



Project Plan for the Ndugu Micro Finance Project 2007-2009

Part of the general objective *Rural Development* within Nduguföreningen

Overall Aim

The aim of the *Ndugu Micro Finance Project* is to provide small scale credits for investments needed to realise business plans/projects (including farming) carried out by citizens in Ulemo Ward, Kiomboi district, Singida region, Tanzania. The aim is to provide credits to those who have no access to the ordinary, commercial financial market.

Objectives

- To provide education and discussions on small scale entrepreneurship and successful farming
- To sustainably support improved farming which gives higher outputs that result in better food security and increased incomes from selling agricultural crops on the market
- To support the start up or development of sustainable small scale businesses that yield profit to its owners

Indicators of Success

- Citizens participating in and learning from the seminars held
- Higher food security among the participating farmers
- Increased incomes among the participating individuals/households
- Almost all loan takers repay their loans
- Loan takers of the project are regarded fit for ordinary market lending through the National Micro Finance Bank in Kiomboi,
- Businesses/self-employment continues in a sustainable manner after the loan taker has left the Ndugu Micro Finance Project.

Preliminary Time Plan

- 2007**
- Project committee in Kizaga appointed by Nduguföreninge after recommendation from local authorities
 - Necessary documents and procedures established together with the project committee in Kizaga
 - Contacts are made with National Micro Finance Bank in Kiomboi
 - First round of seminars on small scale entrepreneurship and successful farming held
 - The first credits are given to the Project Committee Members
 - First minor evaluation is made at the end of the year and changes in the procedures taken

2008 - A second round of seminars on small scale entrepreneurship and successful farming is held
- The first credits are given to loan takers outside the project committee

2009 - A third round of seminars on small scale entrepreneurship and successful farming is held
- New round of credits are given
- Some earlier credits fully repaid
- A larger evaluation of the pilot project is made to see if and how the project should continue

Annexes

- Policy Paper
- Application Form



Policy Paper for the Ndugu Micro Finance Project

General regulations

- The board of Nduguföreningen appoints a Project Committee of Ulemo ward, which administrates the credits locally and make recommendations on the applications to Nduguföreningen.
- The board of Nduguföreningen appoints a Decision Group in Sweden which is responsible of deciding upon and monitoring the credits.
- Credits are decided upon by the Decision Group of Nduguföreningen after recommendation from the Project Committee.
- Credits are given subject to the funding made available in the budget of Nduguföreningen
- Micro credits could be given at an amount of 150 000 – 500 000 TSH each.
- Micro credits could be given for a time period of maximum two years. There has to be partial repayments but the applicant determines in what way in the application form.
- A fee equivalent of 5 % of the amount to be loaned apply (7500 – 25 000 TSH) for each credit. Part of this fee should be paid in with every repayment. If the repayment is done according to plan this fee will be fully refunded to the applicant at the completion of the credit.
- Repeated loaning is allowed, if earlier loan has been repaid according to plan and the applicant is judged to *not* be fit for loaning in the commercial financial market.
- The repayment plan may be changed if the applicant presents good reasons for it and it is agreed by the project committee and Nduguföreningen.
- A person that has failed to make his/her repayments according to the agreed plan may *not* get another micro credit from the project.
- When an application has been approved by Nduguföreningen an agreement between Nduguföreningen and the loan taker must be signed before giving the credit.
- The Project Committee should advice the applicants to form small groups according to the nature of business, in which the applicants can exchange experiences and support each other.

The following criteria's must be fulfilled in order to approve a micro credit:

- The applicant have participated in the *Seminar on small-scale entrepreneurship*
- The applicant is a citizen of Ulemo ward
- A complete application form has been handed in to Nduguföreningen through the project committee in Kizaga. The application form should contain a business plan, a business budget, investment needs, the amount to loan and a repayment plan. The

application form should be signed by two references agreeing that the plan is realistic, reliable and trustworthy

- The credit will be used for an investment purpose (not consumption)
- The expected profit are large enough to finance the repayments stated
- The plans and estimations within the application form are judged to be realistic, reliable and trustworthy
- The applicant must be dependant on the micro credit to realise his/her business plan.
- If there are more applications meeting the criteria than funding may allow for, credits should be given to the projects judged to have the best business idea and capacity to fulfil it.

Special Regulations for Micro Credits to the Project Committee Members

- The credit is decided and monitored directly by Nduguföreningen and not dealt with in the committee.
- Apart from this, the same criteria apply as stated above. In addition, a committee member that fails to repay according to plan and does not apply for a change in the plan will be dismissed from the committee.
- The repayment is administered by the National Micro Finance Bank's branch in Kiomboi which reports to the Decision Group of Nduguföreningen every month.

3) Budget of Business

State the period of the budget (i.e. one month, three months, one year etc.): _____.

Kind of Incomes	TSH	Kind of Costs	TSH	
TOTAL INCOMES:		TOTAL COSTS:		EXPECTED PROFIT:

4) Investment Needs and Amount to Loan

Kind of investment	Price
TOTAL AMOUNT TO BE LOANED: (150 000 – 500 000 TSH)	

5) Repayment Plan

a) A fee of 5% of the loan applies: _____ TSH x 0,05 = _____ TSH

⇒ Will be paid back to applicant if repayment completed according to plan below.

b) Total amount to repay (loan + fee) = _____ TSH

c) Time Period and Month of Repayment.

Mark the months you will make repayments (max. period is two years from the time you receive the loan):

200__ Jan. Feb. March April May June July Aug. Sept. Oct. Nov. Dec.

200__ Jan. Feb. March April May June July Aug. Sept. Oct. Nov. Dec.

d) Number of repayments: _____.

e) Amount per *each* repayment (b/d) _____ TSH, of which fee (a/d): _____ TSH.

6) Applicant's signature – *I hereby certify that the information stated in this form is true and trustworthy to the best of my understanding*

Applicants Signature: _____.

Date: _____.

7) Referees' signatures – *I hereby claim that the information stated in this form is true and trustworthy to the best of my understanding*

1 st Referee	2 nd Referee
Name: _____.	Name: _____.
Date: _____.	Date: _____.
Signature: _____.	Signature: _____.

8) Decision – *To be filled in by Project Committee and Nduguföreningen Decision Group*

Committee Recommendation	Decision by Nduguföreningen
Mark one of the two alternatives: Approve Disapprove	Mark one of the two alternatives: Approved Rejected
Signature: Date:	Signature: Date:

