses that we can do better?

- 45 Explain that in order to think about a new or expanded business we need to understand the process that all businesses must go through in order to be successful. Present the Business Project Cycle from a prepared flip chart and carefully explain while encouraging questions.



IDEA--Visit the market in your village and other villages close by. Observe which businesses have many customers, which businesses have no customers, which business locations are better, the differences between businesses in one village and another, and which businesses in another village are absent in your village. Get an idea for a business that might be successful for you.

GATHER DATA--With an idea in mind we begin a feasibility (will this idea work) study by gathering information and data about your idea. If during the process of gathering data you decide this is not a good idea then go back to the IDEA step and begin the process over with a new idea.

ANALYZE DATA--Once you gather the data you think about what it means and analyze the significance of it. This is the next part of your feasibility study. If your information shows that this is not a good idea then you forget this idea and go back to the IDEA step and begin the process over with a new idea. If you find that you need to GATHER MORE DATA then go back to the GATHER DATA step and begin the process from there.

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Session 1. Credit Program, continued

SET GOALS AND OBJECTIVES--Having analyzed the data and confirmed that this is workable idea set goals (general directions) and objectives (specific real measurable tasks) that you need to accomplish in order to have a productive and profitable business. If while setting goals and objectives you find out this is not a good idea, then go back to the IDEA step and begin the process over. Or if you discover that you do not have enough information then return to the GATHER DATA step and begin the process over from there.

DESIGN A PLAN--Now you begin to design your business plan. How will the business operate? How much will it cost to operate? How much income can I expect? Will this idea work? If while designing your business plan, you discover that this is not a workable idea, then return to the IDEA step and begin over from there. Or if you need to GATHER MORE DATA or SET DIFFERENT GOALS AND OBJECTIVES, then return to the appropriate step and begin the process over from there.

IMPLEMENT THE PLAN--At this point you are ready to start the first steps of beginning your business. If any of these steps do not work analyze the problem and if you need to return to a prior step do so. Do not attempt to implement a weak plan. It is much better to go back at this point before many funds are spent than to discover it later after much time, effort, and money has been expended. Do not be afraid of returning to earlier steps if need be. Returning does not imply in any way that you are a failure, but rather that you are wise enough to do your business the correct way. In the long run your extra efforts will reward you with increased profits.

EVALUATE--There are two kinds of evaluation that are important to a business. The first type is Formative Evaluation (How am I doing?). We have already done this several times by checking our progress and returning to earlier steps if need be. You should ask yourself this question every day in your business in order to look at it objectively. The second type is Summative Evaluation (How did we do?). You will ask this question at the end of 3 months, 6 months, and 1 year in order to measure your business profits over a period of time. This is a cycle and flows as such. If after conducting a Formative Evaluation you find that your business is making a nice profit begin the cycle over with new ideas for an expanded business. If your business is not making enough or any profit start with IDEAS on

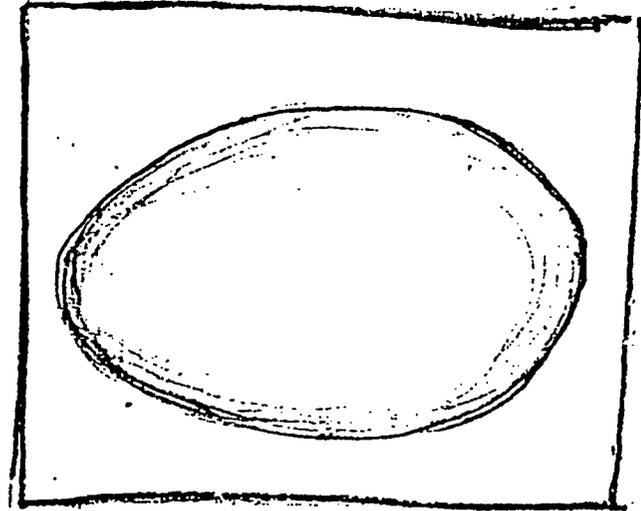
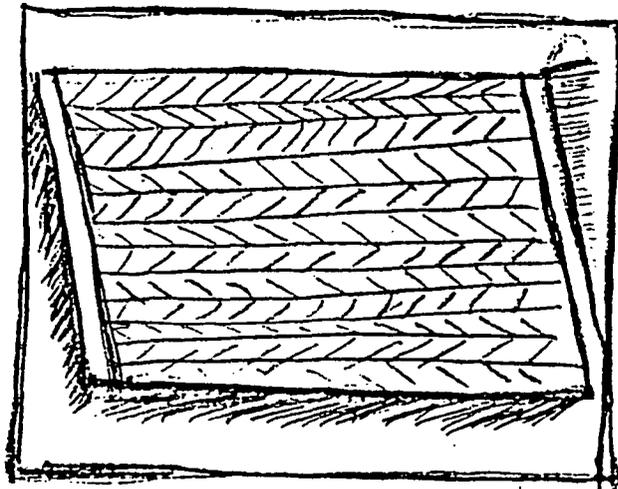
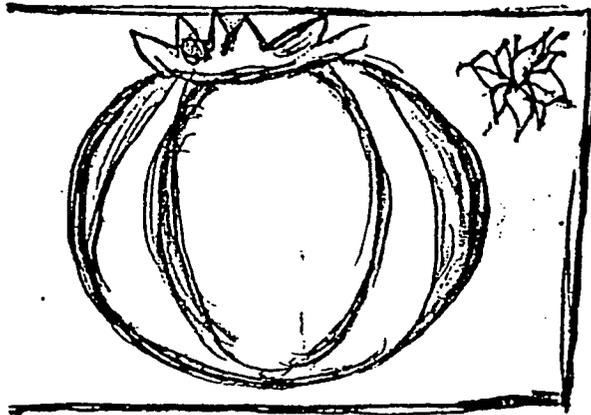
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Session 1: Credit Program Training, continued

why, GATHER DATA, ANALYZE THE DATE, etc. In other words go through the cycle from the beginning in order to solve the problems.

- 10 Clarify any concerns or questions and assign the women to start on their ideas for new or expanded businesses and bring these ideas to Session 2.
- 05 Present the activities involved in the Credit Program Training. Discuss with the women the schedule for these activities and agree upon actual dates, times, etc.
- 10 Evaluate Session 1 by referring back to the Goals and Objectives and asking participants, "What did you learn today?" Also ask what other things they may have learned. Then ask participants, "How did we work together today?"

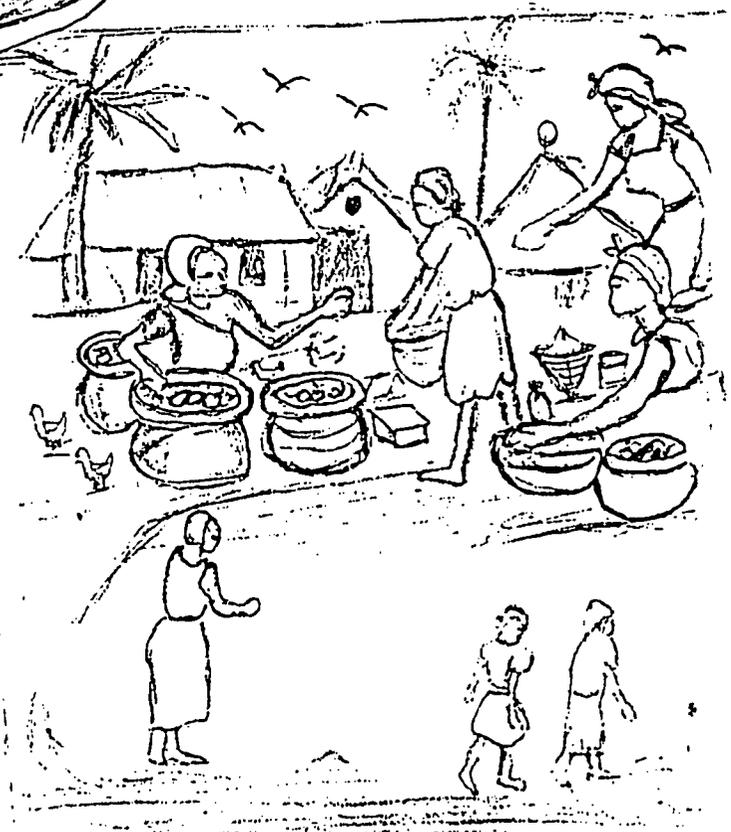
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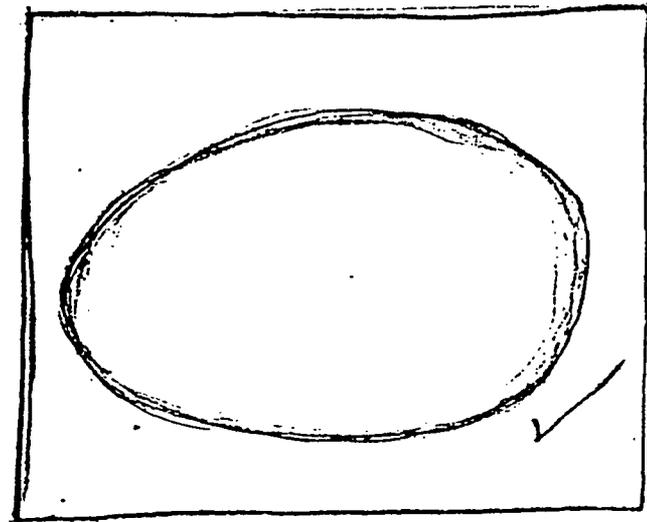
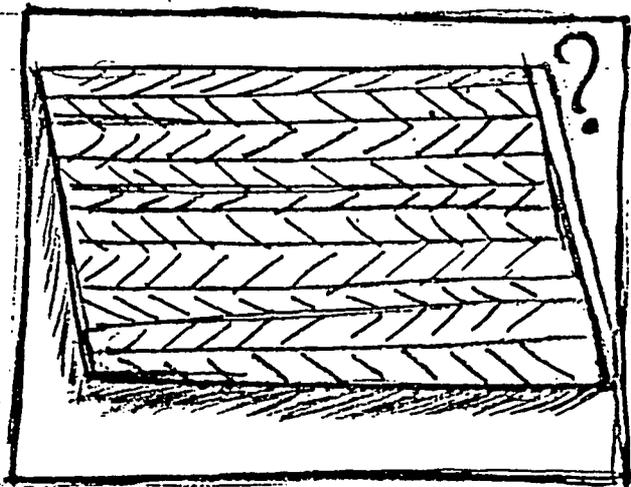
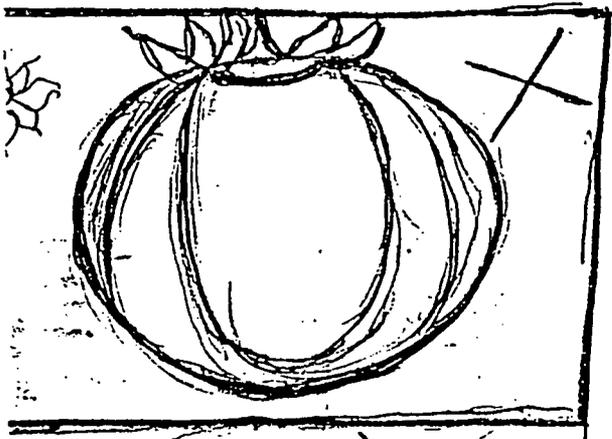
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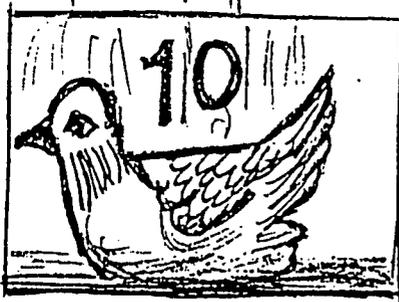
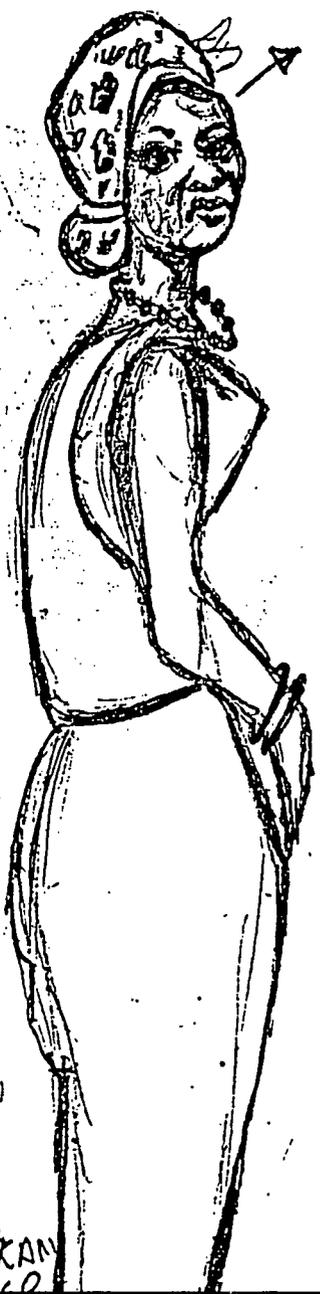
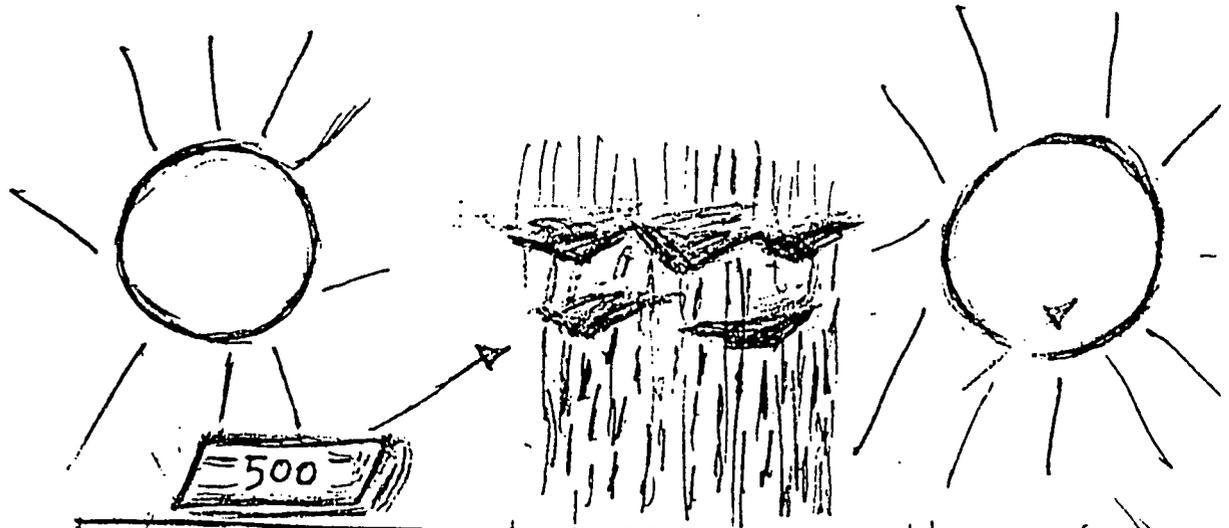
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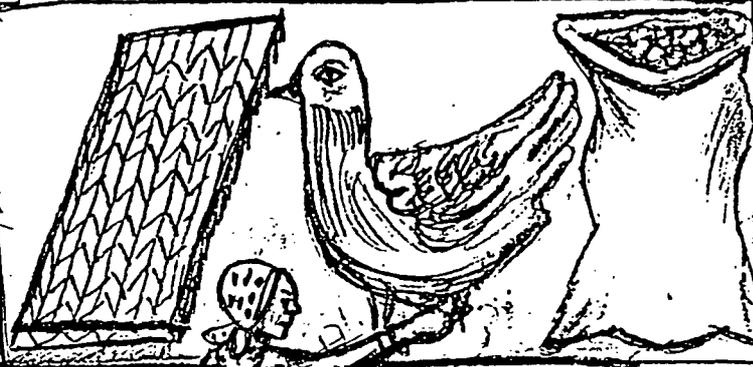
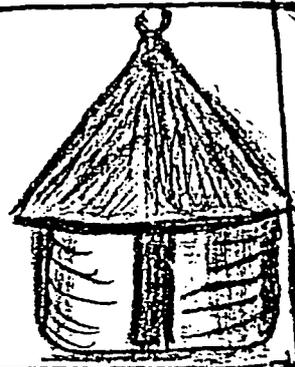
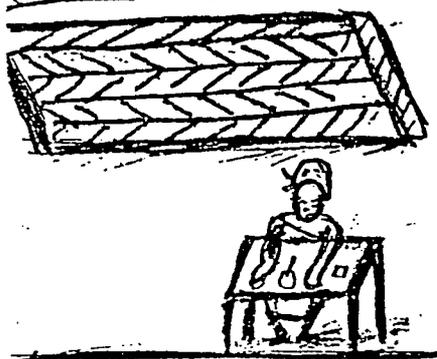
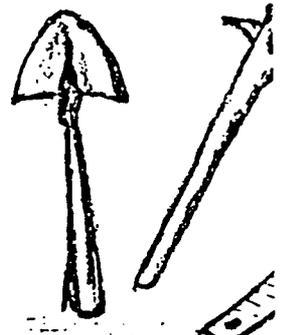
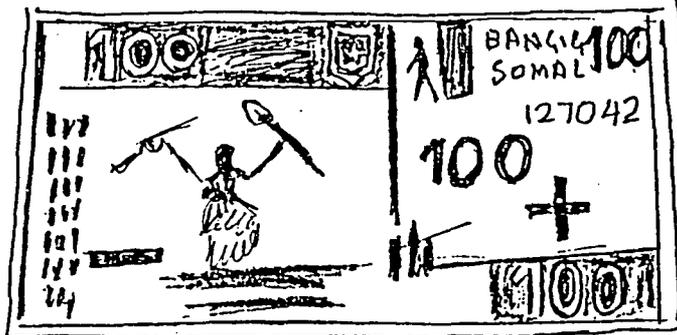
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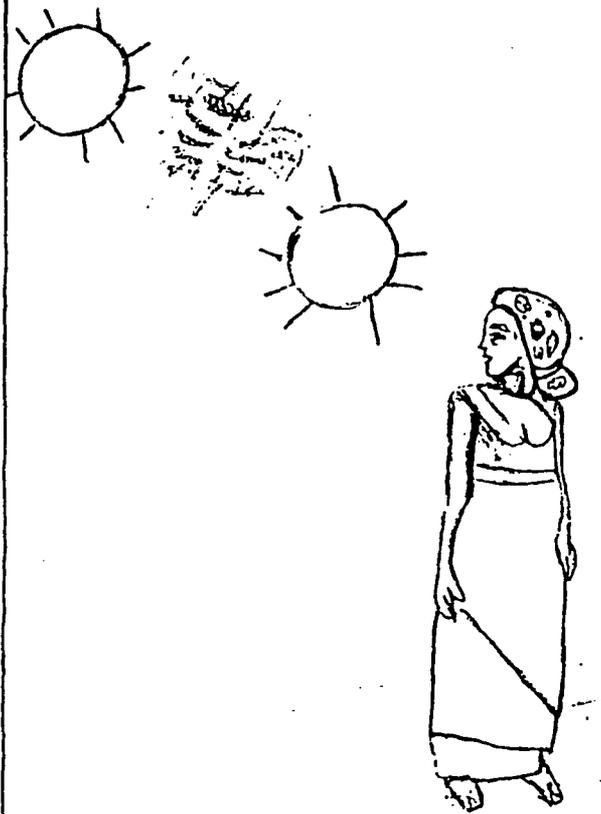
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SESSION 2: CREDIT PROGRAM TRAINING

TITLE: From Idea to Gather Data

GOAL:

Learn the First Steps for Studying a New or Expanded Business (Choosing a Product or Service to Sell)

OBJECTIVES:

Relate the Importance of Isha's Story to Credit Program Recipients
Identify What People Buy or Want to Buy
Identify What We Can Do
Identify How We Want to Work
Identify the Benefits We Want to Gain From a Business
Discuss the relationship between Isha's Story and the Business Project Cycle

HANDOUTS: None

FLIPCHARTS: Session 2 Goal and Objectives

MATERIALS: Blackboard, chalk, clamps, paper money

TIME: 240 minutes

ASSIGNMENTS: The women should review the information they receive today and its importance to their idea.

DESIGN:

- 15 Instruct the women to sit in a circle. Ask each woman to share with the group what she told her family and friends about Session 1 of the Credit Program Training.
- 10 Present the Goal and Objectives for this session. Review the Group Norms. Ask, "What are your questions about the Goal and Objectives or the Group Norms?"
- 10 Ask the women if they have come with an idea for a new or expanded business. Make sure that each woman is asked (At this point they should not share the idea, just have one in mind). They will begin to look at and think about these ideas tonight.
- 40 Present Isha's Story. Remember to use play or real money to illustrate the financial points. Go slowly, continuously asking for questions, and encouraging discussion.
- 10 Break

Session 2: Credit Program Training, continued

15 Discuss how Isha's Story relates to these women. They should have a fairly clear understanding of the importance of carefully studying and investigating a new business by the end of this discussion and the story.

20 Discuss with the women that a business cannot succeed if people do not want to buy what they have to sell. Successful businesses must consider the following (identify on the blackboard--one at a time):

1. What kinds of businesses do they have in our community.
2. What products or services do people need? Are there already businesses that provide these things?
3. What are some products or services that are not available in their community?

Now discuss what does this information have to do with them?

20 Divide into pairs and have them discuss with each other those skills that they have that could be useful in a business. Some things to consider would be those things they can do with their hands, those things that would help the business operate (like counting skills), and those things they can do with people. Then have each woman report on her partner to the large group.

10 Break

20 Discuss with them their work conditions. Consider the following questions:

1. What work schedule would they prefer?
2. Would they like to work near home or away from home?
3. How will their children be cared for while they work?

30 Discuss that everyone thinks of making money when they think of having a business. This is the most obvious benefit, but there can be other benefits too for the women themselves, their families, and their communities. Have them individually consider each question and then report to the group;

1. "Besides money, what would you like to gain personally from working in a business?"
2. "What would you like to gain for your family?"
3. "What might your business contribute to the community?"

) Session 2: Credit Program Training, continued

- 20 Wrap-up the meeting by having each woman consider all the information that she has collected today from this group of women who are a very valuable resource for the data she is gathering for her business. Assign them to review this information and consider what it means to the idea they are considering for their businesses during the days until the next meeting. Encourage them not to be afraid of changing ideas if the information they received today does not support their idea. Also, over the next days each woman should ask these same questions of family and friends.

- 10 Review Session 2 by discussing the relationship between Isha's Story and the Business Project Cycle. Show which steps Isha went through in the successful project and which additional ones she must now do to keep the business successful.

- 10 Evaluate the session by reviewing the Goal and Objectives and asking each woman, "What did you learn today?" and "How do you feel about using this group of women as a resource to you?"

ISHA'S STORY
(use pictures)

1. This is Isha. She lives in a village near here, and she's a lot like you. She has similar desires and similar problems. What do you imagine she's thinking about? One of her big concerns is her children. She would like them to go to school, but she can't afford the notebooks and pens they need. She'd also like them to have better food. Isha has been thinking about what she can do to solve these problems. She's saved some money.

2. Isha has Sh20,000. She wants to use the money to start an activity that can make more money. She remembers that her sister-in-law in another part of the country makes tie-dyed cloth. She watched her sister-in-law make the cloth, and she's also heard about tie-dyeing on the radio. Isha says to herself, "I'm going to make 5 pieces of cloth and sell them for 5,000 each. Then, I'll make Sh25,000!" Isha is very excited about her idea.

3. Isha goes to town and stops at the first store she sees. She buys the supplies she needs, and she's surprised that she must spend her entire Sh20,000. She doesn't even have money left to take a taxi home.

4. But she walks home feeling happy thinking about how successful her tie-dyeing will be. When she gets home, she goes right to work. She's never done tie-dyeing before, and she isn't sure of some of the steps. It's a lot of work to make the five pieces of cloth.

5. What's happening here? Why is her husband so upset? Yes, the tie-dyeing took so much time that Isha couldn't watch the children and do work around the house. What will happen if Isha's husband isn't happy with her tie-dyeing work? Isha thinks, "My husband may be mad now, but he'll be happy when he sees the Sh25,000 I earn."

6. Isha goes outside to collect her cloth to sell at the market. She's shocked to see that two pieces didn't turn out. Why? Isha thought she would make Sh25,000 from the sale of the cloth (Note show actual or play money here). Now Isha cannot sell two pieces of cloth; how much less money can she make? That's 10,000 (2X5,000). (Note: remove this amount from the money). So, how much can Isha still make? Yes, 15,000. (Note: Show the money that remains). However, Isha already spent 20,000 on supplies! Isha is discouraged, but she's very motivated and knows she made a mistake. She decides to sell the three pieces and do better next time.

7. She gets up early the next morning to go to the market, planning to be home by lunchtime. What does she see when she gets to the market? There are many women selling cloth like Isha's for 2,000 each. Since people bargain with the women for

Isha's Story, continued

the cloth. the actual price is less than 2.000 each. She won't even make 6.000! She had planned to make 18.000. Isha sits down to sell the cloth. How long do you think she stays at the market? What happens?

8. Now Isha is very, very discouraged. She can't understand what she did wrong. She's asking for help: What should she have done differently? Note: In the discussion, encourage women to consider these issues:

Isha should have found out how to produce good quality tie-dye. (She could have worked with her sister-in-law; practiced on old pieces of cloth; etc.)

She didn't realize how much time the tie-dye production and selling would require.

Isha needed to visit the market to find out: the selling price of the cloth; how long it takes to sell; how much the women make in a day, a week, a month; who takes care of things at home when they're at the market; where the women buy supplies; why people buy from one woman and not another, etc.

Isha worked on her own, rather than with a group.

(Note: Review the posters #2-07 and ask how working in a group might have helped.)

9. Isha listened to your advice. She wants to try again, and has called together four friends. She tells them what happened. One of her friends wants to try tie-dye again. But Isha says that there are too many other women already making the cloth. "Let's think of something else," she says. One of her friends, responds, "My grandmother used to make soap, and I helped her. I know how to make soap. Who needs soap?" (Point out that everyone needs soap; that it can be sold locally; that it is something people use and then buy again.)

10. Here is a cake of manufactured soap that's sold in the shop. It is 500 grams and sells for 300. The women think they can make and sell good quality soap for a cheaper price.

11. Two of Isha's friends go to the market, following your advice. They want to be sure they can make money producing and selling soap. What do they see? The women find out that the demand for the soap is great, and that it costs 200 per cake. What else do you notice about the soap, is it all the same? There is black soap and white soap. The white soap sells better. This is the kind of soap her friend knows how to make. What about competition? The sellers say that they sell so much that there's room for the women to start selling too. What else do you think the women asked about? (Suggest these questions if the women do not: Where do you buy supplies? Do you know of sources for cheap oil? How much profit do you make? Etc.

Isha's Story, continued

12. The women decide that they need to be careful about how much money they would spend on soap making and how much they would earn. First, they find out the cost of starting soap production. They will need a large steel tub for boiling--Sh5,400; a small bucket for carrying water--3,400; and three wooden molds--3,000. The total of the equipment is 11,800. (Note: Use real or play money in #12-17.)

13. Now the group calculates how much it will cost to produce one batch of soap, or three molds full. They need 2 liters of oil--Sh2,800; 500 grams of lye--300; and 10 liters of water, which is 100. The total cost of supplies is 3,200.

14. Next the women figure out how much they can earn from each batch of soap. Each mold can make 17 cakes of soap. 17×3 molds yields 51 cakes. If a cake is sold at 200, total sales will be $51 \times 200 = 10,200$. The women know they must deduct the cost of the oil and lye for each batch. They subtract 3,200 from 10,200 which leaves 7,000 profit per batch.

15. However, the women remember the cost of equipment, 11,800 for the tub, pail, and molds. How many batches will it take to pay back these costs. The answer is two batches.

16. The women think some more about their production and sales. Let's say they have already make two batches and paid back their initial investment. How much will they make on 10 batches? Answer: Sales income is 102,000 ($10,200$ per batch $\times 10$). Supplies cost 32,000 ($3,200$ per batch $\times 10$). 102,000 minus 32,000 equals 70,000 profit on 10 batches. Besides profit, what else do the women need to think about? (Suggest: How long it takes to make the soap; how quickly they can earn a profit; whether the demand for soap is constant or varies; etc.)

17. The women think they can make money making soap. But they ask themselves, "Have we taken all the costs involved into account?" Have they? (Suggest that the women need to think about transportation and their time as well). The women still think the business can be profitable. Now they discuss how they will work: how might they organize themselves? which tasks would take the most time? how would they take care of their children and responsibilities at home?

18. The women have now studied the soap making idea. They each have 4,000 to use for starting the business, or a total of 20,000. Should they start the soap making operation? Why or why not? (encourage the group to consider profit, as well as time, the production process, acquisition of supplies, transportation, etc.)

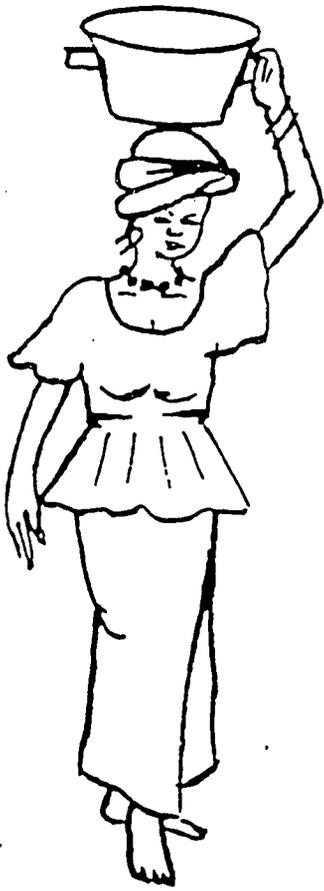




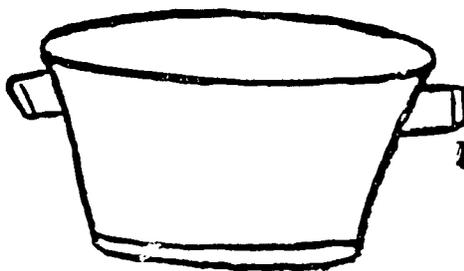
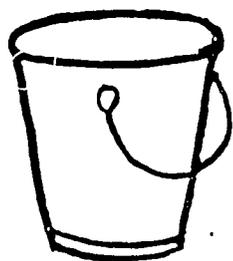
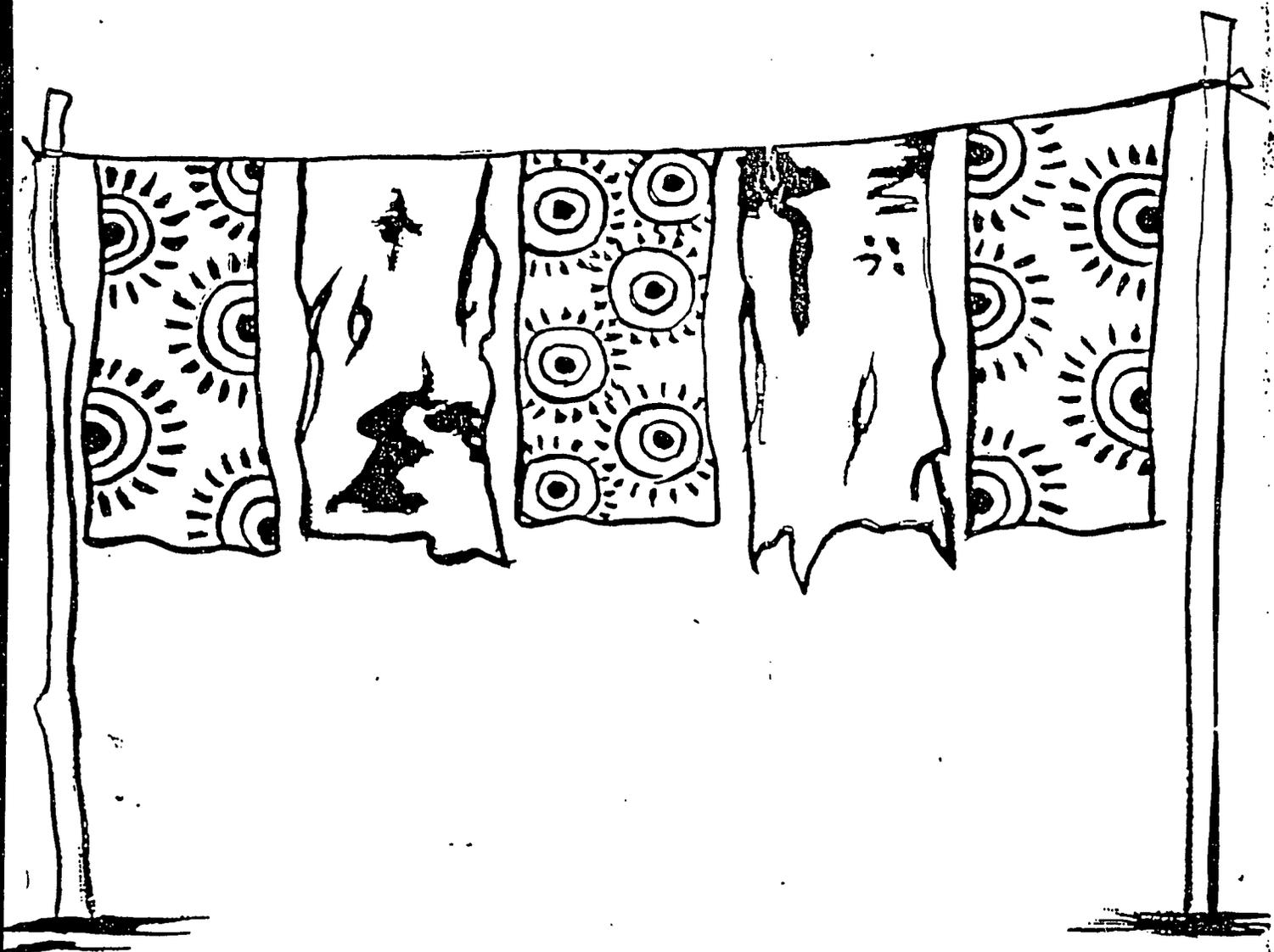
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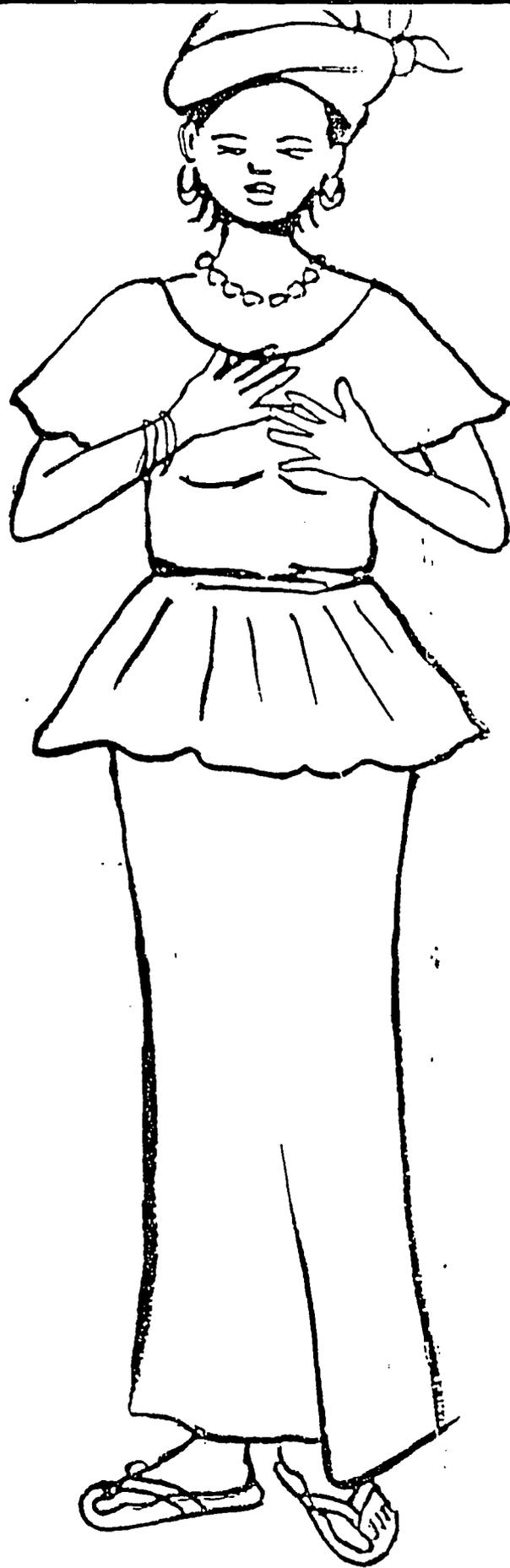






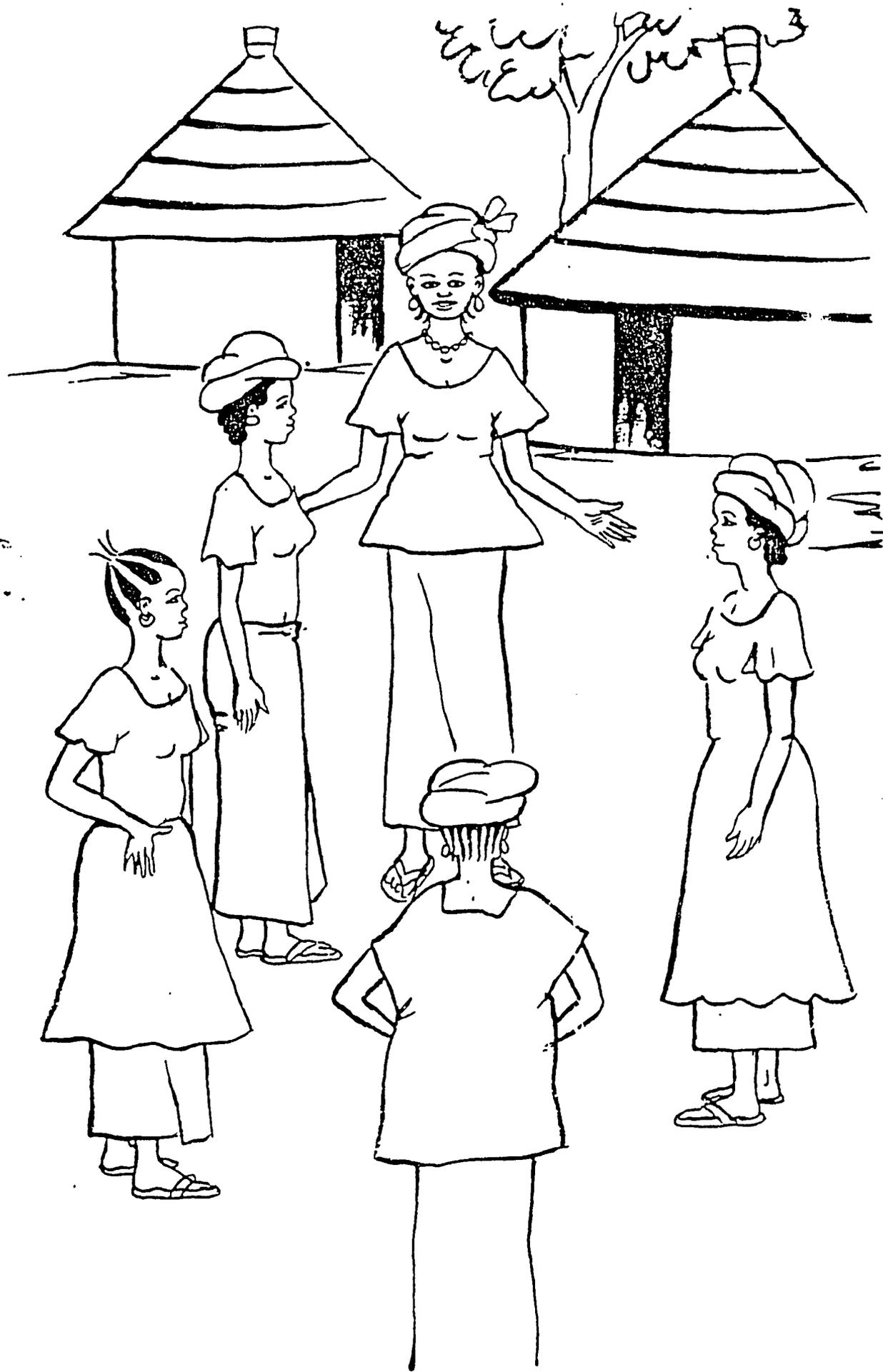


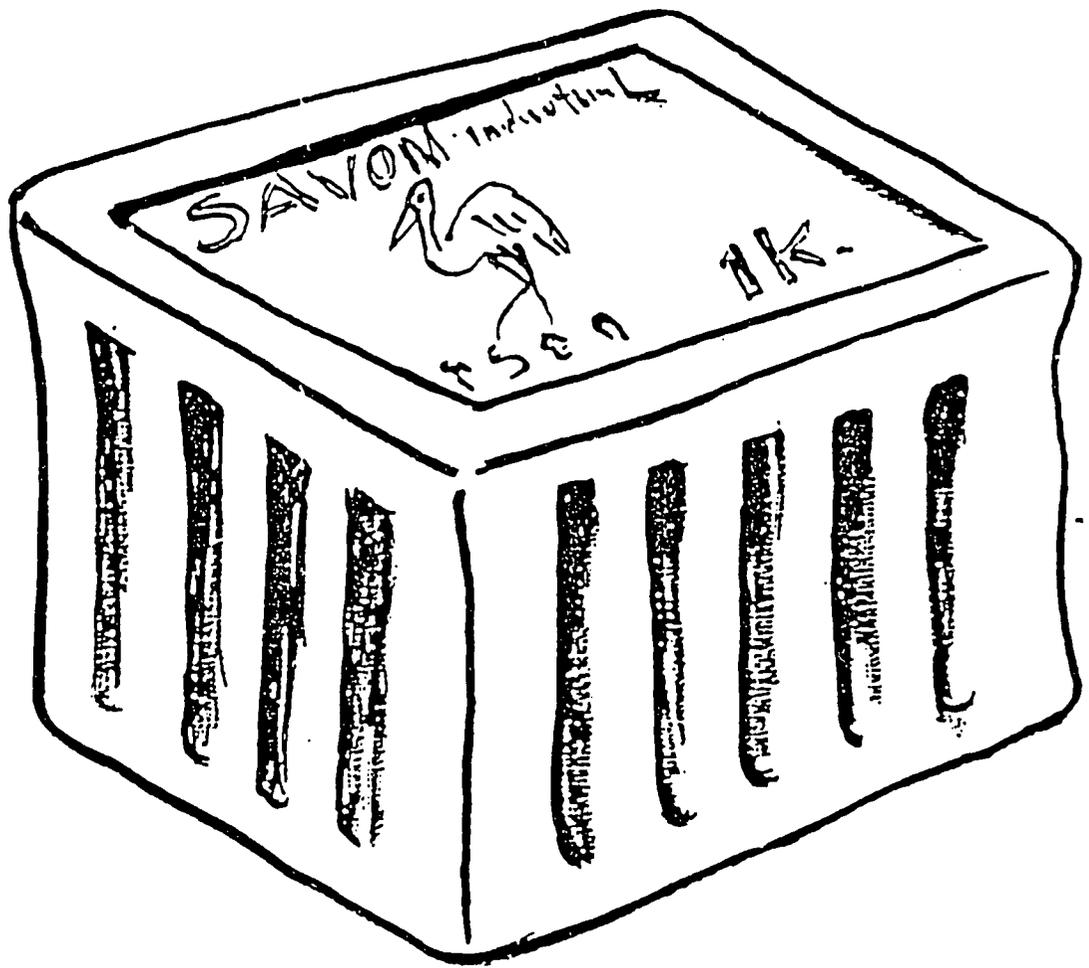




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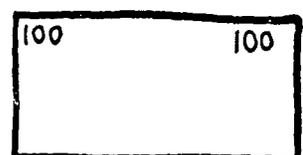
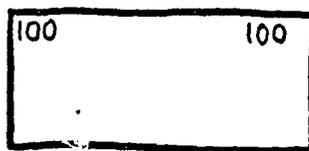
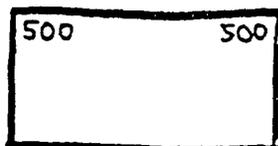
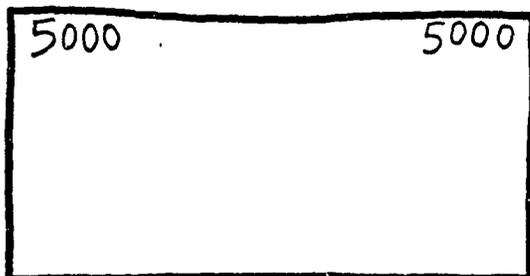
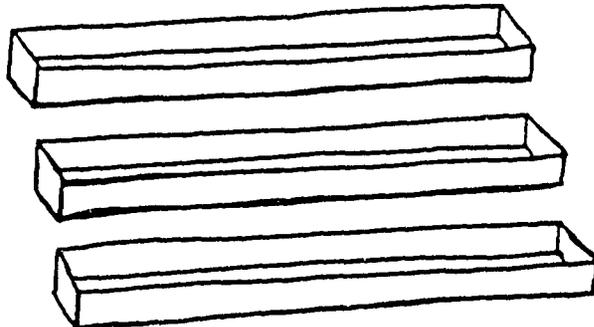
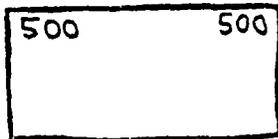
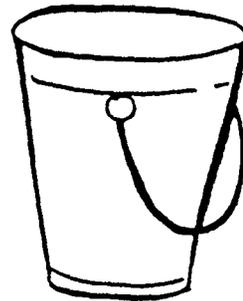
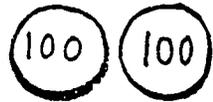
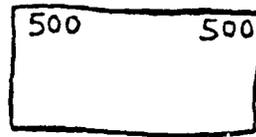
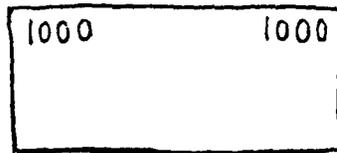
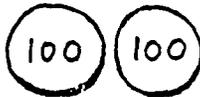
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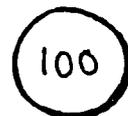
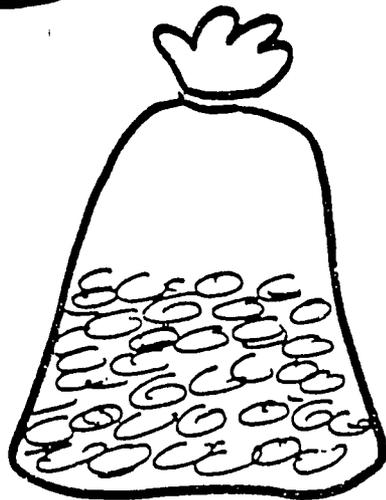
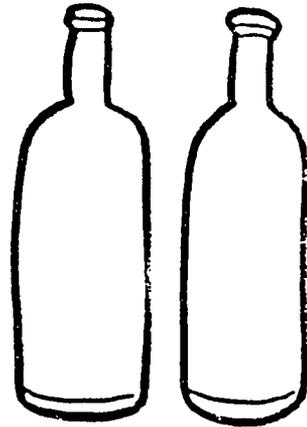
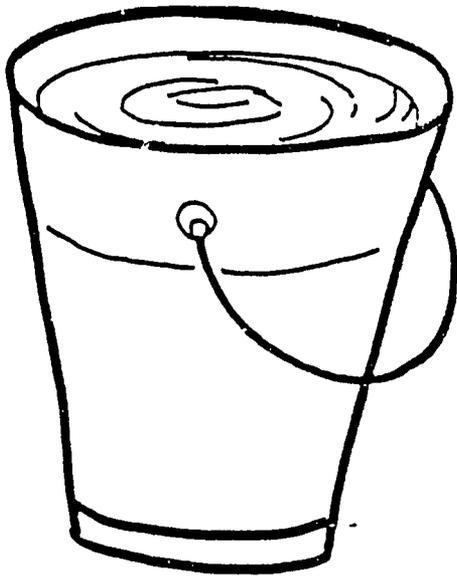
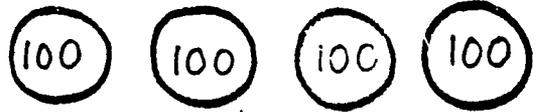


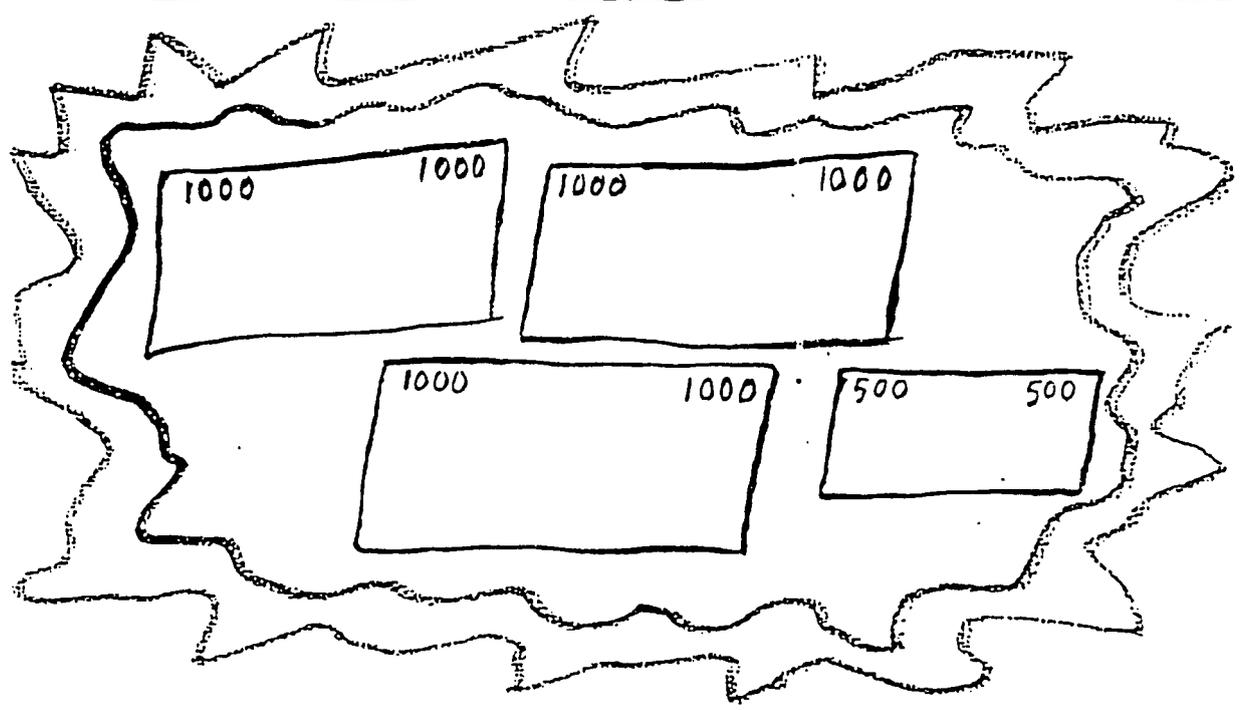
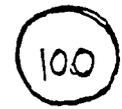
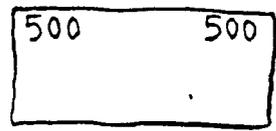
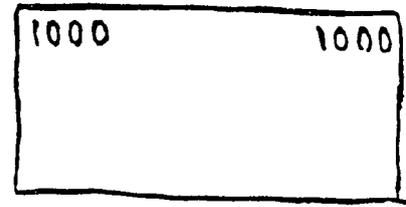
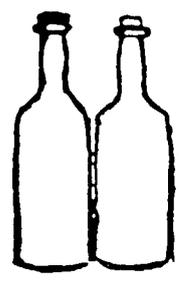
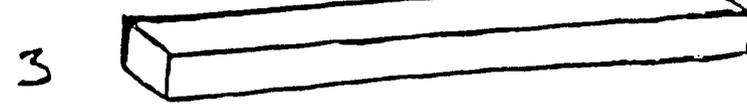
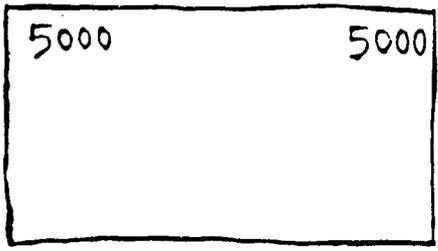
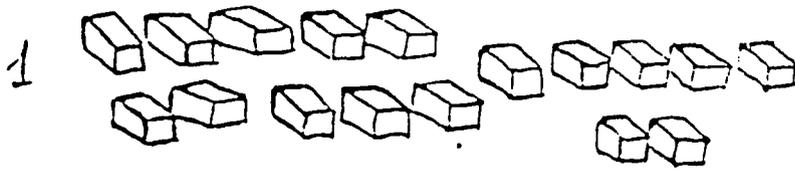


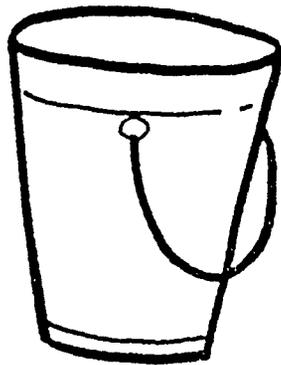
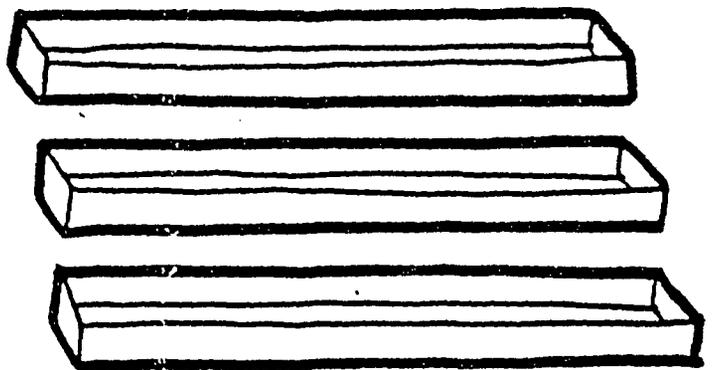
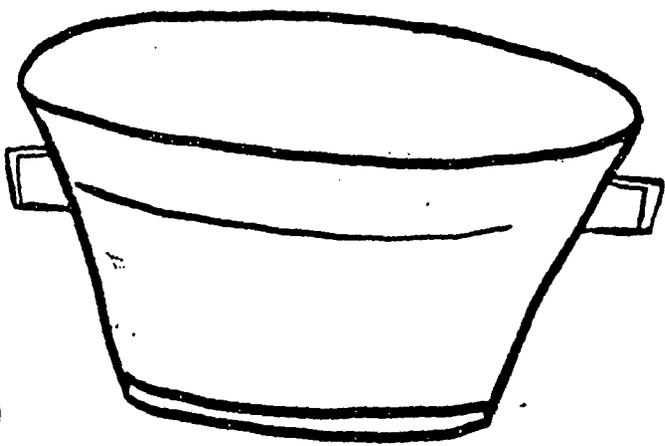
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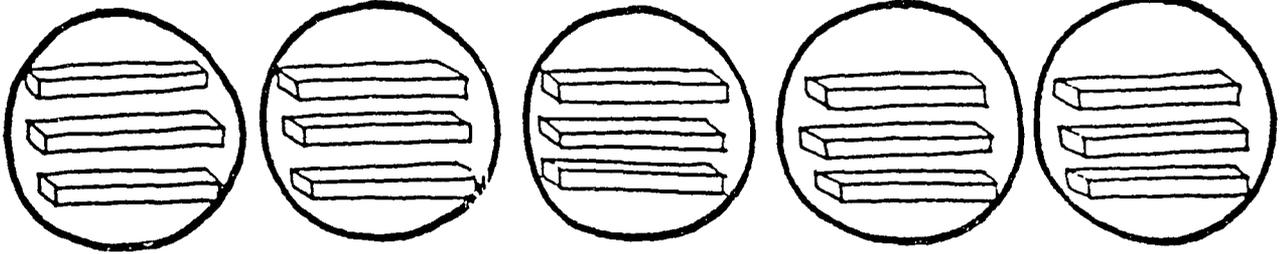
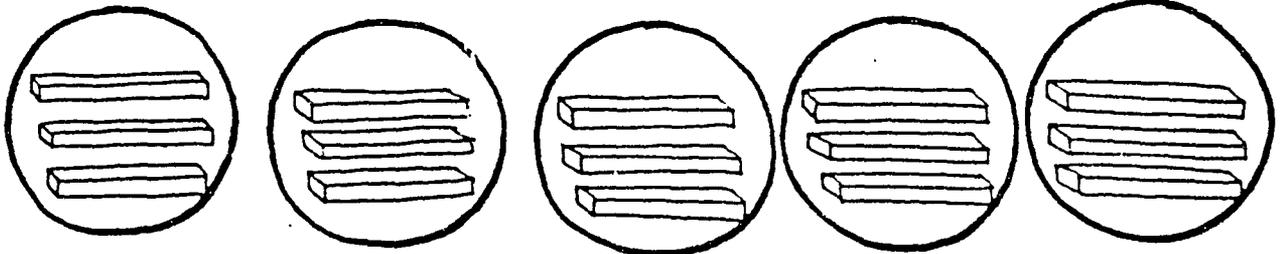








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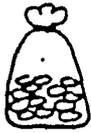
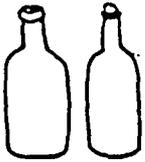
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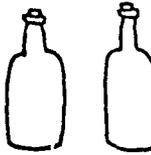
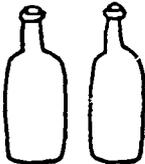
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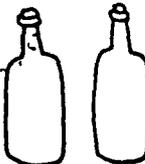
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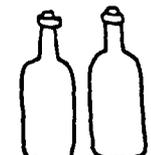
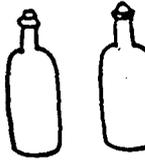
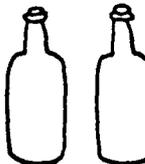
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SESSION 3: CREDIT PROGRAM TRAINING

TITLE:

From Gather Data to Analyze Data

GOAL:

Continue Learning the Steps for Studying a New or Expanded Business

OBJECTIVES:

Discuss Each Woman's Idea for Her Business
Provide Feedback on Each Idea
Discuss the Customers for Each Idea
Analyze the Gathered Data

HANDOUTS: None

FLIPCHARTS:

Session 3 Goal and Objectives, Data Analysis Questions

MATERIALS: Blackboard, chalk, clamps

TIME: 255 minutes

ASSIGNMENTS:

DESIGN:

- 15 Seat the women in a circle. Have each woman share the single, most important thing about her chosen product or service.
- 15 Review Session 2 for questions and/or concerns that may have arisen since the last meeting. Present the Goal and Objectives for today's session.
- 60 Instruct each woman to quietly consider the following issues (list on blackboard and allow time for consideration):
1. A description of her product or service
 2. Its price
 3. Why will people buy this product or service

Then have each woman individually report her answers to the large group. When each woman finishes her report and before going on to the next report, the group should provide feedback to the woman on the following (list on blackboard):

1. Do they need her product or service
2. What is her competition
3. How does her reported price compare to the marketplace
4. Would they purchase the product or service

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Session 3: Credit Program Training, continued

Then the group needs to rank in order of first to last which products or services they would buy and identify why (this is to help the women to look at their products and services and their marketability. For those products and services listed on the bottom the group may help those women to select alternative ideas.

10 Break

60 Instruct each woman to quietly consider the following issues (list on blackboard and allow time for consideration) concerning her customers:

1. Where do they live
2. What age are they and are they men, women, or children
3. How much income do they have
4. How would they find out about her product or service
5. What else does she know about her customers
6. Will they still want to buy her product or service in one year--in two years

Have each woman report to the group on her customers, answering each of the issues above. Then the group should provide to each woman the following feedback (list on blackboard):

1. All of the 6 concerns listed above
2. What other businesses might be producing the same product or service
3. Is there enough demand for another similar business
4. Would someone buy from this woman as opposed to a competitor and why or why not

10 Break

60 Instruct women to quietly consider the following questions:

DATA ANALYSIS QUESTIONS

1. Do people need your product or service? How do you know?
2. Will people buy the product or service and why?
3. Does the product or service have competition? If there are competitors, is there room for another business? How do you know? Why should someone buy from you and not from a competitor? If there are no competitors, how do you know that your business will succeed?

Session 3: Credit Program Training, continued

4. Is your product or service seasonal? If so, how will you provide income off season?
5. Will people still need your product or service in a year? How do you know? How about 2 years?
6. Will the business allow you time to take care of responsibilities at home? How do you know? What about your children?
7. What benefits besides money will you receive from this business (for you, for your family, for the community)?

Have each woman report on these questions to the group. After each report the group should provide feedback on the woman's decisions.

- 15 Ask each woman what are her feelings on her product or service now that she has received all of this feedback and analysis (Each woman should have a very clear picture of proceeding with her idea or thinking of a new idea. If any of the women want to think of a new idea, next meeting the same process should be repeated to help her Gather and Analyze Data.).
- 10 Instruct the women to think about all they have heard and discussed today over the next days. Each woman should ask these same questions of family and friends. Evaluate the session by reviewing the Goal and Objectives and asking each woman, "What did you learn today?" and "How do you feel about the feedback you have received today?"

SESSION 4: CREDIT PROGRAM TRAINING

TITLE: From Set Goals and Objectives to Design Business

GOAL: Continue Learning the Steps for Studying and Designing a New or Expanded Business

OBJECTIVES:

Write Goals and Objectives for Business
Identify Business Costs
Identify What to Buy
Identify How Much It Will Cost
Identify How Much Can I Sell

HANDOUTS: None

FLIPCHARTS:

Session 4 Goal and Objectives, Business Costs Pictures

MATERIALS: Blackboard, chalk, clamps

TIME: 185 minutes

ASSIGNMENTS:

Each woman will leave the session today with 2 lists of things to find out before the next session.

DESIGN:

20 Review Session 3. Ask what questions and concerns have arisen since the last meeting. Ask each woman if she still considers her idea to be a good business product or service. If not, has she decided on a new idea?

10 Present the Goal and Objectives for today's session.

60 Instruct the women in writing simple, step-by-step Goals and Objectives for their businesses. Have them work in pairs after the explanation to decide. Use the Goals and Objectives for the training sessions as examples. Also, think of some examples based on some of the business ideas. This will not be an easy activity for these women to understand. Be patient (remember how difficult it was for you)! Each woman should leave this session with valid Goals and Objectives.

GOAL--Direction of change which improves efficiency and effectiveness of a business or quality of life for the individual, family, or community

OBJECTIVE--Specific, real, measurable, behavioral actions which lead to the improvement of a knowledge, skill, or ability for quality of life: specific, real, measurable actions which lead to the improvement of a business

Session 4: Credit Program Training, continued

10 Break

15 Explain Types of Business Costs using the pictures.

MATERIALS--

1. What materials do you need to start your business?
2. How will you find out if you don't know?
3. Where will you buy the materials?
4. What are the costs of these materials?

TRANSPORTATION--

1. What transportation do you need to buy supplies?
2. What transportation do you need to sell your product or service?
3. What is the cost of this transportation?

PRODUCTION AND MARKET FACILITIES--

1. Where will you make your product?
2. What resources do you need (water, power, etc)?
3. Where will you sell your product or service?
4. What will these facilities cost?

WORKERS--

1. Who will do the work?
2. What is your time worth?
3. Do you need to hire other workers?
4. What are the costs of the workers, including you?

PACKAGING:

1. Does your product or service require packaging or bags?
2. What kind?
3. Where will you buy them?
4. How much will they cost?

40 Divide the women into pairs. Have them discuss the 5 Business Costs and list the things that they need to find out before the next session. Review the lists with each pair. Make sure that each woman has listed everything she needs to find out. They should come to the next session with all the costs identified.

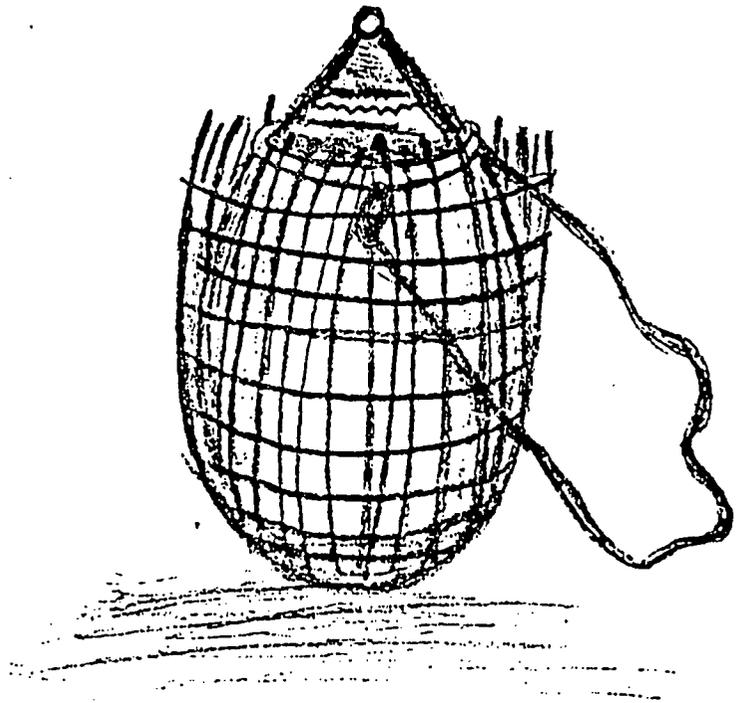
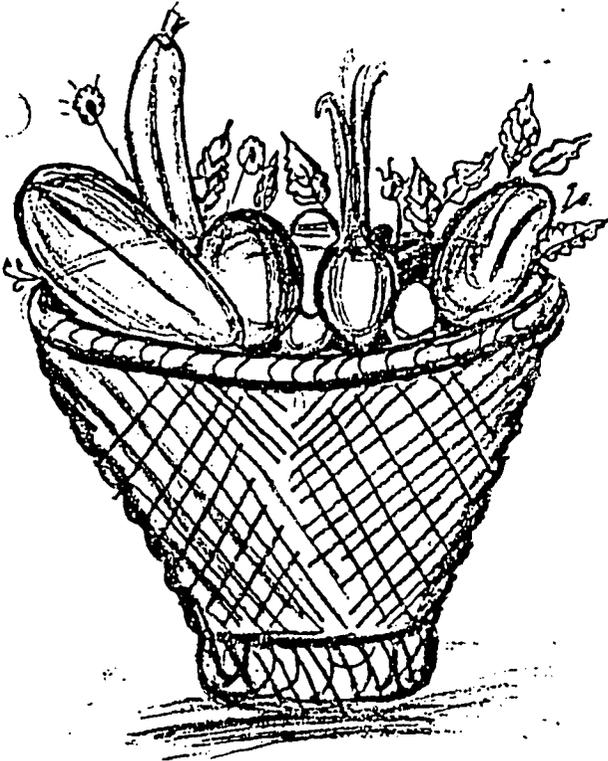
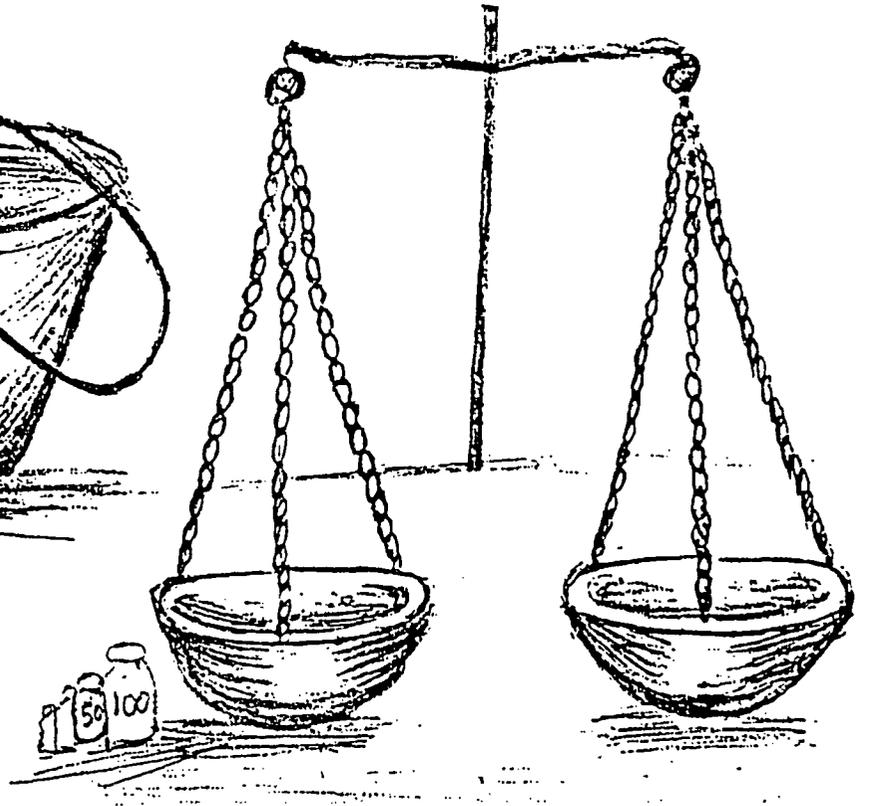
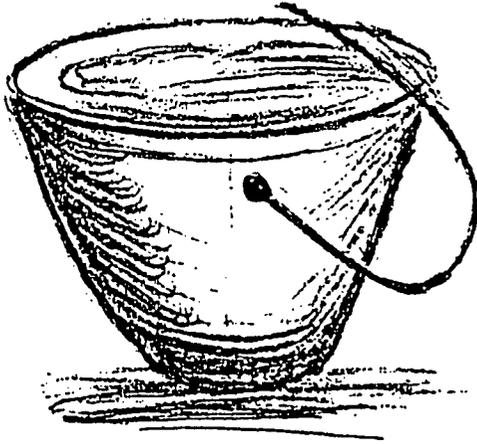
20 Work in the same pairs and have the women discuss, How much can I sell. Each woman should make a list of people she can contact to determine how much she can sell by:

1. Day of the week
2. the week
3. the month for the next 5 months.

She should come to the next meeting with these estimates.

10 Evaluate the session by reviewing the Goal and Objectives and asking, "What did you learn about your business today?" and "How did you work with your partner today?" Schedule 1 hour individual appointments with each woman for Session 5 in order to fill out the CEF Project Form #1.

