

EVALUATION REPORT

to

WEREP LTD - KENYA RURAL ENTERPRISE PROGRAM (REP)

on

PROMOTION OF RURAL INITIATIVES AND ENTERPRISES DEVELOPMENT

(PRIDE)

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ORGANISATION

This Report was prepared by Professor G.C.M. Mutiso of Muticon who took specific responsibilities for evaluation of institutional, developmental and management issues (TOR 7-9) and Mr. E.H.A. Mugwanga who took specific responsibility for the credit system (TOR 1-6). The two consultants worked separately and submitted draft reports on their respective areas. They subsequently prepared this document which contains both consultants findings and their recommendations.

EXECUTIVE SUMMARY

- 01 Promotion of Rural initiatives and Development Enterprises (PRIDE) is not for profit Private Organisation sponsored by the Council for International Development (CID), a Washington D.C - based Private Development Agency. PRIDE was incorporated in 1989 under Kenyan Corporate Laws as a Company Limited by guarantee and having no Share Capital.
- 02 PRIDE's establishment was preceded by nearly five years of the Council's involvement in relief and development activity in Baringo District during which the need for an agency specifically devoted to rural enterprise promotion was indentified. It therefore chose Eldama Ravine in the Southern part of Baringo District to launch its first enterprise promotion project with the hope that its experiences would be replicable elsewhere in Kenya.
- 03 The PRIDE credit project in Eldama Ravine Division was launched in the second half of 1989 through assistance from Barclays Bank of Kenya, World Education - Rural Enterprise Program (WEREP) and the Council for International Development as follows:-

LOANS :	Barclays Bank of Kenya	-	Sh.	1,000,000/=
	W E R E P	-	Sh.	6,000,000/=
GRANTS:	Barclays Bank of Kenya	-	Sh.	200,000/=
	W E R E P	-	Sh.	3,873,982/=
	C I D	-	Sh.	3,000,000/=

WEREP involvement was in response to a request from PRIDE supported by a program proposal which also included apiculture and sericulture projects to be implemented in other parts of the District where these activities have been traditionally practised and could be expanded and technologically upgraged. At the time of this evaluation, apiculture and sericulture projects had not taken off although limited marketing assistance has been provided enabling honey produced in Baringo to reach retail outlets in Nairobi.

- 04 PRIDE activities are market-driven. It is interested in rural enterprises as profitable entrepreneurial undertakings which must justify themselves in the market place thus enabling PRIDE itself to operate as a financially profitable organisation. This position is philosophically at variance with that of many donor organisations including, to a great extent, WEREP who are formally interested in the developmental effect of activities supported by them in addition to success in the market place. Thus issues like target beneficiaries, effect on employment, productivity, increasing local production etc, are either incidental or peripheral to PRIDE but are on the other hand crucial to many Donors.

- 05 Credit activities in Eldama Ravine have generated a lot of interest because of PRIDE's success in letting out more than 1000 loans in under two years without default. Because such success is in sharp contrast to the experience of other organisations involved in micro-enterprise administration in this Country, it is likely to overshadow other matters of great concern to many Donor Organisations. Ideally, PRIDE activities as presently conceived should be funded by target - neutral organisations.
- 06 The Eldama Ravine program was not preceded by a baseline survey to establish, inter alia, the socio-economic characteristics of the area and of the potential beneficiaries. The absence of such a survey has made it difficult to assess the effect of the program on specific developmental concerns such as the effect on the economic, health and nutrition status of beneficiaries. The project area was vaguely understood leaving the misplaced impression that the credit model had succeeded in a semi-arid, and economically backward District (Baringo). This is clearly not the case. Eldama Ravine is an economically privileged rural area with more commercially attractive opportunities than most other rural Divisions in the Republic. The success of the PRIDE model in such a favourable socio-economic environment which facilitates the recruitment of so many entrepreneurs in such a short time over a radius of only 30 Kilometres should be noted with caution against similar expectations in other parts of Kenya.
- 07 Future branches of PRIDE are planned for locations where Barclays Bank of Kenya has a branch. Since Barclays Bank opens branches in areas where customer potential is evident, PRIDE's presence will help the Bank to develop potential small savers and should itself (PRIDE) expect favourable and compensating conditions to prevail. For the same reason, baseline surveys in such areas will serve only a supervision and monitoring purpose of limited interest to PRIDE itself.
- 08 PRIDE is managed through a Management Contract with CID/K. This arrangement is historically understandable but stands on the way to PRIDE's own institutional development and efficiency. At present, PRIDE is no more than a legal entity and inconsequential as an organisation. The Chief Executive is accountable to CID Washington D.C; line responsibilities for Accounting and system development are in the hands of consultants. Ideally, PRIDE should have a Board of Directors composed of people who are familiar with and have interest in banking, development or micro-enterprise activities, a chief executive answerable to the Board and Officers in charge of essential line functions.
- 09 A remarkable achievement of the PRIDE system is its ability to mobilise savings of Sh. 1.6 million in the form of Loan Insurance Fund from its credit beneficiaries in under two

years. It is thus set to overcome the donor dependance syndrome which afflicts virtually all other micro-credit schemes operating in Kenya. This enviable achievement is regrettably threatened by current management policies and practises. In particular, we have taken strong exception against the policy of non-payment of interest on these funds and the total lack of control over the funds by the participants.

10. PRIDE Credit Administration System is well conceived and effectively executed. It covers all phases of the Credit Cycle from client selection to account termination supported by policies and accounting manuals. It is therefore administratively easy to replicate in Districts and market towns with adequate commercial activity but with low residents mobility.
11. PRIDE is yet to develop a credit reference system for members seeking credit from other credit institutions. Such reference system will be beneficial to members enabling them to obtain credit without conventional collateral (property). There are no appraisable plans to this effect.
12. Expansion through creation of other branches is absolutely essential for PRIDE's financial sustainability especially in view of current costly management arrangements. A larger mass of participants is necessary to sustain this arrangement than is possible in one area however favourable the circumstances. Rapid branching to create cost absorptive capacity is not a sound proposition for a donor dependant service organisation. The rationale for expansion through branching should be to spread PRIDE services and to increase profitability in that order.
13. A great deal of how PRIDE ought to be organised, necessary policy changes etc depends on how its activities are financed in future. Fewer adjustments will be necessary if funds come from solely commercial sources. The following recommendations are made on the assumption that future funding will continue to come from Donor Organisations:
 - (a) PRIDE should undertake baseline surveys of all future project areas where Barclays Bank has a branch. This will facilitate program monitoring and evaluation.
 - (b) PRIDE credit should be directed more at promoting local production rather than giving credit and pursuing 100% repayment per se. Genuine development credit must accept that some assisted projects may fail to perform due to circumstances beyond the control of all concerned. High volume and 100% repayment could become a counter-productive obsession. Default tolerance of 2.5 - 5% would still be enviable even by standards of a commercial bank.

- (c) Board members should be persons with financial or development experience and should include a representative of the members who will in future provide the bulk of credit capital. They clearly have more stake in how PRIDE is managed than savers in commercial banks whose savings are protected under the Banking Act by a Deposit Protection Fund.
 - (d) Members at the branch level must have some control in the disbursement of their joint savings. The MEC Management Committee Chairman should be a mandatory signatory at the Branch Bank Account.
 - (e) CID/K should give up all strategic planning, management and operational responsibilities to PRIDE. The Council should only be represented at the Board and possibly as a mandatory Bank signatory at the Head Office account.
 - (f) Line Managers who are consultants is a very unorthodox arrangement indeed. This practice should be discontinued.
 - (g) The current establishment cannot cope with any other assistance to members apart from Credit Administration. PRIDE staffing should include a person or persons responsible for non-financial aspects of client development.
 - (h) If it prefers to pursue its purely market based philosophy, that would be a very valid position. This should however be funded by organisations whose policies are also market based.
14. PRIDE has fulfilled project objectives which are consistent with its philosophy. It has not made appreciable effort to fulfil project objectives which are either inconsistent with (i.e, targeting) or peripheral to its own basic goal: to achieve high credit volume without loan default.

The PRIDE Loan Capital amounts to Sh. 8,600,000/= funded as follows:-

W E R E P	-	Sh. 6,000,000/=
Barclays Bank	-	Sh. 1,000,000/=
L I F	-	Sh. 1,600,000/=

T O T A L	-	Sh. 8,600,000/=
=====		

Documents examined indicated that outstanding loans stood at Sh. 4,800,000/= and commitments for new disbursements stood at Sh. 1,500,000/= to be funded by new LIF receipts, loan reflows and bank balances. Funds held in 7 day call at Barclays Bank of Kenya Ltd, amounted to Sh. 2,250,000/= (Deposit Receipt No. 243621).

The Consultant is satisfied that received loan capital is adequately accounted for and idle funds are managed satisfactorily.

SECTION ONE

BACKGROUND

1.1 PRIDE

1.1.1 Promotion of Rural Initiatives and Developement Enterprises Ltd (PRIDE) was incorporated in Kenya on 6th July, 1989 as a Company Limited by Guarantee and not having Share Capital. It is registered as a not-for-profit private organisation whose objective is to forster the development of private enterprises in Kenya.

1.1.2 The establishment of PRIDE was sponsored by the Council for International Development (CID) a Washington D.C. based private development agency registered in Keny in 1984. The rationale for establishing PRIDE was to provide a "viable, eventually self-sustaining, local institution to carry out the long term development objectives of the Council in credit and small enterprise development" as the Council's activities are diverse and lack focus in this particular area.

1.1.3 Due to its newness, PRIDE could not on its own mobilise the financial, human, logistical and other resources required to launch a credit project. The Council shouldered this responsibility as it already had the reputation and organisational capability to attract required staff and to mobilise financial resources. This necessitated a Management Agreement between the Council and PRIDE enabling the council to manage the business of PRIDE and to be accountable on behalf of PRIDE to donor organisations interested in funding PRIDE activities. The Management Agreement is in principle a transitional stage intended to allow time for PRIDE's institutional development as a self-sufficient, Kenyan managed organisation.

1.1.4 PRIDE launched its first credit and enterprise promotion project in Eldama Ravine Division in the southern part of Baringo District during the second half of 1989. Initial funding for this project was as follows:

Loans:	Barclays Bank of Kenya Ltd	Kshs.1,000,000
	WEREP Limited	Kshs.6,000,000
Grants:	Barclays Bank of Kenya Ltd	Kshs. 200,000
	WE-REP Ltd	Kshs.2,726,982
	Council for International Development	Kshs.3,000,000

1.1.5 The results achieved by PRIDE in credit administration have generated a lot of interest in its organisational methods and working systems which have by December 31, 1990 led to the disbursement of Kshs.8,522,790 to 1309 loanees in under two years without any loan default. The techniques which are now popularly known as the PRIDE model are described in detail in 3.2, 3.5 below.

PROGRAM OBJECTIVE

PRIDE'S project concept which is the subject of this evaluation had the following objectives:

- (a) To establish a sustainable credit and savings program model in Baringo District.
- (b) To promote a viable honey business.

In order to achieve these objectives PRIDE undertook to work through existing and new groups to provide financial and non-financial assistance to mainly off-farm entrepreneurial undertakings found mostly in and around market towns such as Retail Trade, Posho mills, Butcheries, Tailoring, Knitting, Masonry, Bakeries, Metal work, Kiosks and farm activities such as a Dairy farming, silk farming and others like Bee keeping and livestock trading which are traditionally practised in Baringo.

PRIDE promised a high volume, high repayment rate micro-enterprise credit model based on non-collateralised group guaranteed loans. It promised to make 800 loans in the first two years of its operation. The beneficiaries would be the borrowers and their employees as well as the consumers who would get new products and services as a result of increased business activity due to PRIDE Credit.

It is important to note that the objective to provide 800 small loans had a quantitative target to be attained within the period under review but other objectives did not have similar targets. Indeed the absence of a baseline study

elucidating the existing situation before the program was launched and *how* the program sought to change that situation makes it difficult to assess program impact if any without the scope of field survey that could not be undertaken in the circumstances of this study.

1.3 METHODOLOGY

The study that led to this report and its conclusions was undertaken from the last week of December 1990 to January 15th 1991 and involved field interviews of a total of 112 project beneficiaries from various MECS, reviews of project literature, interviews and discussions with concerned parties which included WE-REP, CID/K and PRIDE Officials on the field and at Head Office. The study also covered detailed study of recorded information on the beneficiaries and their activities. The consultant had an opportunity to observe eight MEC meetings, two at Eldama Ravine on 2nd January 1991 and Six at Maji Mazuri on January 8th, 1991. A video tape of a MEC leaders workshop held in September 1990 provided useful insights on emerging concerns among participants.

The Consultant interviewed the Barclays Bank manager at Eldama Ravine and met the government officer (DO) for Eldama Ravine on January 2nd 1991.

The 112 members of MEC numbers R03, R04, R07, R23, 11 and 8 were found during their weekly meeting and selected at random and interviewed using questionnaires. The interviews were specifically directed at determining the economic status of participants, their residential status in Eldama Ravine Division and duration of their stay in the project area, their banking experience, the uses to which they had put their PRIDE loans and their membership motivation.

PROJECT ENVIROMENT

2.1 Eldama Ravine

According to the project plan, the credit and apiculture projects were targeted at Eldama Ravine and Mogotio Divisions in Baringo South; Lobo, Maji Moto and Chemoron in Central Baringo. At the time of this evaluation, only the credit project was active in Eldama Ravine Division covering Eldama Ravine town, Maji Mazuri, Makutano, Kamiboi, Torongo, Esageri, Poror, Soliom, Kiplombe and other village markets located within a radius of about 30 (Note) kilometres from Eldama Ravine.

2.2 Climate

The climate of Baringo District is highly varied. It ranges from the wet, temperate highlands covered by lush commercial forest vegetation to semi arid, arid and near desert conditions to the north. Eldama Ravine Division to the south is itself is mostly temperate and is in the national league of above average and high potential agricultural lands.

2.3 *Population*

The population of this area is unusually heterogeneous for a Kenyan rural setting. It is a settlement area and most of the inhabitants are immigrants mostly economically displaced and seekers of better economic opportunity from other parts of Kenya. The table below gives the settlement period for the 73 people at Maji Mazuri.

SETTLEMENT PERIOD	NUMBER OF PEOPLE
Before 1990	9
1960 - 1965	21
1966 - 1970	9
1971 - 1975	16

Settlement Period	Number of People
1976 - 1980	8
1981 - 1985	8
1986 - 1990	2

The majority (87.7%) of the respondents had lived in the Maji Mazuri area for 30 years or less. They have, for all practical purposes, the intention to settle in the area permanently. Many however are still designated as squatters and do not legally own land in the area.

2.4 Economy

Eldama Ravine and its satellite market towns have a vigorous rural economy. The Division has one of the highest concentrations of logging and Saw milling activities in Kenya and many of the settlement townships have timber milling as main industrial activity. The market towns are surrounded by commercial and peasant farming activities mainly Maize, Pyrethrum and dairy farming. Eldama Ravine town has a milk processing plant owned by the Kenya Co-operative Creameries Ltd.

The Division is connected to Nakuru (40kms) to the Southeast and Eldoret Municipality (80kms) to the North by railway lines and bitumenised roads and telephone services.

Eldama Ravine therefore offers extremely favourable climatic, human (new settlement area) communications, economic and commercial conditions for entrepreneurial activity. Apart from the squatter nature of some of the settlements and the uncertainty which this entails Eldama Ravine is an economically resourceful and privileged rural area.

THE PRIDE MODEL

3.1 Principles

The PRIDE credit model is an adaptation of the principles of the world famous Grameen Bank of Bangladesh. Specifically, these include:

- The organisation of participants into groups of five (called Enterprise groups or EGS)
- The rule that members of each group must not be related to each other.
- The principle that members of a group guarantee loans to each other backed by their loan insurance contributions.
- The policy that members save (pay loan insurance premia) for a while before the first two members can borrow.
- The rule that group leaders borrow last.
- Flexibility in the use of loan proceeds.
- The policy that loan repayments commence immediately (after one week) and repayment is to be made weekly for 52 weeks.
- The observance of discipline measured by regular and punctual attendance of weekly meetings,
- regular (weekly) payment of 'insurance premium' and non-default on loan repayments.

But PRIDE is not a Bank. This is given as the reason for not referring to the loan insurance contribution of Kshs.50/= per week as "savings" because that would suggest that PRIDE is engaged in banking activities. This is misleading as the Banking Act does not prohibit organising people to save and definitely not savings activities of a members' organisation. As a matter of fact the Act would be more offended by taking interest on loans given than by paying people interest on savings already received.

Unlike the Grameen Bank, use of the above principles is not directed at any particular social category. Moreover membership of PRIDE is not restricted to any level of economic status. Any person in the project area who is able to comply with above principles, rules and conditions can be a member of an enterprise group (EG). PRIDE has no economic or social target.

3.2 Organisation

Business persons from a given locality in Eldama Ravine Division, usually a market town or trading centre, form themselves into an enterprise Group of five (5) people. It is a requirement that members of an enterprise group should not be directly related but should be engaged in similar trades or business but these conditions are not rigorously enforced.

The enterprise Groups from the same market area or trading centre constitute a Market Enterprise Committee (MEC) of 50 members (that is 10 EGs x 5)

The market enterprise committee applies for registration with the Government's Ministry of Culture and Social Services after which it can apply for membership of PRIDE. (see forms 2A and 1A).

The Chairman and the secretary of each of the ten (10) Enterprise Groups (EGS) form the Market Enterprise Committee (MEC) Executive Committee. The twenty (20) members of the (MEC) Executive Committee elect the MEC Chairman as well as the Secretary and the Treasurer. These three constitute the MEC Management Committee.

3.3 MEC Meetings

Each MEC holds a meeting once a week. It is at these meetings that members come to pay their loans insurance contributions popularly known as LIF (Loan Insurance Fund) as well as their loan repayments.

MEC Management Committee and PRIDE officers use these opportunities to make announcements and members have a chance to discuss any matter of mutual interest. The Management Committee prepares its weekly report during these meetings. The report is a record of attendance, LIF payments and loan repayments. (see form 12/90).

Members have during a MEC's workshop in September 1990 suggested that meetings be held less frequently; once every two weeks. The weekly meetings facilitate weekly loan repayments and LIF collections and are therefore essential to PRIDE's cash flow and projections. It should however be noted that weekly meetings are not feasible in other Divisions in Kenya due to their size and less reliable transport. They are feasible if MEC membership is confined to market towns of which few in other Divisions can recruit 50 members who are able to pay shs.50/= per week. PRIDE may therefore decline the request by the Eldama Ravine branch for less frequent meetings but should be prepared for appropriate adjustments for other Divisions with lower enterprise density.

3.4 Participants Induction

During the period of Enterprise Group (EG) and MEC formation, officers of PRIDE (Branch Manager and Credit Assistant) familiarise Group and MEC participants with the aims and objectives of PRIDE, its methods and rules. This process continues upto 8 (Eight) weeks after the registration of a new MEC during the MEC meetings. This is in effect the borrower identification, preparation and appraisal period.

3.5 The 8-4-4 Credit Schedule

After Six weeks from MEC registration with PRIDE, The first batch of (20) twenty members (that is 2 from each group) are eligible for loans of shs. 500/= each. Each group selects the first two to apply for a loan. Their applications are received, discussed and approved during the Sixth MEC meeting and are usually approved. These loans are disbursed by the eighth week.

Another lot of twenty members apply two weeks later, that is the 10th week and their loans are disbursed by the 12th week. These are the Secretaries and Treasurers of the Group.

The last lot (that is the 10 EG Chairmen) submit their applications on the 14th week and receive their loan cheques on the 16th week.

The loan cheques are thus released on the 8th and every four weeks thereafter until all MEC members have received their first loans.

3.6 *Model Objectives*

PRIDE's model objectives should be understood in the context of micro-enterprise credit experience in Kenya. Major concerns around micro-enterprise credit schemes include volume, arrears, collateral participant commitment and the effect of these on the sustainability of micro-credit schemes. The main features of the pride model, its principles and methods are crafted around these concerns.

3.7 *Interest*

This is referred to as a "service charge" PRIDE loans carry a service share of 14.4% p.a flat or effectively 27% p.a. This is higher than the official bank rate 15 - 19% p.a. on reducing balances. It is however known that all commercial banks are levying other charges, and automatic penalties. The prevalent real commercial bank rate is about 24% p.a. on reducing balances. The real cost of PRIDE loans is however much higher than the nominal rate of 27% due to (a) transport cost of attending weekly meetings (b) non-payment of interest on LIF collections and (c) loss of sales and or production due the time spent at weekly meetings.

Transport Cost: No survey was done to establish how much each member spent in bus fare to reach the meeting venue. PRIDE's expectation is that MEC members are people who come from one market and therefore do not have to board buses to reach their meeting venue. To some extent, this is the case since each MEC is based on a market town or trading centre. But, since not all participants are shopkeepers, some (e.g. live-stock traders, vegetable hawkers) have to travel to reach a market to attend a meeting. Taking an average distance of say 5 kilometres from the market centre this would cost about shs.10/= for each return trip or shs.520/= per annum for at least 25% of

each MEC's membership. The figure would be obviously higher for other Divisions where several smaller trading centres must group together to create one MEC. Transport cost is therefore between shillings zero and shs.520/= per annum.

Losses Due to LIF

LIF payments represent a withdrawal from trading capital. The extent of loss of potential revenue depends on the member's business. A vegetable vendor, charcoal dealer, fishmonger, butcher etc can turn over shs.50/= several times a month at not less than 10% profit each time. Indeed, for all enterprises for which a loan of shs.5000/= is worth any effort, the withdrawal of shs.2500/= from business capital per year represents substantial capital dimunition.

If LIF funds are deposited in commercial bank savings account, interest expectation would be as under:

BEGINNING MONTH	MINIMUM LIF BALANCE	INTEREST at 13.5%
1	0	0
2	200	NIL
3	400	NIL
4	600	NIL
5	800	NIL
6	1000	11.25
7	1200	13.50
8	1400	15.75
9	1600	18.00
10	1800	20.25
11	2000	22.50
12	2200	24.75
Total		126.0

Most Bank's interest is presently paid on minimum savings of shs.1000/- and is based on the minimum balance during

each month. A PRIDE member would lose sh.126/= during the first year, and sh.472/=-, 796/50, 1120/50 and 1444/50 during the second, third, fourth and fifth years.

Loss of Sales or Production

This is hard to quantify. It should be noted that such a loss does exist and it is a cost to the enterprise occasioned by attendance of the PRIDE's MEC'a meetings. This hypothetical example takes a loss of sh.20/= in sales per meeting or sh.2/= in profit or a total of about sh.5/= per month based on the assumption that any member sells or produces goods worth sh.100/= per day or sh.10/= per hour which is very conservative indeed. A meeting takes two hours or longer excluding travel time.

The cost of borrowing is therefore indicatively as follows:

YEAR	1	2	3	4	5
Interest paid	720	1440	2160	2880	3600
Transport	520	520	520	520	520
Interest Lost	126	472	796	1120	1440
Production Lost	<u>60</u>	<u>60</u>	<u>60</u>	<u>60</u>	<u>60</u>
Total	1416	2492	3536	4580	5620
Loan	5000	10000	15000	20000	25000
%	28.3	25	23.6	23	22.5

The rate declines with increased loan volume because of constant transport and value of production cost. The latter is of course higher as higher capital is left unattended. The rates are equivalent to approximately 53%, 48%, 44%, 43% and 42% p.a on *monthly reducing balances but higher because PRIDE loan balances reduce weekly.*

PRIDE's field administrative costs are thus low because the meetings reduce client contact and debt collection costs. Overall costs should be lower because the loan Insurance funds provide free loan capital at the moment.

3.8 Graduation into Barclays Bank

It is expected (by the participants), hoped (by the donors) and stated (by PRIDE) that members of various MECs perform satisfactorily on PRIDE loans and require loans in excess of PRIDE Credit limits will be referred to normal financial institutions for larger loans.

Barclays Bank of Kenya Ltd opened a branch in Eldama Ravine about the same time as PRIDE established its operations in the area (1989). It is transparent that mainstreaming PRIDE clients into Barclays Bank is part of a wider business co-operation between the two institutions. It is a commercially beneficial objective to both institutions.

It is not a requirement that PRIDE members open an account with a bank. Thus of the 39 members of MEC 8 and 11 interviewed at Eldama Ravine 13 (33.3%) had Bank accounts of whom 10 (25.6%) opened their accounts with Barclays Bank after joining PRIDE. The number suggests that some or probably all respondents thought the question was about having accounts with Barclays Bank. The 13 may therefore not include others with accounts in Kenya Commercial Bank and Post Office Savings Bank. Be that as it may, the proportion who opened accounts after PRIDE arrival is not surprising as Barclays Bank provided a new opportunity to do so. It is surprising that an account with Barclays Bank is not a requirement for PRIDE membership and yet Barclays Bank cannot be expected to accept loan requests in future from people who are not its customers. The reason for not insisting on such requirement is apparently because such a Bank account will compete with PRIDE's own LIF collections.

Barclays Bank accepts the mainstreaming proposal in principle. The Bank cannot object to a process that will lead to more customers. But since PRIDE members see the process as leading to larger Barclays Bank loans, it is not as yet clear what mainstreaming will entail in terms of loans to PRIDE members, especially with regard to collateral. If PRIDE and CID/K banking activities are confined to Barclays Bank as is apparently the case at present then it is conceivable that Barclays Bank will in view of the large CID/K account extend loans to a few PRIDE clients who remain MEC members without collateral or formal guarantee by PRIDE. For the moment we can only say that Barclays Bank is interested in the PRIDE project. It is not possible to ascertain how far that interest will go towards individual PRIDE clients and the planned mainstreaming modalities and conditions. Furthermore, group and MEC solidarity is sustained by the equal opportunities and treatment of Group or MEC members. Higher loans to individual members from commercial Banks requiring group or MEC guarantees will undoubtedly threaten membership solidarity unless Banks concerned will also avail equal opportunities to whole groups. These issues are yet to be clarified.

3.9 PRIDE Credit Procedure

The PRIDE Credit Procedure is exhaustive, appropriately simple and meticulously observed.

3.9.1 Client Selection

Pride borrowers are selected through entry into an enterprise Group. A membership of group is determined by group members themselves, PRIDE has little influence over the selection of individual borrowers. Indeed, as soon as a group is formed and its officials elected, the first and last loanees are determined.

This beneficiary-driven selection method is NOT compatible with the bulk of PRIDE's funding base at the moment as the dominant philosophy of Donor Organisations is inclined towards lender-driven client selection methods which give the credit organisation ultimate choice of their loan beneficiaries and therefore enable the credit scheme to target pre-agreed socio-economic groups.

3.9.2 Loan Appraisal

Loans are granted on the strength of an individual's character measured by their ability to comply with their MEC rules (PRIDE Principles) and correctness of the information given on their loan applications as confirmed by Group members knowledge of the individual's business activities.

PRIDE appraisal is targetted at the borrower and not the financial, technical and organisational feasibility of the activity for which credit is sought. The consultant commends this borrower-targetted appraisal as the performance of micro-credit accounts depends on the character of the borrowers their sense of self-esteem and the desire to be well-regarded by peers. It is futile to attempt to prove the financial viability of small hawking, retail or craft undertakings as appraisal data is weak or non-existent and these enterprises are very intimately entangled with the proprietors life and financial pressures. The ability of a small sole proprietor enterprise to service credit therefore depends on the proprietor. Moreover, it is known that many micro-entrepreneurs use their enterprises to borrow for other purposes which enables them to meet those other financial commitments without withdrawing capital from their businesses. The business then has 12 months or longer to meet the commitment (school fees, hospital bill etc).

An appraisal method that is directed at the enterprise ignores the need for flexibility in the use of loan funds and creates additional, unproductive supervision work.

3.9.3 Documentation

The consultant examined twenty (20) accounts selected at random and confirmed that important steps in the credit process have been recorded and stored. This made it possible to verify that loan applications, approvals, guarantees and disbursement had been properly obtained and records filed.

The fact that the loan application (see table 20) is also the loan guarantee, approval, agreement and acknowledgement form reduces paper work for a client category (illiterate) usually scared of papers. This innovation is noteworthy.

THE LOAN INSURANCE FUND (LIF)

4.1 Loan Insurance Fund contributions at Shs.50/= per member per week stood at Shs.1.6 million at December 31, 1990. With a total of 24 MECS (i.e 1200 members) in Eldama Ravine in 1991, LIF contributions for 1991 alone will be Shs.3.12 million. Total LIF contributions at December 31, 1991 will be in excess of Shs.4.7 million for Eldama Ravine District alone. This is a remarkable achievement in terms of savings mobilisation. It is also potentially the greatest threat to PRIDE's future.

4.2 The consultant found no record of a written commitment to pay members anything on their LIF contributions perceived by them as fixed savings and by PRIDE as loan insurance premium. Verbal indications that LIF funds attract interest at 10% p.a. payable on resignation from the scheme could not be confirmed to the consultant's satisfaction. The impression that members who retire effectively get 35% interest on their contribution because the 10% based on final contribution balance at the time of resignation is conceptually flawed as the table below will demonstrate:

END OF YEAR YEAR	CONTRIBUTION BALANCE SH	BANK INTEREST AT 13.5 p.a.	PRIDE INTEREST AT 10% ON FINAL BALANCE
1	2500	126	NIL
2	5000	472	NIL
3	7500	796	NIL
4	10000	1120	NIL
5	12500	1440	1250
		3954	1250

The policy of calculating interest based on the balance at resignation is obviously worse than commercial bank practice. The common practice is that interest is paid half-yearly based on minimum monthly balances at the beginning of each

3.9.4 Disbursement

Once loan guarantors (group colleagues) have signed, loan approval and disbursement schedule (Form 9A) completed, the documents are sent to PRIDE Head Office (Nairobi) for final verification by the Finance Officer (Consultant) payment approved by the Executive Director and cash cheques drawn in the names of the borrowers. The borrowers go to Barclays Bank, Eldama Ravine and cash their loan cheques.

The consultant raised concern about the issue of several individual cash cheques to loanees and was informed that PRIDE and Barclays Bank have recognised the need to work out a disbursement arrangement that will enable a borrower to make partial withdrawals where necessary. Ideally, a single PRIDE loan cheque should be issued to Barclays Bank to credit borrowers accounts if their loans had been approved at the same time (eg the first batch of 20). Alternatively, an instruction by PRIDE account signatories to Barclays Bank to disburse up to the loan limits to new loanees through their accounts enables borrowers to draw out only what they require at a time.

3.9.5 Portfolio Management

By December 20, 1990, PRIDE had disbursed a cumulative total of sh.8.5 million of which outstanding loans amounted to Shs.4.8 million. Members had by the same date paid Shs. 1.6 million in Loan Insurance Funds. Outstanding loans were therefore cash guaranteed up to 33.3% or 1 to 3.

Loan repayments are made during the weekly meetings and commence one week after disbursement. Borrowers

therefore bring repayment themselves to a single point (MEC meetings) from which PRIDE officials collect the total amount for banking at Barclays Bank, Eldama Ravine. Repayment flow is thus simple and virtually cost-free to PRIDE in Eldama Ravine cases. Loan Repayment is 100% on schedule. The few members who fail to turn up at a weekly meeting to repay their loans and LIF contributions send payments through their EG members or pay double the following week.

PRIDE has no loan portfolio headaches. This may also imply that all its clients' projects perform according to plan leading to no repayment difficulties. This is obviously false. The good loan repayment is due to:

- a) Excellent organisation on the part of PRIDE evident in (b) to (e) below.
- b) Loans are small in relation to clients businesses and their general economic condition.
- c) Loanees have LIF contributions at stake.
- d) Loanees do not wish to jeopardise their chance of borrowing higher amounts and the possibility of being referred to Barclays Bank.
- e) Group pressure exerted during MEC meetings.

The Consultant wishes to point out that practice of prepaying loans in order to take a higher loan is a corruption of the systems which will lead to destabilising differences within Enterprise Groups.

Loanees should be encouraged to stick to loan repayment schedule, unless their reason for borrowing Shs.5000/= is merely intended to comply with the system in anticipation of a higher loan.

month. PRIDE's interest policy is an incentive to leave the scheme or a disincentive to stay in after a few years.

- 4.3 If the ratio of LIF to outstanding loans stabilise at 1:3 as was the case at December 20th, 1990 this means that PRIDE participants will provide about 33.3% of their loan capital. Since loans taken are interest bearing, it would be expected that members would earn interest on their loan capital. Since loans taken are interest bearing, it would be expected that members would earn interest on their contribution to loanable funds.
- 4.4 If PRIDE's policy remains that LIF funds do not earn interest called by whatever name (bonus, dividend, yield, offspring etc) then PRIDE is going to be an extremely costly source of credit micro-enterprises where, by the 5th year, a member who has Sh.25000/= funded up to 50% by his own money at 14.4% p.a. flat. This will be a clear source of unrest and PRIDE will be vulnerable to accusations of using Donor facilities to exploit micro-entrepreneurs.
- 4.5 If LIF contributions are intended solely as loan guarantee funds then there must be an optimum level of cash back-up necessary to strengthen group and MEC guarantees. At the stage of taking the first loan of Shs. 5,000/= the ratio is 1:12:5 (400:5000). At the stage of taking the fifth loan, the ratio is 1:2 (12500:25000). One would expect that as a member stays longer and takes 2nd, 3rd, 4th etc loans; the ratio should be gradually more favourable. PRIDE loans are in fact 100% cash secured since, in the event of defaults the borrower's LIF funds are used to offset the arrears or loan balance and if not sufficient then the MEC. This is perfectly in order within the Grameen principles. The consultant however recommends that the maximum cash cover should be fixed at 1:5 for the individual borrower which assumes 20% default. This would mean that LIF contributions for security purposes is discontinued after a member has contributed Sh.5000/= if the maximum loans remains Shs.25000/=

- 4.6 It is transparent that the longer term purpose of LIF is to mobilise loanable funds from members in order to reduce dependance on grants and loans. That too is perfectly in order provided members earn interest on their investment into the loan fund.
- 4.7 LIF contributions are banked into the PRIDE account at Eldama Ravine. Signatories to the PRIDE account are all officials. Members therefore have no control over the withdrawal or investment of their collective "savings" Nor are they represented on the Board of Management even though they provide 33.3% of loan funds. Participants will in future have more financial stake in PRIDE activities than CID/K or any single Donor. They should therefore be represented on the Board of PRIDE and their representatives should be ideally elected by all MEC Chairmen once every year or two years. At the same time, the Chairmen of all the MEC Management Committees should be mandatory signatory on the Bank Account.

OBSERVATIONS AND RECOMMENDATIONS

5.1 Client Socio-Economic Profile

The 73 members of MEC numbers 3, 4, 7 and 23 interviewed by the consultant on January 8, 1991 revealed that participants in the PRIDE project are not poor or economically marginalised by Kenyan standards. They have settled in Eldama Ravine because economic opportunities are better than in their ancestral home areas and probably sold whatever land or property they had there in order to settle in a more promising area.

The survey at Maji Mazuri revealed that 87.7% of them settled in Eldama Ravine division during the last 30 years and 46% during the last 20 years. Thirty-seven (50.6%) live in their own houses usually a room or rooms at the back and thirty-two (44%) have separate business premises. Over 90% of the houses in Maji Mazuri are built of timber off-cuts first because these are readily available, are appropriate for squatter settlement and traditionally favoured by the majority of immigrant communities.

The survey further revealed that 41% of them owned one to five acres in an agriculturally high potential area and 33% responded that they have earnings from farming

activities besides their small enterprises. Land holdings in other parts of the Division towards Nakuru and to the north of Eldama Ravine are more likely larger.

Eldama Ravine inhabitants are, even for a passerby, an economically active and well fed rural community albeit a little uncertain about their settlement future in case the Government decides to evict some of them from state lands if they are squatters. They are not wealthy people. They are ordinary inhabitants of an area with good economic opportunities.

It should be noted that if PRIDE credit was specifically directed at only particular enterprises in the area, Barclays Bank would have taken less interest in the scheme. Secondly, the volume achieved (over 1000 loanees) to-date would be difficult.

5.2 Model Motivation

What motivates small entrepreneurs to work in the groups, MEC and with PRIDE? Thrity-three (85%) of the members of MECs 11 an 8 interviewed at Eldama Ravine town responded that they were urged by friends to join PRIDE (peer pressure).

What did friends tell them? That once one joins PRIDE through EG and MEC, one shall get a loan from Barclays Bank. The arrival of Barclays Bank in Eldma Ravine about this same time obviously reinforced this campaign.

The prospects of credit is therefore the main, perhaps even sole motivation for membership. Obviously, any event or development which affects the ability of PRIDE to lend will directly reduce members interest in the organisation. PRIDE should quickly diversify its MEC membership motivation to include other non-financial, commercial benefits of the scheme eg. supplies and marketing which are part of its objectives.

5.3 Effect on Client Enterprises

The ultimate value and success of an enterprise development credit scheme is its impact on client enterprises: their sizes, their profitability, their competitiveness, introduction of new or more appropriate techniques etc. and the impact of these on beneficiaries standard of living . As PRIDE Credit has been in operation for only 15 months its impact on these parameters is not yet visible and will require more detailed investigation to establish than was feasible within the period allocated for this study especially in view of the absence of a pre-project baseline study.

5.4 Effect on Employment

Information received from PRIDE's data base revealed that out of 200 loanees, 95 or 47.5% are engaged in retail trade. Indeed, the model is more compatible with trading activities. Proprietors of craft and production oriented establishments are not good at attending meetings as these activities require their personal presence at all times.

As a general rule owner-managed small scale trading activities do not generate employment to other persons apart from the proprietor. Most are helped where necessary by family members. The survey of 73 at Maji Mazuri revealed that 19 have employees, mainly domestic assistants for those who have some livestock. There direct linkage would be established between such employees and PRIDE assistance.

The Consultant's view is that Micro-Enterprise Credit support more profitable self-employment. This should be the immediate employment objective. The consultant did however have sufficient time to generate conclusive evidence on the extent to which PRIDE credit has improved proprietor productivity. However it should be noted that given the economy of Eldama Ravine, loans of Shs.5000/= are too small to cause measurable change on most of the enterprises i.e. excluding vegetable vendor, charcoal dealers etc.

5.5 Effect on Savings Mobilisation

As stated elsewhere in this report collection of Shs.1.6 million in LIF contributions is a remarkable achievement which should be strengthened by ensuring that saving is itself a financially beneficial goal to the members.

5.6 Efficiency of PRIDE Loan Scheme

5.6.1. The costs used in assessing the efficiency of the PRIDE credit model are actual expenses recorded from the beginning (1989) to December 31 1990 and estimates of both the model's development cost (US\$ 150,000) and CIDK inputs into PRIDE since commencing activities in Eldama Ravine. The figure US\$ 76,000 (equivalent to Kshs 1824,000 p.a) at current exchange rate) is the sum of 80%, 50%, 20% and 20% of the annual salaries of four CIDK officers who are also key persons behind PRIDE'S planning and operational capability.

5.6.2. Since the program and accounting results relate to the period when first staff were hired to implement the credit project (May 1989), the CIDK staff costs for the 19 months are adjusted to this period and amount to approximately sh. 2,888,000 (about shs. 3,436,720 including off shore benefits) The ratios obtained at the bottom should be used with caution

as a large component of cost (the CIDK inputs) are based on crude approximations of the time various key officers spend on PRIDE affairs and secondly because the ratios are for only one and worse, the pilot and development period.

Number of loans granted to 31.12.90	= 1308
Amount lent to 31.12.90	= Kshs. 8,522,790
Project Development Cost	= Kshs. 3,600,000

Costs

CID/K Funded staff costs (approx)	Shs. 3,436,720/-
Salaries and Personnel Expenses	516,781/-
Sub Total (a)	Shs. <u>3,953,501/-</u>

Operating Costs

Printing and Stationery	97,592.15
Telephones	44,504.95
Postages	1,711.95
Rent and Rates	32,500.00
Insurances	145.00
Travel	4,906.00
Accommodation and Subsistence	77,822.65
Licence and Permits	1,250.00
Consultancy Fees	35,000.00
Legal and professional Fees	21,940.00
Bank Charges and Cheque Books	8,801.20
Loan Interest (KREP)	39,894.80

Cleaning	276.25
Advertising and Public Relations	4,599.65
Security Batteries	38.00
Subscriptions	150.00
Delivery (Securicor/DHL)	1,866.75
Program Development	39,442.00
Sub-Total (b)	<u>412,441.35</u>
Vehicle Running Costs	
Fuel and Lubricants	196,295.05
Tyres and Tubes	17,788.50
Repairs and Maintenance	131,775.25
Insurance	29,432.65
Licences	1,820.00
Vehicle	3,471.25
Sub-Total (c)	<u>380,583.70</u>
Repairs and Maintenance	
Buildings	11,306.00
Office Equipment	20,465.00
Furniture	-
Fixtures and Fittings	12,778.00
Sub-Total (d)	<u>31,770.00</u>
Training	

Printing and Stationery	4,950.00
Training Aids	1,600.00
Hall Hire	7,865.00
Meals and Refreshments	5,075.00
Accommodation	2,850.00
Travel	2,335.50
Sub-Total	<u>25,675.50</u>

TOTAL (F)	<u>4,803,971.00</u>
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Fixed Assests Depreciation (Estimated)

Motor Vehicles	375,000.00
Motor Cycles	7,500.00
Furniture	6,250.00
Leashold Improvements	6,250.00

Sub-Total (E)	<u>395,000.00</u>
	5,198,971.00

- a Total Direct Costs (Pride Personnel Only) = Shs. 1,367,251.50
- b Total Direct Costs Including CID/K Personnel Time = Shs. 4,803,971.00
- c Total Costs Including Depreciation of essential equipment = Shs. 5,198,971.00
- d Total Including Development Costs = Shs. 8,798,971.00

Efficiency Based on (a) above

$$\frac{1,367,251.50}{1309} = \text{Shs. 1044 per loan}$$

Considering that the average loan was Shs. 5,000/- the expenditure of Shs. 1,044/- per loan is too high as this amount cannot be recovered in only 12 months (the loan period) at the current rate of interest (14.4%)

$$\text{Cost per shilling lent } \frac{1,367,251.50}{8,522,790.00} = 16 \text{ cents}$$

The cost per shilling lent is higher than interest earning per shilling i.e. 14 and a half cents.

Efficiency Based on Total Direct Costs (b above)

$$\text{Cost per loan } \frac{4,803,971}{1309} = 3670 \text{ per loan}$$

It is obvious that the Management arrangement is not cost effective and can only be sustained with a larger volume of accounts.

Cost per shilling lent

$$\frac{4,803,971}{8,522,790} = 0.56 \text{ cts per shs lent}$$

Efficiency Including Indirect (depreciation) costs (c) above:

$$\text{Cost per loan} = \frac{5,198,971}{1309} = 3972 \text{ per loan}$$

$$\text{Cost per shilling} = \frac{5,198,971}{8,522,790} = 61 \text{ cents per shilling lent.}$$

Efficiency based on all costs (ie. including) development cost:

Cost per loan	8798971	
	-----	= 6720
	1309	

Cost per shilling	8798971	
	-----	= 1.03 per shilling cent
	8522790	

PRIDE'S field based operations are largely clerical and cannot be divorced meaningfully from the Head Office activities which sustain them. Direct costs therefore include field operations in Eldama Ravine as well as PRIDE and CID staff in a Nairobi. Both (a) and (B) above are therefore both direct costs as they both relate to processes which create and administer loan accounts. Direct costs can be reduced drastically by having all management functions performed by people hired on local (Kenyan) terms by PRIDE.

The current management arrangement is financially unsustainable without rapid expansion to increase loan volume and accounts. Such a solution is not recommended because the management arrangement which creates the bulk of the costs is not recommended.

5.7 Organisational Viability

5.7.1 PRIDE's organisational viability depends on its ability to entrench its strengths and to find satisfactory solutions to threats to it as an organisation. Pre-eminent amongst the latter are:

- (a) members expectations
- (b) relationship with Donors
- (c) policy on LIF Funds
- (d) administrative capacity

5.7.2 Members Expectations

It has been pointed out in 5.2 above that the overriding motivation of members is the prospect of larger loans in future. This issue of mainstreaming clients into Barclays Bank for larger loans must therefore be given greater attention in future program planning and its modality clearly established.

5.7.3 Relationship with Donors

The consultant's conclusion is firmly that PRIDE is a business organisation which seeks to develop small scale enterprises as a business. There is no flirting with social concerns; the poorest of the poor etc. PRIDE should therefore source its future

funds from sources which do not insist on Socio-economic targeting as the participant-driven client selection methods of PRIDE will not deliver. It should otherwise persuade Donors to accept it on its own terms as simply a small business credit organisation.

5.7.4 Policy on LIF

PRIDE should not waste further time in re-defining the income position of LIF from the members point of view. It is specifically recommended that they be treated as interest earning savings (de facto) the withdrawal of which is subject to PRIDE rules on LIF.

5.7.5 Administrative Capacity

PRIDE is at present very fragile indeed. Its existence depends on the marketing talents of the Executive Director whose services are available to PRIDE through Management Contract. It must be plainly appreciated that an organisation which depends on another organisation for its key personnel and overall direction is not viable on its own. It will soon be perceived merely as a brand name for one of CID/K activities i.e. credit and savings mobilisation and, indeed, everyone talks about the PRIDE Credit model as though PRIDE is only

a credit concept. Appropriate steps should be taken to reduce PRIDE's dependence on CID/K.

5.8 Replicability

A program should be replicable if its principles and methods are not too entangled with cultures or geographical, political or socio-economic conditions peculiar to a particular area. To some extent, Eldama Ravine Division where PRIDE model has been developed has political, cultural and socio-economic conditions which can only be found in Eldama Ravine and possibly other settlement towns. These are:-

- a population is highly heterogenous. It is a lot easier to find people who are not related, even who belong to different tribes.
- b many residents have settled in Eldama Ravine in search of economic opportunity in farming and petty trade. The residents are economically motivated.
- c Eldama Ravine Division's commercial activity is almost wholly in the hands of indigenous small scale entrepreneurs. There are therefore several enterprises capable of meeting their obligation to PRIDE.

(d) Eldama Ravine is a relatively wealthy Division compared to other rural divisions in Kenya. Savings of Shs.50/- per week is reasonable.

(e) The Division is politically stable. There are no political aspirants to capitalise on any participant problems, weaknesses or dissatisfaction as would happen in many other Divisions/Political constituencies.

The PRIDE credit model as presently conceived is therefore replicable in other parts of Kenya and elsewhere where conditions are about the same. Other settlement divisions would be ideal. It is not practicable in urban settings (where residential mobility is high), politically competitive areas or economically impoverished Divisions where commercial activity is itself not viable except for a very small number of enterprises. The adjustments recommended in this report should enhance its replicability even in more politically competitive areas.

5.9 Institutional Development

A properly established and viable Credit Institution should have the following characteristics:

- A policy organ; Board or policy review Committee which represents interests of key parties and meets regularly.

- An organisational structure which provides for the performance of all credit functions.
- Personnel who are qualified to handle various credit functions.
- Appropriate distribution of authority and accountability between different operational locations and between different levels of staff.

PRIDE nominally has these features. But it is practically CID/K's project implementation intermediary which exists only legally and can therefore hire staff, open accounts etc. It does not exist without CID/K.

If PRIDE is expected to emerge as a separate, independent organisation then there should be short, medium (up to five years) and longer term vision for its capacity development. There was no evident plan to this effect at the time of this evaluation.

The short term plan should include making the Board more representative (to include members representative) and the evolution of an objective more rational (less personalised) organisational structure. The medium term plan should be directed particularly at staff development towards termination of the Management agreement and the long term plan should include placing more authority at the Branch level.

WHAT HAS PRIDE PROVED?

The PRIDE model has proved that given the right social, political, economic, commercial and geographical conditions, it is possible to establish a high volume, low default, financially sustainable micro-enterprise credit system. The right conditions prevail in Eldama Ravine and possibly other settlement schemes where similar conditions prevail. They may also obtain in high density population areas save for the obvious threat of competitive politics if weaknesses highlighted in this report are not addressed.

PRIDE has not developed any credit reference system for eventually graduating clients into the banking system. It has not provided access to management production or marketing services on the scale implied in its objectives. It has not introduced more productive technologies for small scale enterprises as the size of loans and rapid repayment schedule is not consistent with this objective. It should however be noted that the PRIDE credit model is barely two years old and it will take a longer period for visible, measurable or noticeable achievements to be made in these dimensions.

SECTION TWO

6. INTRODUCTION AND METHODOLOGY

This portion of the report covers matters raised under the TOR 7-9 which in meetings with the client REP were essentially interpreted to emphasize developmental, institutional and management issues.

6.1. MEC and EG Sample

Given the KREP emphasis on project target and developmental issues, the fact that collection of systematic socio-economic monitoring and evaluation data was not planned for and thus was not undertaken, the consultant decided to spend five days conducting field interviews, one day rechecking the field data and four days interviewing CIDW/CIDK/Pride staff, KREP staff and donors and in report writing. This accounts for the 10 days contracted.

In the field, the consultant initially sampled 10 MECs or about 40% of all MECs. The sampled locations and MECs are shown in Table 1: MECS Sampled by Location. Three MECs were sampled in Ravine location, two in Maji Mazuri, two in Koibatek, one in Lembus Kabimoi and two in Lembus Mosop. Since no specific MECs operate in Lembus Central, none were interviewed there. In any case, the distribution is not representative of the demographics of the division for it underweights the large population of Lembus Mosop and Lembus Central as is shown in Table 2: Population By Location.

Having decided to sample ten MECs, the consultant further decided that within the time available, the most efficacious way of collecting MEC data was to interview all the EG chairpersons or their representatives. 93 were interviewed. The centres where interviews were conducted and where visits were made are shown in Table 3.

6.2. Interviews with DC Baringo and DO Ravine

To clarify matters which touch on District Focus, the DC Baringo was interviewed. The DO Ravine, who had been DO Mogotio, when the project was beginning, was interviewed. DF documentation was supplied by the DO Ravine.

6.3. Pride and KREP staff

Information on the planning, management and status of the project was supplied by the staff of the two organisations.

6.4. Pride and KREP Records

Data collected and processed by Pride, as well as documents prepared for their own internal uses, were used initially to organise the unstructured interviews, to establish corporate philosophies and finally to get aggregate data on the participants in the project.

6.5. Barclays Bank and Ford Foundation

Interviews were conducted in Ford Foundation and Barclays Bank to gather information on their programming interests, orientations and long term perspectives on credit in the donor and the banking community.

6.6. Data and Attitudes from Two Debriefing Meetings

Data on approaches and significantly on Pride Board attitudes was gleaned from two debriefing meetings.

A listing of the persons interviewed and the dates is appended.

7. PROJECT PLANNING AND SUPERVISION

A basic problem in the Pride Credit Programme is its planning before onset. Two documents refer to this. They are the Project Proposal Submitted to KREP by CIDK on 7/9/88 and The revised version of 2/2/1989. The documents are not exactly clear on the objectives: target populations: monitoring and evaluation indicators and how these relate to activities and finally on the philosophy of the credit project.

More specifically the two documents state that the credit activity is part and parcel of a wider project which also covers apiculture and sericulture. How the three components relate or do not relate is not specified and, as was made clear in debriefing, is not subject of this final report. There is repeated references that the implementation will be through groups without specific determination of their socio-economic characteristics either of the groups or the individuals.

The area of operation is specified as South Baringo although there is no entity called such. One assumes it is Mogotio and Eldama Ravine Divisions. The credit component has only been in Ravine Division.

KREP should have insisted on specific criteria on targets of credit, phasing of implementation, and indicators for internal and external monitoring and evaluation during project preparation. Since the programme has just about exhausted lending the KREP money it may well be that the only thing to be done is to collect data on credit recipients post hoc.

8. PROJECT BENEFICIARIES

8.1. PROJECT JUSTIFICATION

Pride staff justifies its credit programme on the basis of business and not welfare. This they see as fulfilling the macropolicy needs of the GOK strategy of increasing employment in the rural areas. Thus they are primarily concerned with giving credit and ensuring that it is repaid. Table 6: Loan Repayment as at January 8, 1991 and Table 7: Completed Loan Repayment and Table 8: Current Loans and Repayment refer. They insist that they did not target a particular socio-economic group. They have no data to back up the contribution towards the GOK strategy of increasing employment.

The driving force of Pride credit lending is thus strictly market and the potential hope of graduating some participants (between 20 and 30%) into the formal credit system.

Pride operations are in the true spirit of the philosophy of the market place based on the revenue generation by the credit. The ultimate objective is revenue to support a branch. If they get to 20 branches, the system will also support headquarters staff.

The abstract model, developed by CID, does not tell us anything about what types of businesses are feasible or desirable for its logical consequence is that entry and exit into the market place is strictly an individual and opportunistic matter.

Pride has instilled borrowing discipline. There cannot be deviation from the organisational framework of the EGs and MECs or the repayment targets. If one is slack, they are dropped. The MECs are supposed to formally do it but field interviews show that most of the time EGs actually terminate individual memberships for groups who do not want the onus of carrying a defaulter. The Pride database, as shown in Table 4, shows that only 46 (4%) participants have left the programme. During the field work week the consultant saw 6 participants who were seeking to leave EGs, not MECs, as the system recommends and there were others at the meetings waiting to replace them. This dynamic needs further study for it contributes to the high repayment rate - above 100%.

KREP currently argues there should be a selection system which identifies target populations, their socio-economic characteristics as well as the characteristics of their businesses. In the project document, which KREP accepted, there is no concrete definition of who is to get the credit in terms of socio-economic status, types of businesses, demographic distribution of the population, social organisation, village production, ecological potential and regional complementarities. Neither are these issues elucidated in detail in KREP's Programme Description. In all the different versions of the Project document, there is no provision that the businesses for

which credit is given be related to improving the nutrition, health and education of the clients which would be used in evaluating how individual businesses contribute to general welfare. There has not been any formal oversight requirements from KREP that Prade collect and disaggregate socio-economic data so as to facilitate defining the target group systematically.

KREP management, like other donors in the country, is internally split on whether the credit strategy is to fund the rural population with assets but who are outside the formal credit system so that they can employ the poor in keeping with the national GOK objectives of increasing rural employment or whether to focus credit on the rural poor (including the poorest of the poor) exclusively.

It is clear to the consultant that the long term macro policy credit needs in the country are to: a. Expand formal credit by liberalising the collateral requirements. b. Enable those with assets to join the national credit system so liberalised. c. To design alternative credit systems for those without assets qualifying them for being reached by the above strategies.

8. 2. SOCIAL CHARACTERISTICS

8.2.1. AGE

Table 5 shows Clients by Age and Sex. Data shows that the oldest client is 77: the youngest 18 and the average age is 35. Breakdown of the ages of clients shows that of the 1,200 clients 3% are under 20, 36% are between 21 and 30, 35% are between 31 and 40, 19% are between 41 and 50 and 10% are above 51.

If the age breakdown is made by gender, still the majority of the men and women (36%) still fall in the 21-30 age bracket, 34% and 32% of the men and women respectively fall into the 31-40 age bracket. 1% and 11% of the men and women respectively fall into the above 50 age bracket. 3% and 4% of the men and women respectively fall under 20 years old.

The conclusion therefore is that the majority of the clients are in the most active economic age bracket.

8.2.2. SEX

Of the 1,200 participants, 59% are male and 41% are female. Making the age breakdown the women who are in the programme are only marginally younger than the men as shown above.

8.2.3. TYPE OF BUSINESS

Table 9 shows Types of Businesses by Gender. Of the 1200 participants 37% (444) are in Retail, 29% (346) are in Livestock trade, 11% (132) are in Hawking, 7% (81) are in Hotel and Catering,

5% (56) are in tailoring, 2% (20) are in wholesaling, 1% (12-13) are either in Service and Repairs or Artisan Production, 0.3% (3-4) are in either in Wholesale, Manufacturing and Transport. 7% (36) are in other businesses.

The various businesses can be recombined into three categories Production (including Agro-Processing, Manufacturing and Artisan Production) as forming 3.3%; Services (including Hotel and Catering, Service and Repair, Tailoring and Transport) as forming 13.3% and Trade (including Wholesale, Retail, Hawking and Livestock) as forming 77.3%.

Further analysis of the Trade component shows that roughly 30-35% of the businesses are about trading on commodities produced in the area for clearly not less than half of the component of hawking component is hawking based on clothes from without the area and the other half possibly on vegetables from within the area.

Given that Production is only 3.3% and also that at best 30-35% is locally based trade (an optimistic assumption) clearly the credit system cannot be argued to have a major impact on local production activities in the sense of utilising local resources and building local productive capacity.

Perusal of the data in Table 9: Types of Businesses by Gender, shows that women predominate in the retail and hawking businesses. This forms 71% of the total women participants. Thus 7 out of 10 women participants are trapped in the trade sector which predominantly is for taste creating and for which margins are low given the density of businesses in the same markets.

3.3. SOCIO-ECONOMIC DATA IN PROGRAMMING

The objective for interviewing the 93 EG Chairpersons or their representatives was to get indicative data on socio-economic characteristics and assets controlled by participants. Normally this kind of data should be part and parcel of the baseline, internal project management, project monitoring and evaluation and finally operations reporting to the donor (KREP).

It was not a requirement of KREP then that the five categories of socio-economic data be part and parcel of the project when the Pride Programme started. Given Pride's market and open ended interest in self selection of those who got credit, they did not deem it important to collect socio-economic data beyond age, sex and type of business.

Currently, KREP requires that baseline data socio-economic be collected, and that project report monthly on operations. This still leaves the lacunae of who collects monitoring and evaluation data for midterm and end of project evaluation and what type of data is collected for internal project management.

Collecting such data is important in establishing the credit targets more systematically and thus settling the debate on what socio-economic category is of interest first to the banking industry eg. Barclays, donors interested in funding the poorest of the poor, eg Ford and also primarily for contributing to setting national policy on credit to those currently outside the formal credit system.

RECOMMENDATIONS

a. Both KREP and Pride should decide on why to target who and where even within Ravine Division.

b. Both should be aware that to encourage businesses which emphasize taste creation for consumption of industrial consumable is not very efficient for a region with a good base for improving its productive capacity. The corollary to this point is then that there cannot be a credit approach replicable in other parts of the country for the businesses which improve an areas productive capacity will vary from region to region even within a district like Baringo.

c. In the short term, the experimental approach adopted in the programme under evaluation is of interest if for no other reason that it clarifies the problem of strategy towards defining which credit system is needed were and by what populations. Data to settle these issues will have to be collected in the future.

d. The component of credit for increasing Local Production should be addressed more effectively for between 60- 70% of the businesses can be imputed to be serving to bring about the consumption of manufactures from outside the region for it is doubtful that this kind of business development is sustainable or generates employment.

e. Women seem to be trapped into the trade sector where the margins are low and where the thrust is to create taste external to local production. The clear need is to get women to businesses which produce better margins and enhance local production.

f. KREP and, for that matter all other donors who are to fund Pride, should always do a socio-economic baseline on all credit programmes so as to establish who is either the target of credit or who is getting it if there are no pre- set criteria.

g. KREP and other donors should not only get the monthly operations report, but should insist on collection of monitoring and evaluation data alongside the collection of any other data needed by credit programmes, Pride included, for internal programme management. It is advantageous to a donor that the monitoring and evaluation data be collected by persons not tied to either the donor or the implementer.

9. MANAGEMENT OF THE CREDIT SYSTEM

9.1. Decisionmaking

The first point is that the design of the Pride branch is driven by the abstract model which shows that 1500 clients would be able to ensure sustainability of the branch, by paying for Branch operating costs if the predesigned membership, payment schedules, collection and banking routines are adhered to strictly. Within this there is no room for deviation either by branch managers or participants. The systemic decisions are made at the centre and routinely implemented.

It is true that the EGs decide on membership. Although Pride argues that the participants decide on MECs, the consultant's opinion is that this is not so for Pride decides where MECs are to be and thus the room for manoeuvre for the participants is only in constituting themselves for the group of five. Witness that Lemby's Central has no MECs for the decision was to incorporate the members from there into Ravine location MECs despite the fact that presentations have been formally made to Pride about the extra cost for travelling to Ravine to fulfil the other routines.

Further, the repayment schedule is rigidly set and participants have found out that even their petition to Pride in September 1990 that the schedule for coming together should be either every two weeks or monthly, is contrary to central design and revenue generation dictates and thus is not allowed.

From Pride's point of view, these two central operational questions are settled at the cost table. Thus to go into two weeks meetings and thus repayments is to interfere with the projected cash flow of the abstract model and thus is not possible and neither is it managerially allowed.

The Grameen procedures on intake of members, and type of business for which a loan is needed is technically done by the participants at grassroots. However the other procedural corollaries of the Grameen procedures on decisions on loan amounts, repayment schedules, rescheduling and members loaning priorities are not for the amounts to be loaned and the repayment schedule are preset.

9.2. Field Staff Operations

The field staff is essentially operating a daily ledger. Since there is no Business Advisory Capacity or Training Capacity as there are only 3 field staff (Branch Manager, Apiculture specialist, doubling as a Credit Officer, and a Credit Assistant), means nothing else can be done for the operations are still manual.

It is proposed that there will be on line/batch transfer computer connection. Given that the database entries are based on exception

rather than routine handling all the 1200 clients daily, this will enable the field staff to handle other activities.

Pride field staff do not have the time or the capacity to visit and advise the clients on their businesses. To generate personnel to do this later task will lead to higher costs and thus jeopardise the model predictions.

Pride states that they intend to use the saved time in among other things business advice. Two related issues though remain. First none of the current field staff are trained trainers or business development people who can go around and discuss new business opportunities or improvements in existing businesses for the participants. Second, there is no formal strategy developed on how, what sectors and what methodologies the Business Advisory component is to be implemented.

Finally, there is the issue of local branch specificity. The abstract model assumes key operating costs, eg vehicle operating cost, based on proximity of markets to central the branch base. This is important for daily banking. When new branches are constituted in places where population is not as dense as in Ravine Division, there will be cost overruns as well as problems with completing the daily routines.

9.3. Headquarters Staff and Structural Problems

The Nairobi staff include among the CIDK Managing Director who doubles as the Pride MD. He is an American. The Finance and Administration Manager is a naturalised Kenyan. The Training /Research and Development/Business Services Manager is a Kenyan. The Operations /Programme Manager is a Kenyan who previously was the Baringo branch manager. The Accountant is one of the oldest serving employees of CIDK and is Kenyan. The recently hired MIS Officer is Kenyan.

The organisational chart (Table 11), supplied by Pride, shows Operations /Programme Manager as the line person supervising the branch managers of which there is only one currently. Data gathered within Pride and the proposed chart does not show how the Business Advisory Services would fit into this line function for logically they are under the Training/R&D and Business Services Manager. In any case from the field it is also clear that the later manager, as well as the Finance and Administration Manager have direct field supervision from time to time. Whereas these may be seen as problems of small organisation there ought to be clear line organisation.

The Accountant receives data on daily basis and is responsible for supervising the loaning function daily. The MIS Officer is basically responsible for database maintenance together with a Consultant.

Staffing is interesting. Everybody below operations Manager is appointed to Pride. So is the MIS officer. The Accountant, the Training /R& D/Business Services Manager and the Managing Director are all appointed by CIDK. These form the core which made CIDK. It is argued they remain under CIDK for payroll purposes only.

The Finance /Administration Manager and the Accountant and a Data Specialist, who has no formal line designation, are Consultants to CIDK. Presentation was made to the Consultant that they are consultants only since Pride cannot pay them. All claim to spent the bulk of their time on Pride matters.

The doubling as MD for both CIDK and Pride is an issue which Pride has to address. Although this is practice in the private sector, it has become a factor in how people react to Pride. The two posts should be separated to give clarity on who is in charge. This is more so given the fact that the current holder of the two positions dominates the management and intellectual output of the two organisations to such an extent that virtually all decisions have to get his clearance.

Given the paucity of staff, the fact that the MD is an outsider and the top two consultants are originally outsiders (even though one is a naturalised Kenyan) KREP and others have raised the issue whether Pride can be seen as a Kenyan organisation.

This issue cannot be settled by analysis of the origin of staff members only for there is no law which says that even a Kenyan NGO has to hire only Kenyans, naturalised or other. The issue can be better discussed by raising design, management and local capacity building issues.

Pride was created (see Table 13: CIDK and Pride Management Agreement) to ensure that CIDW did not have loans on its books. This decision was made by CIDW and enforced by CIDK. Those early objectives apart, the necessary conditions of having an functional board, separating policy and management, staffing up and establishing its own identity have been limited by the existence of the management contract.

Having started Pride as such, the current MD has dominated the design of the programme and all other relations of Pride and both CIDs. Similarly the management systems introduced are his creations. The administrative and financial administration system was created by the Finance and Administration Manager along the design pathways of the MD. Both CIDK and Pride are tightly managed at the top with all strategic planning, policy and operations decisions centralised. Thus it is not possible to even begin to think about the corporate identity of Pride. More serious are the implications from a local capacity building point of view. If an external person so dominates Pride, there is no capacity being built in Pride for strategic planning, management and operations

to be transferred to local managers at all levels. This point is strengthened by the fact of extreme competition bordering on conflict among the two top Kenyans in management as well as the fact that the middle level managers are extremely timid.

The consultant is of the opinion that staff should be separated clearly into Pride and CIDK for reasons which will be adduced below under the discussion of the management contract between Pride and CIDK.

9.4. Board Of Management

Originally when Pride was formed, the members who sponsored it were essentially employees of CIDK and some strategically placed civil servants. The list of the individuals involved is shown in Table 12. Out of this group a Board of sorts was constituted in ways which are not transparent to this consultant. During the last year a new board has been reconstituted. The members are J. Campaigne, ? Stewart, A. Kiptoon, G. Githu and a Barclays Bank Nominee.

This new Board carries over the current MD of CIDK and Pride and Mr. A Kiptoon, a consulting Engineer, from the group of founder members. As of the writing of the report, the Barclays Bank nominee, is not known officially. KREP was invited but did not participate in the selection of the Board.

One of the Board members participated in one of the debriefing meetings and essentially agreed that the Pride Board is too new to have participated in its legal and policy roles effectively. One of the key issues they need to address is the provision of Clause 3.b.

9.5. Management Contract between Pride and CIDK

The management contract between Pride and CIDK is enclosed as Table 13 and the Pride Memorandum and Articles of Association are shown in Table 15.

The Management contract does not specify that CIDK would build up the capacity of Pride and how. The important categories for specification are staff, strategic planning and operations (including their management systems). To the extent that the management contract was written when Pride did not have a formal board but founder members who were mainly CIDK workers, clearly Pride the institution, was not in a position to look after its interest.

Secondly the recent creation of a Board external to the CIDK workers as discussed above still casts doubt on whether Pride can defend its interests given that three of the majority of the Board members are CIDK nominees as explained to this consultant by one of them.

The issue of evaluation of management systems was raised during debriefing. It should be logically clear that an organisation in which all its strategic planning is done by some other organisation on contract is not in a position to evaluate the utility and efficacy of management systems developed.

Clause B.b. of the management contract which states that CIDK is "To appoint during the duration of management period the majority directors to the Board of Pride ", should be terminated forthwith to enable an independent Board to make decisions in Pride's interest.

The consultant was urged to discuss the issue of the management contract in terms of its applicability to the NGO sector. Part of the problem is that to date NGO have been registered in all sorts of forms. The limited liability company is one of the more frequent ones. So on that score there is no problem. What is problematic is the fact that having created Pride, there is not evidence that its top management capacity is being built, especially in setting up management staff to be responsible for strategic planning, management and operations.

G.G. Pride's Growth Potential

The growth potential of an organisation is based on monetary resources under its control, the human resources available to it and finally opportunities.

Pride at the moment does not have long term resources, according to comments made by the MD in discussions on the terms and in the debriefing meetings where he sought to hurry the evaluation for it was awaited by various donors so as to enable him to meet the payroll for March. If the management contract was partly justified in terms of CIDK fund raising potential, currently there is not much to show beyond the KREP and Barclays resources. Presentations were made that the USAID, UNDP, ODA and Ford Foundation, among others, are considering support to Pride. The situation could change dramatically in the near term therefore. In any case as at January 1991, no long term commitments exist outside the KREP and Barclays resources in the Baringo Programme according to the Pride MD.

Strategically speaking, if the Barclays Bank interest is maintained, and I believe it will be, then Pride will have a chance of opening other branches elsewhere. Two are planned this year. Assuming that two Branches are opened, the question of optimal growth rate can be narrowly discussed in relation to the management load of present top management and the operations system already designed. The consultant is of the opinion that managerial capacity for the two extra branches exists if the system developed is to be continued since the system is already designed and at the branch level credit operations are simple. However if Pride begins to take

Business Advisory Services of the existing branch and in future branches seriously, a fact the consultant recommends elsewhere they do, I do not see them coping with three branches adequately with present staff for some of their senior executives will have to go to the field to design and man the Business Advisory Services. In any case they also will have to hire extra branch level staff.

Of course presentations that extra management and general staff would be hired if the proposals made to donors come on stream, including funds for overhead, were made forcefully. Top managers in credit at rural level do not come easily. Neither do top managers who are specialist in systematic business identification and training.

RECOMMENDATIONS

a. Since a significant number of Board members are not in development per se, which according to Pride's Memorandum and Articles of Association, is central in its operations, Pride and donors should investigate ways and means of increasing the number of Board members with development experience.

b. Pride workers should get at least one representative in the Board other than the MD. In this case it should be a Kenyan for the bulk of workers are Kenyans.

c. The provisions of Clause 3.b. should be revised for they structurally (in a legal and social science sense) deny the creation of Pride as a separate institution.

d. CIDK should give up all strategic planning, management and operational responsibilities to Pride.

e. All the staff have to be transferred to Pride and then the issues of what nature of organisation Pride is to evolve into should be discussed by those the donors financing Pride and its Board. To ensure Pride's sustainability, the policy guidelines will have to ensure at a minimum that the bulk of the staff will have to be Kenyan, the consultants hired are mainly Kenyan and further that there should not be any transfer of management fees or even overhead, particularly on locally raised development funds, for this is one of the main issues in perpetuating dependency of local NGO.

f. Finally, it is not good staff practice that line operators, especially management personnel, be consultants. This should be terminated immediately. The reason is simply socio-political and legal accountability.

g. Pride will be pushed to manage a credit system of three branches by the end of this year if the issues of target populations and instituting of business advisory services are taken seriously.

A N N E X E S

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3. *Membership Distribution by Type of Business*
4. *Types of Business, Stock Levels, Daily Sale and Loans received by MECs RO3, RO7 and R23*
5. *Banking and Purpose of Joining PRIDE*
6. *MECs 4, 11 and 8 at Maji Mazuri - Settlement Period, Land ownership, Employment etc.*
7. *MECs 4, 11 and 8 Purpose of Loans taken.*
8. *Enterprise Group Membership Application (Form 2A)*
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19. *Clients By Age and Sex, Loan Disbursements, Repayments.*
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21. *PRIDE Organisation Chart.*

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22. *PRIDE Founder Members*
23. *The CID/PRIDE Management Contract*
24. *Articles and Memorandum of Association*
25. *Client Baseline Data Form*
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Annexe 1 - TERMS OF REFERENCE

A. Background

Promotion of Rural Initiatives and Development Enterprises Ltd (PRIDE) is a development agency registered in Kenya by the Council International Development / Kenya (CID/K), a U.S. NGO. The PRIDE credit programme was initiated in Baringo District in July 1989. It is based on the principles of the well known Grameen Bank of Bangladesh.

On 25th January 1989, CID/K received a grant of Ksh.3.8 million and a loan of Kshs 1 million from REP to implement the PRIDE credit programme and a honey marketing project in Baringo. In August 1990 a further loan of Kshs.5 million was extended to CID/K for expansion of their credit programme.

The project proposal as agreed between REP and CID/K included the following goals.

1. Provide small loans to 800 small scale entrepreneurs during the first two years of the project.
2. Increase employment, productivity and incomes of small scale entrepreneurs (existing and new).
3. Establish a replicable and self sustaining credit scheme in Baringo
4. Provide credit reference facility for eventually graduating clients to the formal banking sector.
5. Increase and improve market channels for small scale honey producers in Baringo
6. Provide access to management, production, promotion and marketing services and facilities.
7. Introduce and promote more productive technologies for small scale enterprises in the region.

4. Asses the performance for the revolving loan scheme by determining:-
 - a) How many loans have been made compared to projected numbers as per proposal.
 - b) Loan recovery rate indicating any arrears with reasons for such status.
5. Assess/evaluate the efficiency of the revolving loan scheme by:-
 - a) Calculating the following loan efficiency ratios based on direct, indirect and total costs as percentage of loans disbursed,
 - Cost per loan
 - Cost per shilling
 - Cost per job created
 - b) Making analysis aimed at demonstrating chances of achieving sustainability given the historical trend of loan volumes and administrative costs.
 - c) Assess current project cost levels and determine costs for establishing new units and appropriate operation costs level.
 - d) Evaluating current credit systems/procedures relating to loan repayments both at the field offices and central administration office.
 - e) Evaluate REP/CID/K loan and grants disbursment and reporting procedures highlighting strengths and limitations in systems.
 - f) Determine how loan reflows are being utilised towards loan re-capitalization for further loans.

6. Appraise PRIDE's Loan Insurance Fund (LIF) and assess its effectiveness and operations by:
 - a) Determining amounts in LIF and compare with projected numbers as per proposal.
 - b) Determining income earned by PRIDE from LIF
7. Assess the growth potential of PRIDE and recommend optimal growth rate.
8. Assess CID/K PRIDE institution building in terms of quantity and quality of:-
 - a) Human resources, local and expatriate
 - b) Management systems and procedures
 - c) Financial resources
9. Evaluate CID/K/ PRIDE relationship by:-
 - a) Assessing the existing management contract and its suitability for a Kenyan NGO

Annexe 2 - FROM PRIDE DATA BASE

NEC

Enterprise Group	Sex	Total
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Number	Male	Female	
01	8	12	20
02	12	8	20
03	13	7	20
04	8	12	20
05	14	6	20
06	9	6	20
07	10	11	20
08	13	7	20
10	8	12	20
			<u>200</u>

Type of Business	Male	Female
2	-	1
3	3	10
4	4	2
5	8	6
6	44	51
7	2	9
8	6	1
9	5	4
10	27	2
13	3	3
14	7	2
	<u>109</u>	<u>91</u>

Annexe 3 - Survey results on MECs R03, R07 and R23

B1

MECS R03, R07, R23		- ELDAMA RAVINE TOWN		
Type of Business	Stock	Daily Sale	Loan Received	
1. Butchery	3 goats	1 - 2 goats	10,000/=	
2. Bar	18,000/=	3,000/=	10,000/=	
3. Retail Shop	20,000/=	600/=	5,000/=	
4. Retail Shop (kiosk)	No stock	200/=	5,000/=	
5. Timber Sale	20,000/=	3,000/=	5,000/=	
6. Charcoal/Vegetable sale	5,000/=	300/=	5,000/=	
7. Hotel	20,000/=	400/=	5,000/=	
8. Tailoring	4,500/=	400/=	5,000/=	
9. Tailoring	10,000/=	600/=	5,000/=	
10. Service/Repair	4,500/=	200/=	5,000/=	
11. Livestock Sale	18,000/=	500/=	15,000/=	
12. Livestock Sale	20,000/=	600/=	15,000/=	
13. Vegetable Sale	1,500/=	400/=	5,000/=	
14. Kiosk	10,000/=	600/=	5,000/=	
15. Hotel	15,000/=	-	10,000/=	
16. Vegetable Sale	300/=	30/=	5,000/=	
17. Chicken Sale	3,800/=	600/=	5,000/=	
18. Livestock Sale	15,000/=	1 cow	10,000/=	
19. Tailoring	1,500/=	250/=	5,000/=	
20. Hawker	7,000/=	500/=	10,000/=	
21. Retail	15,000/=	500/=	10,000/=	
22. Shopkeeper/Retail	10,000/=	600/=	5,000/=	
23. Retail	5,000/=	400/=	10,000/=	
24. Retail Shop	25,000/=	500/=	10,000/=	
25. Retail	30,000/=	200/=	10,000/=	
26. Workshop	3,000/=	100 - 500/=	5,000/=	
27. Tailoring	25,000/=	500/=	10,000/=	
28. Retail	25,000/=	1,000/=	15,000/=	
29. Tailoring	20,000/=	150/=	10,000/=	
30. Retail	No stock	200/=	5,000/=	
31. Tailoring	8,000/=	100 - 500/=	5,000/=	
32. Livestock Trade	7 cows	3 cows per week	5,000/=	
33. Retail	27,000/=	1,000/=	10,000/=	
34. Retail	-	-	5,000/=	
35. Retail	over 20,000/=	500/=	15,000/=	
36. Retail Shop (clothes)	20,000/=	500/=	15,000/=	
37. Livestock trade	30,000/=	1,000/=	10,000/=	
38. Livestock trade	6,000/=	1,000/=	10,000/=	
39. Livestock trade	24,000/=	200/=	5,000/=	

Annexe 5 - Banking and Purpose of Joining PRIDE

B2

B 39 FROM MECs R11 and R08 - ELDAMA RAVINE TOWN

III	Number
People with bank accounts	13
People without bank accounts	26
People who opened bank accounts before joining PRIDE	3
People who opened bank accounts after joining PRIDE	10

IV

Purpose of joining PRIDE

The following were cited by respondents as reasons for joining PRIDE

	Number
To improve business	5
Urged by friends	33
To get loan	1

Annexe 7 - Purpose of Loans

MAJI MAZURI

9) Purpose of loan: reasons cited by members

	<u>Number of people</u>
To improved business	34
To buy stock	8
To educate children	3
To buy land	1
27 have not yet obtained loans.	

PRIDEPromotion of Rural Initiatives
and Development Enterprises

PO Box 34980, Nairobi Tel: 47505/47527

Branch _____

Date _____

**ENTERPRISE GROUP
MEMBERSHIP APPLICATION**

This form is to be filled out by five people who are not all directly related, and who are in similar trades or business.

EG Number	<input type="text"/>	<input type="text"/>	EG Address
Location	Village	Market Centre	

Members of Enterprise Group

	Name (last and first)	Occupation	Age	M/F	I.D.
1					<input type="text"/>
2					<input type="text"/>
3					<input type="text"/>
4					<input type="text"/>
5					<input type="text"/>

Enterprise Group business activities _____

Elected leaders of Enterprise Group

Chairman _____ Date Elected _____ Secretary _____

We, the undersigned members of our Enterprise Group, apply for membership in PRIDE. We understand that to become members, each of us shall pay Kshs. 100.00 (One Hundred Only) which will enable us to register, open membership files, receive LIF and loan passbooks, and participate in PRIDE enterprise activities. We also understand that at all times, when working with PRIDE, we stand as guarantors to each other.

1 _____ 3 _____ 5 _____

2 _____ 4 _____

FOR MEC USE ONLY:

Membership Approved

☐ YES☐ NO

Fees Received

☐ YES☐ NO

Copy to PRIDE _____ MEC _____ EG _____

FORM 2A

PRIDE

Promotion of Rural Initiatives
and Development Enterprises

PO Box 34980, Nairobi Tel: 47505/47527

PRIDE BARINGO
P.O. Box 508
Eldama Ravine

MARKET ENTERPRISE COMMITTEE**PRIDE MEMBERSHIP APPLICATION FORM****PART I: FOR MEC APPLICATION**

1. MEC Name and address _____
2. DATE of Registration with Ministry of Culture and Social Services _____
3. Ministry of Culture and Social Services registration number _____

4. MEC Executive Committee Members	
1. EG <input type="checkbox"/> <input type="checkbox"/> Chairman _____ Secretary _____	6. EG <input type="checkbox"/> <input type="checkbox"/> Chairman _____ Secretary _____
2. EG <input type="checkbox"/> <input type="checkbox"/> Chairman _____ Secretary _____	7. EG <input type="checkbox"/> <input type="checkbox"/> Chairman _____ Secretary _____
3. EG <input type="checkbox"/> <input type="checkbox"/> Chairman _____ Secretary _____	8. EG <input type="checkbox"/> <input type="checkbox"/> Chairman _____ Secretary _____
4. EG <input type="checkbox"/> <input type="checkbox"/> Chairman _____ Secretary _____	9. EG <input type="checkbox"/> <input type="checkbox"/> Chairman _____ Secretary _____
5. EG <input type="checkbox"/> <input type="checkbox"/> Chairman _____ Secretary _____	10. EG <input type="checkbox"/> <input type="checkbox"/> Chairman _____ Secretary _____

5. MEC Management Committee Members	
a. Chairman _____	
b. Secretary _____	
c. Treasurer _____	
d. Credit assistant _____	
6. Date elected _____	

PART II: FOR OFFICIAL USE ONLY: Before acceptance, confirm membership of 50 people	
10 EGs <input type="checkbox"/>	Election of Officials <input type="checkbox"/> Read & understand PRIDE rules, regulations & procedures <input type="checkbox"/>
MEC Registration Paid <input type="checkbox"/>	Receipt No. _____
MEC Registration Approved/Not Approved (circle one)	MEC Number <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
(Signature) _____	

FORM 1A

Copy to: PRIDE
MEC

LOAN INFORMATION

How many loans have you received from PRIDE _____

How did your last loan help your business:

Increase
Since Last
Loan

a) Increased your monthly sales

YES

NO

b) Increased your number of employees

YES

NO

c) Increased your stock

YES

NO

3. Have you changed your business

YES

NO

If yes, from _____ to _____

5. How many employees do you now have _____

full time

part time

6. Current stock in trade Kshs. _____

Amount owed to business Kshs. _____

Amount owed to self Kshs. _____

Amount owed to other people Kshs. _____

7. Description of own contribution

Your contribution in kind _____

Your contribution in cash _____

8. Comments



Promotion of Rural Initiatives and Development Enterprises Ltd

PO Box 34980, Nairobi Tel: 47505/47527

Annexe 10

Branch _____ Date _____

MEC No. EG No.

ID No.

INDIVIDUAL LOAN APPLICATION AND APPROVAL FORM

Name (Last and First) _____																					
Address _____		Place of business _____																			
Trade Licence No. _____		Loan Amount Requested— Kshs. _____																			
Purpose of Loan <input type="checkbox"/> Working Capital <input type="checkbox"/> Fixed Capital <input type="checkbox"/> Other Specify: _____ <input type="button" value="Details on Reverse"/>	Type of Business <table style="width: 100%;"> <tr> <td style="width: 25%;">1 <input type="checkbox"/> Wholesale</td> <td style="width: 25%;">6 <input type="checkbox"/> Retail</td> <td style="width: 25%;">11 <input type="checkbox"/> Transport</td> </tr> <tr> <td>2 <input type="checkbox"/> Manufacturing</td> <td>7 <input type="checkbox"/> Hawking</td> <td>12 <input type="checkbox"/> Poultry</td> </tr> <tr> <td>3 <input type="checkbox"/> Agro-processing</td> <td>8 <input type="checkbox"/> Service/Repair</td> <td>13 <input type="checkbox"/> Charcoal</td> </tr> <tr> <td>4 <input type="checkbox"/> Artisan production</td> <td>9 <input type="checkbox"/> Tailoring</td> <td>14 <input type="checkbox"/> Dealer</td> </tr> <tr> <td>5 <input type="checkbox"/> Hotel & Catering</td> <td>10 <input type="checkbox"/> Livestock</td> <td>15 <input type="checkbox"/> Cereals</td> </tr> <tr> <td></td> <td></td> <td>16 <input type="checkbox"/> _____</td> </tr> </table>			1 <input type="checkbox"/> Wholesale	6 <input type="checkbox"/> Retail	11 <input type="checkbox"/> Transport	2 <input type="checkbox"/> Manufacturing	7 <input type="checkbox"/> Hawking	12 <input type="checkbox"/> Poultry	3 <input type="checkbox"/> Agro-processing	8 <input type="checkbox"/> Service/Repair	13 <input type="checkbox"/> Charcoal	4 <input type="checkbox"/> Artisan production	9 <input type="checkbox"/> Tailoring	14 <input type="checkbox"/> Dealer	5 <input type="checkbox"/> Hotel & Catering	10 <input type="checkbox"/> Livestock	15 <input type="checkbox"/> Cereals			16 <input type="checkbox"/> _____
1 <input type="checkbox"/> Wholesale	6 <input type="checkbox"/> Retail	11 <input type="checkbox"/> Transport																			
2 <input type="checkbox"/> Manufacturing	7 <input type="checkbox"/> Hawking	12 <input type="checkbox"/> Poultry																			
3 <input type="checkbox"/> Agro-processing	8 <input type="checkbox"/> Service/Repair	13 <input type="checkbox"/> Charcoal																			
4 <input type="checkbox"/> Artisan production	9 <input type="checkbox"/> Tailoring	14 <input type="checkbox"/> Dealer																			
5 <input type="checkbox"/> Hotel & Catering	10 <input type="checkbox"/> Livestock	15 <input type="checkbox"/> Cereals																			
		16 <input type="checkbox"/> _____																			
Will the loan applicant be able to repay on weekly basis? <input type="button" value="Yes"/> <input type="button" value="No"/>																					
Loan Guarantors - EG Members		Signature																			
1. _____		_____																			
(EG Chairman)		_____																			
2. _____		_____																			
(EG Treasurer)		_____																			
3. _____		_____																			
_____		_____																			
Has the applicant fully understood all PRIDE loan and repayment rules and regulations? <input type="button" value="Yes"/> <input type="button" value="No"/>																					
Does EG fully understand the purpose of the loan and guarantee applicants loan request? <input type="button" value="Yes"/> <input type="button" value="No"/>																					
LOAN REQUEST APPROVED <input type="button" value="Yes"/> <input type="button" value="No"/> DATE: _____		MEC Rep. _____	PRIDE Rep. _____ Loan Amount _____ Ksh. _____																		
LOAN RECEIPT: I, _____ acknowledge receipt of PRIDE loan in amount Ksh. _____ and agree to pay Kshs. _____ weekly payment of Principal and Service charges.																					
Signature _____		Date _____																			
MEC REP: _____		PRIDE REP: _____																			

LOAN APPLICATION (12/90)

PRIDE

Promotion of Rural Initiatives
and Development Enterprises

Branch _____

P.O. Box 34980, Nairobi Tel:47505/47527

MARKET ENTERPRISE COMMITTEE GROUP LOAN GUARANTEE

We hereby acknowledge and agree that all members of our MEC Number

--	--	--

 registered with the Ministry of Culture and Social Services on _____ day _____ month, _____ year, by virtue of the authority vested in us guarantee to repay the PRIDE loan of Kshs _____ issued to us and our Enterprise Groups on _____ day, _____ month, _____ year. Should any Enterprise Group Member default in their repayment, this guarantee serves as an authorization to PRIDE to recover any outstanding amount of loan, (service charges) or fines in arrears, from our Market Enterprise Committee Loan Insurance Fund Account No. _____.