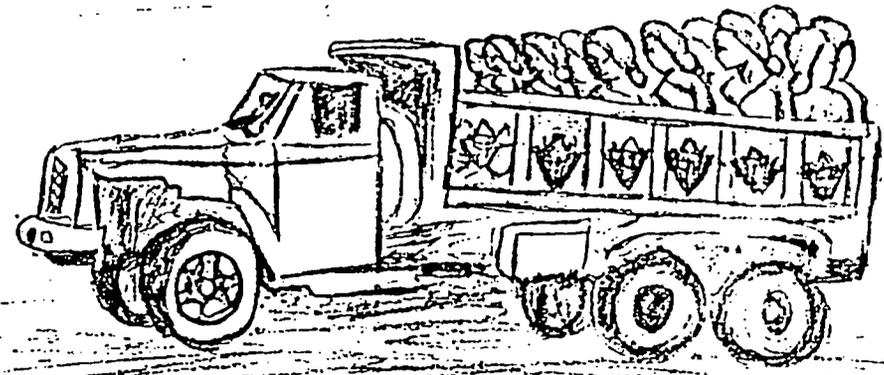
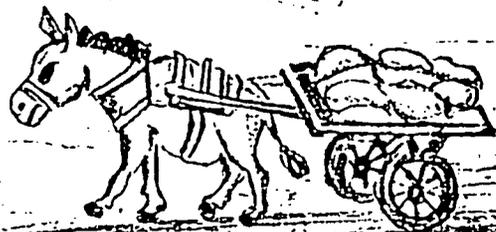
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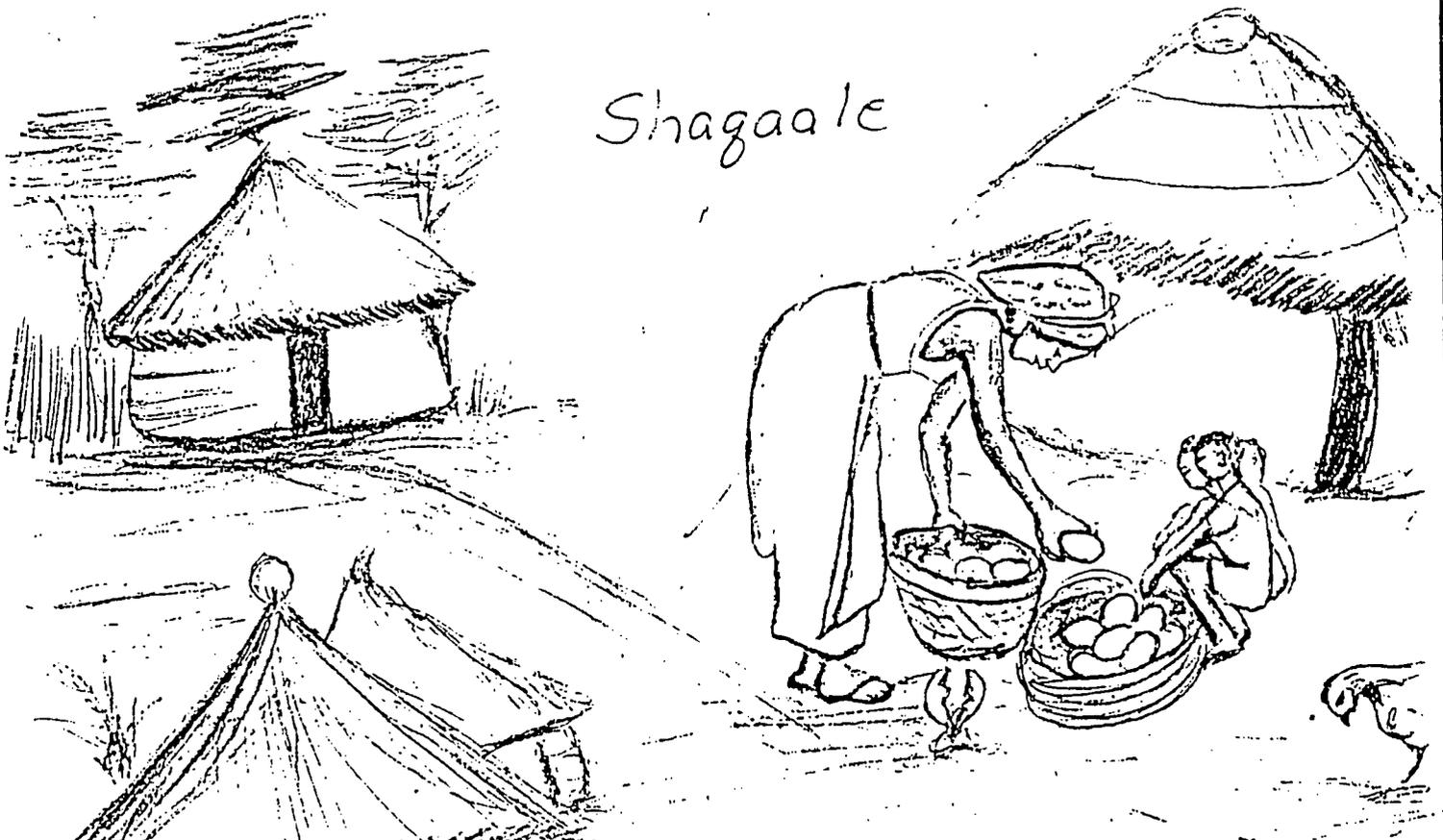
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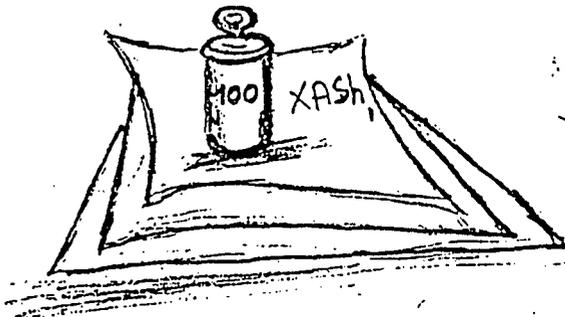
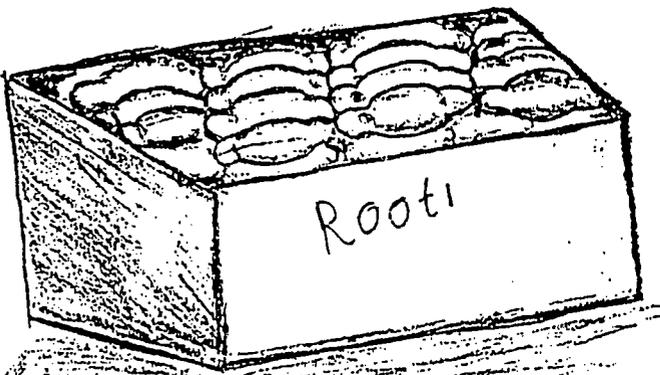
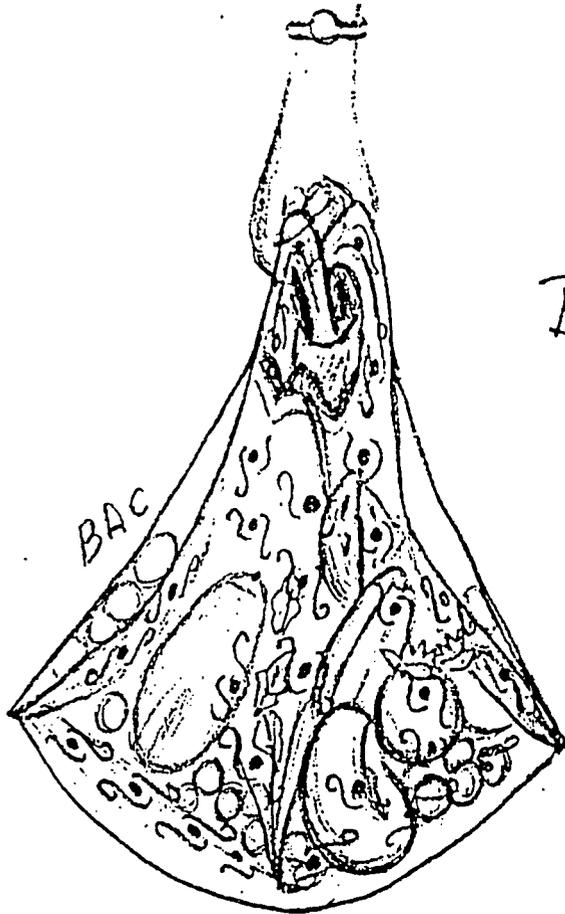
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SESSION 5: CREDIT PROGRAM TRAINING

TITLE: Design a Business Plan

GOAL:

Continue Learning the Steps for Designing a New or Expanded Business

OBJECTIVES:

Review Information Gathered
Explain the DEF Project Plan (Form 1)
Explain the Purpose of Interest

HANDOUTS: DEF Project Plan (Form 1)

FLIPCHARTS: Session 5 Goal and Objectives

MATERIALS: Blackboard, chalk, pictures, clamps, paper money

TIME: 210 minutes

ASSIGNMENT:

Schedule individual appointments with each woman in order to complete Form 1 during Session 6.

DESIGN:

-)
- 40 Instruct each woman to present to the Group the information she has gathered since the Session 4. Discuss each presentation. (Each woman should have gathered information concerning her 5 Business Costs and how much she can sell by the day, the week, and the month for the next 3 months. If any information is lacking instruct the woman to gather the remainder of the information before Session 5 or she will not be able to complete Session 6. Each woman should then bring all of this information to her meeting with you.)
- 60 Explain DEF Project Plan (Form 1). Carefully explain the reasons for all the information required on the form. Make up a case study for the explanation and fill out the form using this case study as you explain. Encourage questions in order to clarify your explanation.
- 10 Break
- 60 Explain that the objective of the loan fund is to be a long term resource to the group and community. It remains with group. It is not to be used up today, but should be available for additional loans for many years. In order to be this resource it is necessary to pay interest on the money borrowed. Interest helps to stay current with inflation.
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Session 5: Credit Program Training, continued

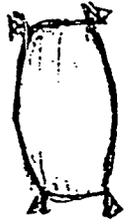
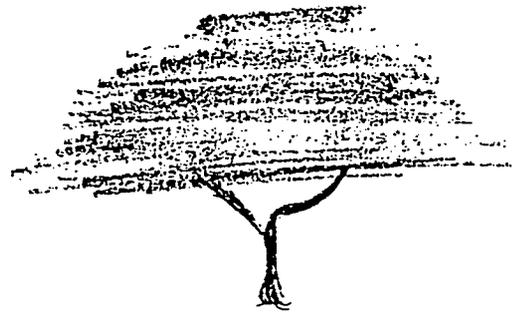
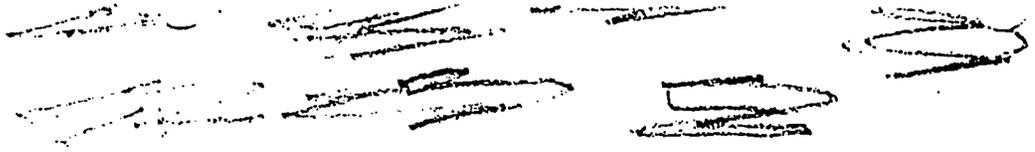
Explain inflation using picture 1 and the paper money. During the first season it takes 3 bills to buy one sack of sugar. The next season it takes 5 bills to buy the same sack of sugar. Inflation is the increase in bills required to buy the same item at a later time. Ask the women to suggest other examples of inflation that affect them and their families.

Explain the affect inflation has on the group loan fund using picture 2 and the paper money. Today a woman receives her loan and buys four sacks of sorghum to sell. Over a three month period she repays the loan without interest. She then takes out a new loan for the same amount, but now she can only buy 2 sacks of sorghum. If this continues, in time the loan fund will buy no sorghum. Ask the women what their questions are.

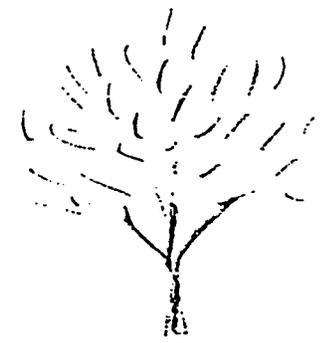
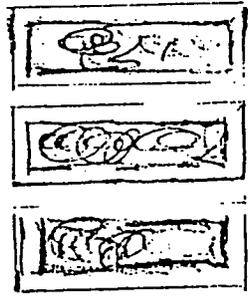
Explain repaying the loan with interest using picture 3 and the paper money. This time with the interest added to the loan fund the woman can borrow enough money to buy another four sacks of sorghum and expand her business. Explain that as the price for the four sacks of sorghum increases the woman must charge more when she sells the sorghum. When she increases her sales price it allows her to repay with the loan the interest required to keep the loan fund constant with inflation.

Ask a volunteer to use the paper money and explain inflation. Ask another volunteer to use the money and explain why interest must be charged on the loans.

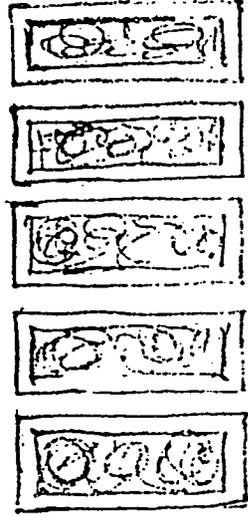
- 20 Review the session by referring the interest explanation back to Form 1 and where and how it fits into the business plan. Also review the Business Project Cycle showing the women where they are now and what remains to be done in the future after receiving their loan.
- 10 Schedule appointments (approximately one hour) with each woman for Session 6.
- 10 Evaluate the session by reviewing the Goal and Objectives. Ask each women how she feels about her business plan.

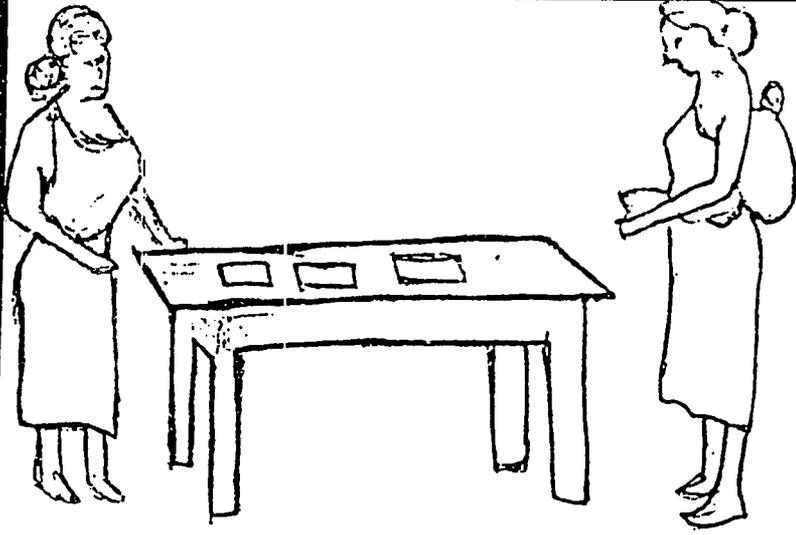


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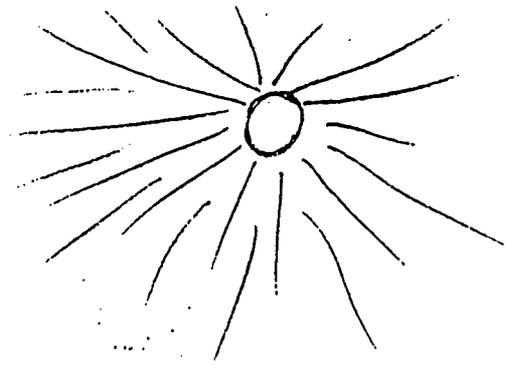
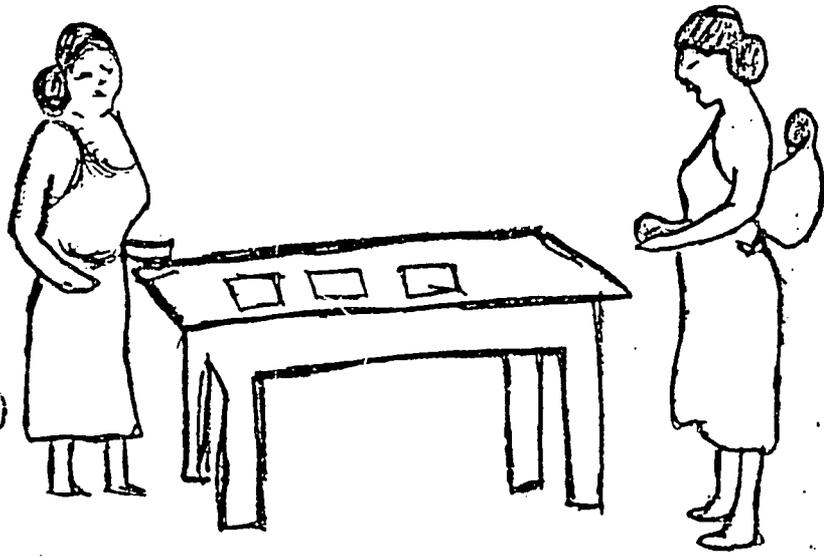
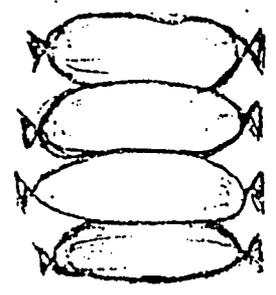


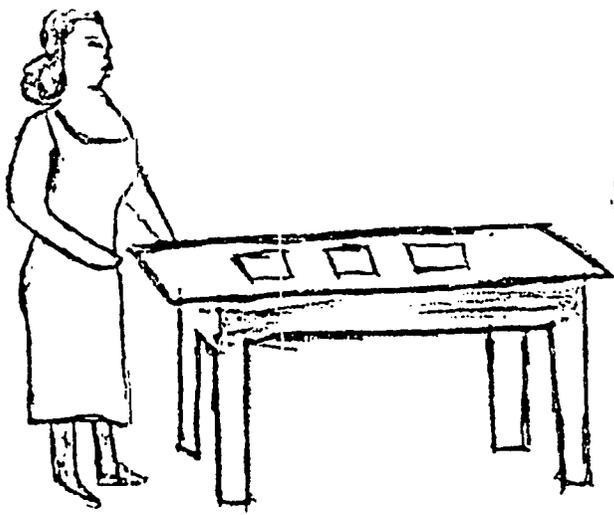
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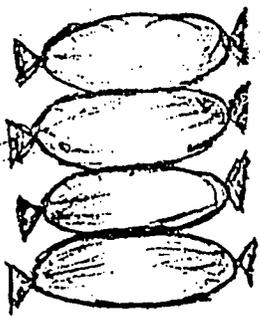
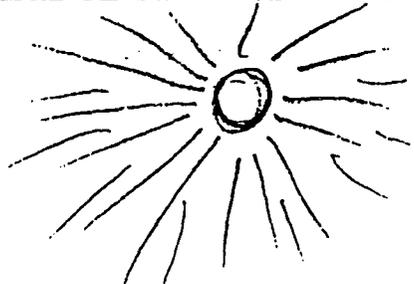
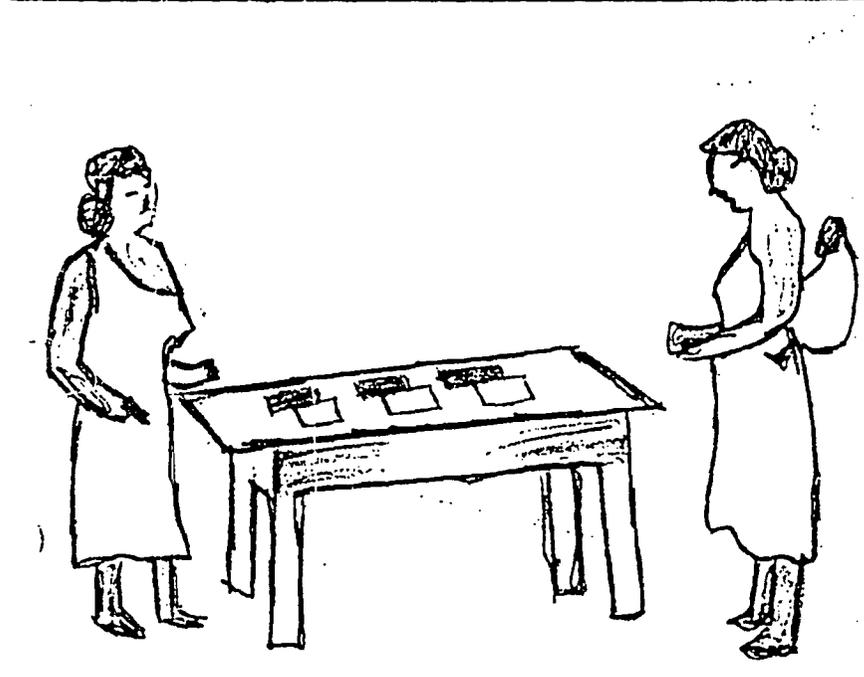
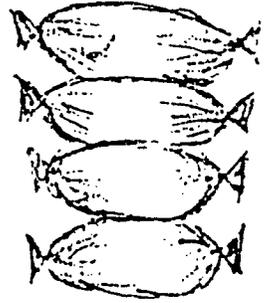


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SESSION 6: CREDIT PROGRAM TRAINING

TITLE: Individual Business Plans (OEF Form 1)

GOAL:

Continue the Steps for Designing a New or Expanded Business

OBJECTIVE:

Complete the OEF Project Plan (Form #1)

HANDOUTS: OEF Project Plan (Form #1)

FLIPCHARTS: None

MATERIALS: Pencils, sharpener, paper, calculator

TIME: Approximately 1 hour per loan applicant

ASSIGNMENTS:

If the women come without all of the required information do not attempt to fill out Form #1. Send them back to collect the remainder of the information. Reschedule a time to meet with them to complete Form #1.

Instruct each woman to come to Session 7 with a schedule (in order--first, second, etc) of how she will spend her loan. This schedule should include all applicable Business Costs.

INSTRUCTIONS: Sit individually with each woman or group applying for one loan. Go through the information reviewed and requested from Session 4. Complete OEF Project Plan (Form #1) for each applicant. Review the completed forms with Maka before submitting to group officers for approval.

DO NOT GUESS IF YOU DO NOT HAVE THE CORRECT INFORMATION!!!

DO NOT APPROVE BEFORE REVIEWING WITH MAKI. THEN SUBMIT TO OFFICERS FOR FIRST APPROVAL. IF THEY APPROVE, YOU THEN APPROVE OR REJECT AS APPROPRIATE (Project Plans should not get to this stage if they are not valid).

Schedule a meeting with the Group Officers to review the Project Plans. At this meeting instruct them in the use of OEF Forms #2, #3, #4, and #5 (you should fill out as much of these forms as possible in the office before the meeting with the officers).

SESSION 7: CREDIT PROGRAM TRAINING

TITLE: Training Completion/Loan Disbursal

GOAL: Continue the Steps for a New or Expanded Business

OBJECTIVES:

Complete the Credit Program Training
Disburse First Loans

HANDOUTS: Money

FLIPCHARTS: Session 7 Goal and Objectives

MATERIALS: OEF Forms 1 and 2, pens, pencils, calculator

TIME: 130 minutes

ASSIGNMENTS: Implement Business Plan

DESIGN:

- 60 Seat the women in a circle. Instruct each woman to present to the Group her schedule of how she will spend her money. This presentation should include the order in which she will spend the money and for what. You (CDC) should check her expenditures against the Business Costs listed on Form 1. The Group should provide any applicable feedback to each woman. Suggestions should be made on appropriate spending.
- 10 Inform the women that this completes the training for their first loan. Prior to the time that the second loans are disbursed there will be additional training sessions on ways to expand their businesses and to keep records. Ask them what their questions are.
- 60 Disburse the loans and have them sign the appropriate forms. Allow them to go home after receiving their money.

ON-GOING CYCLE FOR CREDIT PROGRAM

Step	What	Why	Form	Responsible	Assist	Where
1	Prepare for upcoming monthly payments.	Avoid confusion and mistakes at monthly credit meeting.	Loan Fund Monthly Sheet Form #4 Member Account Form #5	Credit Clerk	(CDC)	OEF Office
2	Collect Payments	Record actual repayments. Determine funds available for new loans.	Loan Fund Monthly Sheet Form #4 Receipts Loan Fund Summary Sheet Form #3	Loan Committee CDC		Village
3	Approve New Project Plans and Loans	Approve feasibility of project. Approve size of loan. Approve repayment schedule.	Loan Agreement Form #2	Loan Committee CDC		Village
4	Disburse Money	Record loans given out.	Loan Fund Summary Sheet Form #3 Receipts	Loan Committee CDC		Village
5	Record Status of Loan Fund	Monitor Loan Fund. Record Individual Loanee Performance	Complete Loan Fund Summary Sheet Form #3 Member Account Form #5	Credit Clerk Credit Clerk	(CDC) (CDC)	OEF Office OEF Office

OPENING STEPS TO CREDIT PROGRAM

Step	What	Why	Form	Responsible	Assist	Where
1	Make Project Plan	Show feasibility of project. Determine size of loan. Determine repayment schedule.	Project Plan Form #1	Loanee	CDC CDR Credit Committee Field Manager	Village
2	Approve Project Plan and Loan	Approve feasibility of project. Approve size of loan. Approve repayment schedule.	Loan Agreement Form #2	Loan Committee CDC		Village
3	Disburse Money	Record loans given out.	Loan Fund Summary Sheet Form #3 Receipts	Loan Committee CDC		Village
4	Record Status of Loan Fund	Monitor Loan Fund.	Complete Loan Fund Summary Sheet Form #3	Credit Clerk	(CDC)	OEI Office

GEF Baidoa Small Enterprise Project: Project Plan

Form #1

Village: _____

Loan Number: _____

Name: _____

Identification Number: _____

Type of Project: _____

Project Goal: _____

Loan Amount Requested: _____

Project Inputs	Amount	Cost/Item	Total Cost
MATERIALS			
TRANSPORT			
PRODUCTION AND MARKETING FACILITIES			
WORKERS			
PACKAGING			
TOTAL COST OF PROJECT			

Loanee's Contribution: _____ Source: _____

Total Loan Request: _____ Total Cost of Project: _____

Percent of Project funded by Loan: _____ is less than 75%

Project Review: Markets: Y/N Supply: Y/N Skill: Y/N

Land Amount: _____ Hectares

INCOME DATA: Working Days per Month: _____

Items Sold	Amount per Day	Daily Sales	Monthly Sales

Cash Flow Chart

Month	1	2	3	4	5	Total
Sales Income						
Materials						
Transport						
Prod & Mark Fac						
Workers						
Packaging						
Total Expenses						
Accumulated Profit						
(less) Credit Repayment (P+I)						
Profit Distributed						

Proposed Repayment Schedule:

Interest Rate:

Date	Balance	Interest	Def. Int.	Principal	Total PMT
1					
2					
3					
4					
5					
6					
7					
8					

Loanee:

OEF CDC:

Approve:

President:

Secretary:

Treasurer:

OEF CDC:

OEF Baidoa Small Enterprise Development Project
 Loan Agreement

Form #2

Village:
 Name:
 Project:

Loan Number:
 Identification No:

The Baidoa Small Enterprise Development Project makes available group-guaranteed Village Loan Funds which enable Somali women and their families to engage in small enterprises.

1. The information presented in the Project Plan is accurate. Credit funds will be directed toward the completion of the Project Plan. If funds are not used as stipulated, the borrower will be in violation of the loan agreement and is required to repay the loan in full at once.

2. The borrower will advise the group leaders and OEF CDC in advance if of any change in the attached project plan or the repayment schedule outlined below.

Loan Funds Approved: 425,000

Approved Repayment Schedule

Approved Interest Rate:

	Date	Balance	Interest	Principal	Total PMT
1.					
2.					
3.					
4.					
5.					
6.					
7.					

Signed

Date

Group Member:

Group Leader:

Group Secretary:

Group Treassurer:

OEF CDC:

Village Loan Fund Summary Sheet
 Monthly Entry Page 2

Form #3

Month _____, 199

Collection Summary	
Total Principal Payment Received	
Plus Total Interest Payment Received	
(.02 x Interest Received)	
Less 2% Loan Loss Reserve	()
Plus Beginning Cash on Hand	
Total Funds Available for New Loans	

Loan Fund Balance	
Beginning Balance Loan Fund	
Less Principal Payments Received	()
Plus Interest Pmts Due	
Plus Amount New Loans Disbursed	
Ending Balance Loan Fund	

New Loans Disbursed			
Name	Number	Activity	Amount
Total			
Ending Balance Cash on Hand			

Loan Loss Reserve Balance	
Beginning Balance Loan Loss Reserve	
Plus Increase in Loan Loss Reserve	
Ending Balance in Loan Loss Reserve	

Total Value of Loan Fund	
Ending Balance Loan Fund	
Plus End Balance Loan Loss Reserve	
Plus End Balance Cash on Hand	
Total Value of Loan Fund	

CREDIT POLICIES FOR CDC TRAINING

Article VI: Activities

1. Credit is available for all legal, rural based activities which generate a financial return for the group members. They may be conducted on an individual or group basis.
2. Activities may include, but are not limited to: irrigated cash crop production; storage of cash crops for sale; processing of milk, ghee or eggs; honey production, collection of fodder, artisan production of garments, baked goods, food snacks, pottery, straw products and commercial activities such as market vending (meat, vegetables, livestock), village stores and tea shops.
3. Activities supported may entail existing or new enterprises, whereby the women can demonstrate prior (home based or commercial) experience. Activities may be seasonal in duration or on-going.
4. To be eligible for credit, the technical and financial feasibility of a proposed activity must be demonstrated by the group member. Project plans will include the essential information to assess enterprise feasibility.

Article VII: Project Financing

1. Loan amounts are determined in accordance with the project plan. However, loans will not exceed the Somali Shilling equivalent of US\$300. It is anticipated that initial loans will range from the Somali Shilling equivalent of US\$10 to US\$50. Loan size may increase in accordance with the success of earlier repayments, the requirements of the proposed project and the capacity of the borrower to meet equity investment levels outlined below.
2. The Group Loan fund may finance 75% of total project in-kind and cash inputs. A 25% investment will be sought in in-kind materials, labor or cash from the group member and their family. In special instances, the Village Loan Fund may consider making more than 75% of the project funds available, but at no time will this exceed 90% of total project funds.
3. Project financing may be used for the purpose of working capital, equipment purchase, and/or building improvements in accordance with the project plan submitted.

4. If credit funds are used for purposes other than those outlined in the project plan, the loan will be considered in default and full repayment will be due immediately.

Article VIII: Loan Terms

1. The loan terms will be established in accordance with the project plan. Loan terms will range from a minimum of one month to a maximum of one year. It is anticipated that to reflect the agricultural cycle which guides rural productive activities, loan terms are likely to extend from three to six months. Loan terms will be as short as possible, while reflecting the cash flow of the proposed activity.

2. Loan terms are eligible for renegotiation when circumstances require and there is the agreement among Village Group Members.

3. Grace periods on principal payments may range from one to three months.

Article X: Loan Approvals

1. The loan approval is the responsibility of the three village leaders and the OEF/International representative. To be approved, the project plan should:

Demonstrate technical and financial feasibility;
Satisfy equity level requirements;
Present a realistic schedule for loan repayment; and,
Adhere to the Credit Policies

Project Plans will be presented and discussed by the group members at a group meeting of all members. Subsequent loans, described below, are dependent upon the timely repayment of outstanding credits.

2. Borrowers are eligible to receive repeat loans once their prior loan has been satisfactorily canceled and the groups repayment rate is above 80% at the time of the request. If an on-time repayment schedule has been maintained, group member loan sizes may increase in accordance with the proposed project requirements.

3. A new project plan is required for each repeat loan. There is no limit to the number of repeat loans.

Article XII: Loan Disbursement and Collection

1. Initially, OEF will safeguard the loan fund cash. The balance of the Village Loan Fund not outstanding as loans will be held and managed by OEF. If and when the status of the Somali Banking system improves so that there is a viable bank in Baidoa, OEF may assist the group leaders to establish a bank account which requires the signature of the President and the Treasurer or the President and the Secretary. At that time, the balance of Village Loan Fund which is not extended as credit should be maintained in this account.

2. Loans will be disbursed in cash at the village group meeting in accordance with the project plans approved and the loan agreements signed. Signed receipts will be maintained with the signature of the borrower, Treasurer and OEF representative. The secretary will record all loan disbursements. It is anticipated that new loans will be extended once funds have been repaid.

3. Loan repayments will be collected in accordance with the repayment plan outlined in the project plan. Full interest is due each month, with principal payments due in accordance with the project plan. Signed receipts will be maintained with the signature of the borrower, Treasurer and OEF representative.

Article XIII: Late Payments.

1. In the case of a late payment, the village leaders should meet with the individual late payers to review their responsibilities, to ascertain the nature and extent or problems which have led to the late payment, and to attempt to resolve difficulties experienced by the individual. OEF staff are a resource to the village group to assist members who have encountered difficulties.

2. If necessary an alternate proposed repayment plan should be developed for the delinquent loan. The need to reschedule loan payments may influence the borrower's future access to the Village Loan Fund.

3. Interest payments left outstanding will be rolled into the outstanding principal balance. Subsequently, the borrower will be required to pay interest on the full outstanding balance.

4. Loans delinquent by more than 12 months will be considered in default.

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Article XIV: Capitalization of the Village Loan Funds

1. Once the village group has completed the OEF training program and has elected the leaders, OEF/International will provide the initial seed capital for the Village Loan Fund. The amount of the initial capitalization will be the total of the project financing plans submitted by group members. The initial capitalization will be made available in either a circular check or cash.
2. The group may request additional financing for the Village Loan Fund in accordance with subsequent financing request by group members. Individual Village Loan Funds, provided by OEF/International however, will not exceed the Somali Shilling equivalent of US\$ 3,000.
3. 2% per month of interest earnings will be put aside into a loan loss reserve fund and will not be eligible for re-lending to group members. The purpose of this fund is to create a savings mechanism to reimburse defaulted loans (see Article XV, section two). Initially, OEF will hold the Loan Loss reserve with the balance of the loan fund not extended as loans. If a bank account is opened up in the name of the group to hold funds not extended, the loan loss reserve will be maintained in that bank account.
4. The remaining portion of interest earnings will be incorporated into the Village Loan Fund and will be available for on-lending to the group members.

Article XV: Loan Default and Write-off Policy

1. As described above in Article XIII, loans past due for more than 12 months will be considered in default. If the Village Group considers the funds uncollectible, these can be eligible to be written off.
2. At the end of the project's Fiscal Year, all loans overdue more than 12 months may be written off. To write off the loan, the value of the loan should be reduced from the total outstanding balance. An equal amount should be withdrawn from the loan loss reserve and this sum will now be available for lending. Combined, these transactions will reduce the total value of the loan fund.

5. Group Reviews Proposed Projects

During the training and organization building phase, the OEF trainer and CDC will meet with the group at least once a week. Once the full sequence of training is complete, the OEF CDC will meet with the village group when they review proposed projects.

a) Project plans may be completed by the group members on their own, with the help of the village group leaders and/or the assistance of the OEF CDC.

b) The group verifies that requirements are met in the project plans such as: demonstrated financial and technical viability, satisfy equity requirement, establish savings targets, and define the repayment plan.

c) The group reviews again, the responsibilities of the group leaders, the group members and OEF in the credit process. Review the loan agreement form.

d) The President, Secretary, Treasurer and the OEF CDC are responsible for approving the project plans. Once approved, two copies of the Project Plan are prepared.

6. Loan Agreement and Disbursement

a) Once the project plan is approved, the loan agreement is prepared for signature by the group leaders, the OEF CDC and the borrower. The agreement is signed at a group meeting in the presence of all group members. The loan agreement signing 'ceremony' is attended, whenever possible by the Trainer/Supervisor and/or the Senior Trainer.

b) The original agreement and two copies are signed by all parties with Project Plans attached. The original is kept on file at the OEF offices in Baidoa. One copy is maintained with the village group files. One copy is given to the borrower.

c) At the time of signing the loan agreement, the borrower reviews again their full responsibility in implementing the loan agreement.

d) Funds are disbursed to the borrower at the time of signing the loan agreement. Funds will be disbursed in cash. The borrower, the treasurer and the OEF/CDC all sign the disbursement receipt in the numbered disbursement receipt book. The receipt book is maintained by the Village Group. One copy of the receipt is distributed to the borrower and one copy is kept by OEF.

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7. Loan Monitoring

a) The CDC meets with the entire group one week after the loan disbursements. Each member is called upon in this group meeting to discuss the progress in implementing their project plans. To the extent possible, the CDC should confirm that the group members have deployed their loan funds for their intended purpose. If necessary, the CDC should meet with the individual group members at their home to verify the use of the loan funds for their intended purpose.

b) The CDC will meet with the group leaders once a week and with the entire group at least once a month to review the progress of the individual projects.

c) Following each meeting with the group leader, the CDC will complete a Group Meeting Report. This report is signed by the group leader and will be reviewed by the Field Supervisor. The group meeting report is filed in the group credit file.

d) As appropriate, the CDC will visit individual group members to review their progress and to resolve any difficulties which may arise. The CDC will complete a member visit report which will be signed by the group leader, the member visited and the CDC. The member visit report is then reviewed by the Field Supervisor.

8. Village Records

a) The Secretary, with the assistance of the President and the OEF/CDC will maintain two notebooks, two numbered receipt books, and a file including copies of all approved project plans. These records will be kept in a safe box which will be held by OEF/CDC for safekeeping or in the village. If held by OEF, the safe box will be brought to all meetings.

b) The Village Loan Fund notebook will be organized with monthly entries. Each month, the amount to be collected from each borrower will be listed. Collections from each borrower will be noted and late payments will be recorded. New loans will be listed. The balance of the loan fund will be calculated.

c) The Member Accounts notebook will be organized by each group member. Once the first loan is approved, the proposed repayment schedule will be included in the notebook. All subsequent repayments and repeat loans will be listed on an individual member account basis.

d) The Disbursement receipt book, will be numbered. All loan disbursements will be made upon a signed receipt basis. Receipts must be signed by the treasurer, the OEF-CDC and the individual receiving the loan funds. Copies of the receipt are provided to the borrower and to OEF.

e) The Collections receipt book, will be numbered. All collections of loan repayments will be made upon a signed receipt basis. Receipts must be signed by the treasurer, the OEF/CDC and the borrower. Copies of the receipt are provided to the borrower and to OEF.

f) A file of the Loan Agreements with project plans attached will be kept by the group and by OEF. OEF will maintain the originals of the agreement and the village group will maintain on their premises a file of the copies of the agreement.

9. Loan Collections

Each month, repayments will be collected, in accordance with the Village Loan Fund notebook and the Member Accounts notebook. The group leader, the borrower and the CDC will sign the Collections receipt book. Copies of the receipt are given to the borrower and to OEF.

10. Late Payments

a) If a borrower is not able to adhere to their credit repayment schedule, the member should meet with the group leaders and the CDC to review the situation and to determine if and when the existing problems can be resolved. If appropriate, the CDC and group leaders should visit the individual at their home. At all times, group members should be encouraged to adhere to their interest payments due. As long as payments can be resumed within 60 days, it is not necessary to formally modify the repayment schedule.

b) Depending upon the severity of the problems confronted, and if the credit repayments have not resumed within 60 days, the group leaders and CDC may recommend a grace period on principal and/or a rescheduling of the loan payments to enable the member to correct existing difficulties and to resume her activities. To provide a grace period, and/or rescheduling of the credit-repayments, the entire group must meet to discuss the situation. If approved by the group leaders and the OEF CDC, an amendment will be made to the loan agreement.

c) Interest outstanding will be added to the principal balance of the loan. Thereafter, forming part of the balance, it will accrue interest.

11. Repeat Loans

Once cancelling the outstanding individual loans, members will be eligible for repeat loans provided that the group repayment rate is above 80%. If the on time repayment record has been satisfactory, repeat loans may be of a larger size. The same steps are required as described above to qualify for repeat loans.

12. Capitalization of Loan Funds

a) Once a village group has completed the training, they are eligible to receive a Village Loan Fund. The value of the fund will be determined by the sum of all project plans submitted and approved. The Field Supervisor/Trainer and/or the Senior Trainer will meet with the group, to review the policies and procedures for use of the Village Loan Fund. The Village Loan Fund will be made available to the group in cash or check at the time of loan disbursements in the loan agreement ceremony.

b) After the group has demonstrated a successful loan repayment record, they may be eligible for additional capitalization in the Village Loan Fund from OEF. To qualify for additional capitalization, the group will have to demonstrate a good repayment record and sound credit administration. A request for additional capitalization will be prepared in letter form with substantiating documentation signed jointly by the Village Group and the CDC. This request must receive the support of the Field Supervisor. The request for additional capitalization will be approved by the OEF Project Director. The decision to provide further capitalization will be provided to the group in writing. If this request is denied, a letter will be provided stipulating the reason the request has been denied. Insufficient project funds may cause subsequent capitalizations requests to not be met.

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STEPS FOR DESIGNING A TRAINING ACTIVITY

WELCOME AND INTRODUCTIONS

REVIEW GROUP NORMS

CONDUCT ICEBREAKER--An activity that relates to the training event, helps people to focus on the workshop, and gets them to relax a little

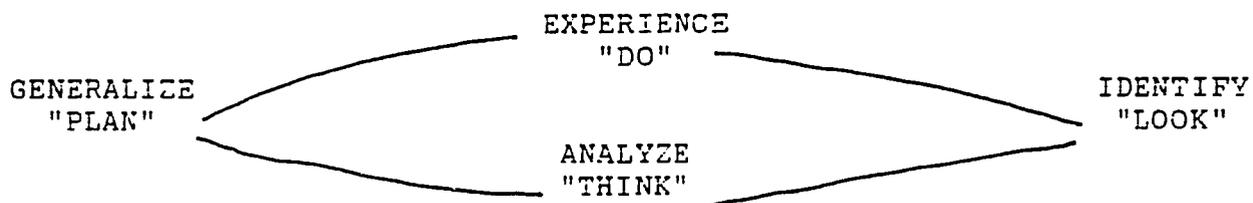
REVIEW THE PREVIOUS SESSION--if applicable

PRESENT THE GOAL AND OBJECTIVES--

GOAL--Direction of change which improves efficiency and effectiveness of a business or quality of life for the individual, family, or community

OBJECTIVE--Specific, real, measurable, behavioral actions which lead to the improvement of a knowledge, skill, or ability for quality of life; specific, real, measurable actions which lead to the improvement of a business

DESIGN TRAINING METHODS--Training methods are those things required to learn the objectives. These methods should include all 4 steps of the "Adult Learning Cycle"--



Steps of Design:

Identify specific subject matter (knowledge) which you want participants to learn

Design an EXPERIENCE which allows participants to DO (practice) the skill associated with the knowledge

Practice DOING and then LOOK at the EXPERIENCE and IDENTIFY what happened

ANALYZE the EXPERIENCE by having participants THINK about what they learned

GENERALIZE other situations in which the EXPERIENCE applies. PLAN with participants to use what they have learned

Designing Training, continued

EVALUATE THE WORKSHOP--Evaluation is conducted as Formative (How are we doing?) or Summative (How did we do?). For training purposes normally Formative Evaluation is all that is necessary. Formative Evaluation can be measured on 5 levels

1. Reaction in the classroom
2. Understanding in the classroom
3. Behavior change in the classroom
4. Behavior change at home or at work
5. Long term benefits to the individual, the family, community, or organization

Conduct the evaluation by first asking question(s) about WHAT people learned (the CONTENT). Review the GOAL AND OBJECTIVES for the day checking for learning by looking at and listening to reactions. Listen for understanding when you ask, "WHAT did you learn today?". Second ask question(s) about HOW people learned (the PROCESS). Process (HOW people learn) is more important for adults than WHAT. You must learn to discern the difference and design for process (Adult Learning Cycle). Ask participants "HOW did we work together today?" Listen to the responses for clues on how well you designed the PROCESS. Observe, think about, and analyze behavior change while participants are DOING the EXPERIENCE.

CLOSE THE TRAINING--Review any assignments and announce date, time, and place for next session.

NOTE: See enclosed training session outlines for guidance.

OTHER TRAINING CONSIDERATIONS:

Place--room arrangement, location for training materials, lighting, ventilation, seating, insects, toilets

Refreshments (if applicable)--who will supply, how and when will they be delivered, how will they be served

Materials--flipcharts, blackboards, markers, chalk, pens, pencils, tape, etc.

FLIPCHARTS: (many points also apply to chalkboards)

1. Print clearly and large enough to be seen from the back of the room
2. Use different colors to highlight titles, sections, or main points
3. Organize the flipchart in your mind or on tablet paper before beginning to design on flipchart paper (it is expensive and hard to find so be careful in its use)
4. If the paper is thick enough use both sides
5. Only use masking tape to hand flipcharts on walls
6. If you need notes as reminders write them lightly in pencil along the sides, top, or bottom
7. Refer to your Trainers Notebook as needed.

PRESENTATION SKILLS:

1. Speak loudly enough to be heard at the back of the room
2. Speak to the audience. Do not talk to walls, your hands, or flipcharts.
3. Look at the audience--at all of the audience, not just one or two people; if you get nervous make eye contact with a friendly face
4. Do not play with your scarf, keys, chalk, markers, etc.
5. Place your side to the audience so that it is easy to turn your head and look at the audience when writing on flipcharts or chalkboards never do so with your back to the audience
6. Refer to your Trainers Notebook if need be, but do not stand and hold it in your hands
7. Stand with your hands relaxed and at your sides
8. Explain flipcharts, chalkboards, or other materials using the hand away from the audience so as not to cut them off
9. If you do not know the answer to a question admit that you do not know, but will find out. Also ask if anyone else knows the answer (the Trainer is not all knowing)
10. Observe other Trainers for things to do and not to do.

TRAINING TECHNIQUES:

Lecture	Hadal
Pictures	Sawir
Proverbs	Maah-maah
Role playing	Jililaan
Flipcharts	Waraaqaha W.W.
Fishbowl	Koox Koox fiirsanaysa
Puppets	Bombolo
Skits	Riwaayad
Dancing	Cayaar
Small groups	Koox yar-yar
Films	Filim
Video	Video
Singing	Heeso
Poetry	Gabay; Buranbur
Blackboard	Sabuuraad
Brainstorming	Fekeraad Iskulturtur
Games	Cayaaro

ATTENTION

Trainer's materials are furnished by OEF for use in training activities. The materials are expected to last for 2 - 3 years with normal wear and tear. If they are lost or abused, the replacement cost will be deducted from the CDC's SALARY as follows:

Calculators	SoSh	27,000
Portfolio	SoSh	30,000
Blackboard	SoSh	20,000
Notebook	SoSh	10,000

ANNEX 6

OEF International
Financial Report on

AID Grant 649-0138-G-00-8003-00
Baidoa Women's Small Enterprise Development Project
Project Closing Date: March 15, 1991

Prepared July 15, 1991

	A.I.D. Budget (Revised 12/90)	Expenditures
1. Personnel	\$325,124	\$324,948
2. Travel	117,952	116,280
3. Building and Maintenance	19,656	19,656
4. Office Operations	30,956	32,000
5. Training	0	
6. Project Support/Implementation	35,123	35,328
7. Capital Investment	50,067	50,078
8. Overhead	190,048	189,736
TOTALS	<u>\$768,026</u>	<u>\$768,026</u>

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ANNEX 6

OEF International
Financial Report on

AID Grant 649-0138-G-00-8003-00
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7. Capital Investment	50,067	50,078
8. Overhead	190,048	189,736
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TOTALS	\$768,026	\$768,026