MEC Name _____

Chairman _____ Signature _____

Secretary _____ Signature _____

Treasurer _____ Signature _____

Witness _____ Signature _____
(MEC Member)

Witness _____ Signature _____
(Local Authority)

Form 7A

ENTERPRISE GROUP #	MEMBERS NAME		LIF	LIF	LOAN	No. of	LOAN	ATTENDANCE	✓ X
	Last Name	First Initial	AMOUNT, PAID	FINES	AMOUNT PAID	INSTLMNTS	FINES	FINES	
6	1								
	2								
	3								
	4								
	5								

ENTERPRISE GROUP #	MEMBERS NAME		LIF	LIF	LOAN	No. of	LOAN	ATTENDANCE	✓ X
	Last Name	First Initial	AMOUNT, PAID	FINES	AMOUNT PAID	INSTLMNTS	FINES	FINES	
7	1								
	2								
	3								
	4								
	5								

ENTERPRISE GROUP #	MEMBERS NAME		LIF	LIF	LOAN	No. of	LOAN	ATTENDANCE	✓ X
	Last Name	First Initial	AMOUNT, PAID	FINES	AMOUNT PAID	INSTLMNTS	FINES	FINES	
8	1								
	2								
	3								
	4								
	5								

ENTERPRISE GROUP #	MEMBERS NAME		LIF	LIF	LOAN	No. of	LOAN	ATTENDANCE	✓ X
	Last Name	First Initial	AMOUNT, PAID	FINES	AMOUNT PAID	INSTLMNTS	FINES	FINES	
9	1								
	2								
	3								
	4								
	5								

ENTERPRISE GROUP #	MEMBERS NAME		LIF	LIF	LOAN	No. of	LOAN	ATTENDANCE	✓ X
	Last Name	First Initial	AMOUNT, PAID	FINES	AMOUNT PAID	INSTLMNTS	FINES	FINES	
10	1								
	2								
	3								
	4								
	5								

SUB TOTAL

TOTAL RECEIVED

MEC Official/Title _____ Signed _____

All above entries have been verified by a PRIDE representative

Name Date

Ksh. cash received _____ Signed _____



Promotion of Rural Initiatives and Development Enterprises Ltd
P.O. Box 34980, Nairobi Tel: 47505/27

Annexe 12

Branch _____

Report Week Ending _____

MEC LOAN INSURANCE FUND & LOAN FORM

MEC Name _____

MEC Number _____

ENTERPRISE GROUP #	MEMBERS NAME		LIF	LIF	LOAN	No. of	LOAN	ATTENDANCE	✓ X
	Last Name	First Initial	AMOUNT. PAID	FINES	AMOUNT PAID	INSTLMNTS	FINES	FINES	
1	1								
	2								
	3								
	4								
	5								

ENTERPRISE GROUP #	MEMBERS NAME		LIF	LIF	LOAN	No. of	LOAN	ATTENDANCE	✓ X
	Last Name	First Initial	AMOUNT. PAID	FINES	AMOUNT PAID	INSTLMNTS	FINES	FINES	
2	1								
	2								
	3								
	4								
	5								

ENTERPRISE GROUP #	MEMBERS NAME		LIF	LIF	LOAN	No. of	LOAN	ATTENDANCE	✓ X
	Last Name	First Initial	AMOUNT. PAID	FINES	AMOUNT PAID	INSTLMNTS	FINES	FINES	
3	1								
	2								
	3								
	4								
	5								

ENTERPRISE GROUP #	MEMBERS NAME		LIF	LIF	LOAN	No. of	LOAN	ATTENDANCE	✓ X
	Last Name	First Initial	AMOUNT. PAID	FINES	AMOUNT PAID	INSTLMNTS	FINES	FINES	
4	1								
	2								
	3								
	4								
	5								

ENTERPRISE GROUP #	MEMBERS NAME		LIF	LIF	LOAN	No. of	LOAN	ATTENDANCE	✓ X
	Last Name	First Initial	AMOUNT. PAID	FINES	AMOUNT PAID	INSTLMNTS	FINES	FINES	
5	1								
	2								
	3								
	4								
	5								

#	DATE	LIF ACCOUNT		LOAN ACCOUNT			SIGNATURES Chairman/Treasurer with Official Stamp
		Weekly Contribution	Cumulative Contribution	P+I Weekly Repayment	No. of Instlmnts	Cumulative Repayment	
28							
29							
30							
31							
32							
33							
34							
35							
36							
37							
38							
39							
40							
41							
42							
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67							
68							



Promotion of Rural Initiatives and Development Enterprises Ltd
P.O. Box 34980, Nairobi Tel: 47505/27

INDIVIDUAL LOAN INSURANCE FUND & LOAN LEDGER

Branch _____

Number MEC No. EG ID No. LOAN

Loan Amount Taken Ksh. Date _____

#	DATE	LIF ACCOUNT		LOAN ACCOUNT		SIGNATURES Chairman/Treasurer with Official Stamp
		Weekly Contribution	Cumulative Contribution	P+I Weekly Repayment	Cumulative Repayment	
1						
2						
3						
4						
5						
6						
7						
8						
9						
10						
11						
12						
13						
14						
15						
16						
17						
18						
19						
20						
21						
22						
23						
24						
25						
26						
27						

Promotion of Rural Initiatives and Development Enterprises

PO Box 34980, Nairobi Tel: 47505/47527

Branch _____

Individual Members' LIF & Loan Repayment Status Ledger

Membership fee paid _____ Date _____

[illegible]

MEC

EG

ID. No.

Name _____ Address _____ Date of Loan _____

[illegible]

Annexe 16

Promotion of Rural Initiatives and Development Enterprises

PO Box 34980, Nairobi Tel: 47505/47527

Branch

Defaulters List

[illegible]

Prepared by:
FORM 10A

Checked by

Approved by

Annexe 17

TABLE 1: MECS Where ET Chairpersons Were Interviewed by Location

1.	Maji Mazuri Location
	Mec 13, 7
2.	Ravine Location
	Mec 11, 4, 1,
3.	Koibatek Location
	Mec 24, 16
4.	Lembus Kabimoi Location
	Mec 15
5.	Lembus Mosop Location
	Mec 5, 19
6.	Lembus Central
	No Mecs interviewed.

TABLE 2: Population by Location

	1989	1990
1. Lembus Mosop	22000	20000
2. Maji Mazuri	15000	8000
3. Lembus Central	12000	10000
4. Koibatek	10000	7000
5. Ravine	10000	10000
6. Lembus Kabimoi	5000	5000
Total	74000	60000
NB. 1989 CBS estimates		
1990 Provincial Administration Estimates		

Annexe 18

TABLE 3: Centres Visited

	Centre	Location
8/1/91 Tuesday	Maji Mazuri	Maji Mazuri
Wed	Ravine	Ravine
9/1/91 Wed	Solian	Koibatek
10/1/91 Thurs	Esageri	Lembus Kabimoi
Thurs	Kiplombe	Koibatek
Thurs	Arama	Lembus Central
Thurs	Sigoro	Lembus Central
Thurs	Kamasaba	Lembus Central
Thurs	Sinonin	Lembus Central
Thurs	Kapcholo	Lembus Central
11/1/91 Friday	Tiripkatoi	Lembus Mosop
	Torongo	Lembus Mosop

TABLE 4: Number of Clients Who Have Left their MECs

MEC	CLIENTS
1	4
2	7
4	10
5	3
6	1
11	2
12	1
13	5
14	1
15	5
17	1
18	1
19	1
19	1
20	1
21	1
22	1
24	1

Total 46
Source: Pride

Annexe 19

TABLE 5: Clients by Age and Sex

Age	All Clients		Male		Female	
	No.	%	No.	%	No.	%
Less than 20	38	3	20	3	18	4
21-30	431	36	254	36	177	36
31-40	401	35	243	34	158	32
41-50	216	18	116	16	100	20
Over 50	114	10	75	11	38	8
Total	1200	100	709	100	491	100
Average Age			35.5		35.5	
Youngest Client			18		18	
Oldest Client			77		76	

Source: Pride

TABLE 6: Loan Repayments as at January 6, 1991

	No. Loans Disbursed	Value Loans Disbursed
Loan 1	1073	5,322,500
Loan 2	323	3,225,000
Loan 3	27	405,000

Source: Pride

TABLE 7: Completed Loan Repayment

	No. of Loans Paid Off	#Loans Paid Off Early (Less Than 12 Months)	Average Term
Loan 1	341	318	5.74 Months
Loan 2	27	27	6.06 Months
Loan 3	0	-	-
Total	368	345	

Source: Pride

TABLE 8: Current Loans and Prepayment

	No. Current Loans	No. Client Prepaying Current Loans	%Clients Prepaying Current Loans
Loan 1	732	128	17
Loan 2	296	23	8
Loan 3	27	1	4
	1055	152	14%

Source: Pride

Annexe 20

TABLE 9: Types of Businesses by Gender

Business Type	No. Male	No. Female
Wholesale	2	0
Agro-processing	2	0
Manufacturing	10	11
Artisan Product	5	3
Hotel & Caterin	54	27
Retail	197	251
Hawking	33	97
Service/Repair	12	1
Tailoring	29	27
Livestock	260	25
Transport	2	0
Beekeeping	0	0
Poultry	37	28
Other	66	20
Total	709	491

Source: Pride

TABLE 10: MECS and Self Help Groups

MEC 1	Ravine - Simba
MEC 2	Ravine - Matumaini
MEC 3	M/Mazuri - Umoja
MEC 4	Ravine - Mapato
MEC 5	Torongo - Testai
MEC 6	Ravine- Muungano
MEC 7	M/Mac - Mwangaza
MEC 8	Esageri - Soi
MEC 9	Ravine- Ngusero
MEC 10	Torongo- Tugomoi
MEC 11	Mbele S.H.G
MEC 12	Ravine - Heshima
MEC 13	M/Mazuri - Bidii
MEC 14	Bantaptei S. H. G
MEC 15	Tung-Tung S.H.G
MEC 16	Sirgoek Lobolos
MEC 17	Tuendelee S.H.G
MEC 18	Imani S.H.G.
MEC 19	Kapno Maluk
MEC 20	Esageri Mendina
MEC 21	Wendani S.H.G.
MEC 22	Ogilgei S.H.G.
MEC 23	Hakika S.H.G.
MEC 24	Solian S.H.G.

Persons Interviewed:

7-1-91

1. J.F. Campaigne
2. C. Maina
3. R. Yodder
4. A. Dondo

-MD CIDK, Pride
-DC Baringo
-MD KREP
-SRD KREP

8-1-91

5. I. Maalim
6. E. Mwangi
7. J.M. Kamau
8. S. Bundotich
9. I. Tuikong
10. S. Barsagau
11. John Bundotich
12. F. Jaaffer
13. D. Chesire
14. J. Kagunda
15. W. Limo
16. Z.N.Khaemba
17. J.G.Kinyua
18. M. Njugu
19. E.K Mwangi
20. M.W.Kaitho
21. M.Wanjiku
22. S.W.Maina
23. J.C.W????
24. G.Boro
25. P.M.Kamau
26. H. Muiruri
27. E.W. Kariuki
28. J. Karanja
29. G. Wairimu
30. J. Maina
31. P.M. Kaibuthia
32. L.W. Mwangi
33. J.Kandagor
34. D.K. Kinyua
35. L.Etemesi
36. Charles Mugambi-
37. Ben Noballa

-D.O E.Ravine Div.
-Chairman EG 6 MEC 11
-Chairman EG 5 MEC 11
-Chairman EG 10 MEC 11
-Chairman EG 1 MEC 11
-Chairman EG 4 MEC 11
-Chairman EG 7 MEC 11
-Chairman EG 8 MEC 11
-Chairman EG 9 MEC 11
-Chairman EG 3 MEC 11
-Chairman EG 2 MEC 11
-Chairman EG 7 MEC 13
-Chairman EG 10 MEC 13
-Sec. EG 4 MEC 13
-Chairman EG 2 MEC 13
-Chairman EG 5 MEC 13
-Chairman EG 6 MEC 13
-Chairman EG 4 MEC 13
-Chairman EG 9 MEC 13
-Chairman EG 3 MEC 13
-Chairman EG 8 MEC 13
-Chairman EG 3 MEC 7
-Chairman EG 7 MEC 7
-Chairman EG 2 MEC 7
-Chairman EG 6 MEC 7
-Chairman EG 8 MEC 7
-Chairman EG 1 MEC 7
-Chairman EG 7 MEC 7
-Chairman EG 5 MEC 7
-Chairman EG 4 MEC 7
-Chairman EG 9 MEC 7
Baringo Pride Branch Manager
Former Pride Project Officer
Currently Pride Operations Manager
Baringo Pride Credit Officer
Baringo Pride Asst. Credit Officer.

41. Bosco Ole Sambu
42. Noah Cheruiyot

9/11/91

43. I. Maalim
44. J. K. Koituk
45. J. Samoei
46. S. Kandie
47. R. Kipsicen
48. H. Juma
49. K. Kagiri
50. H. Hamisi

DO. E Ravine Division.
Chairman EG 4 MEC 4
Chairman EG 7 MEC 4
Chairman EG 1 MEC 4
Chairman EG 3 MEC 4
Chairman EG 8 MEC 4
Chairman EG 6 MEC 4
Chairman EG 5 MEC 4

51.	J. Kabimoi	Chairman	EG 9 MEC 4
52.	R. Ngetich	Chairman	EG 10 MEC 4
53.	K. Ibrahim	Chairman	EG 1 MEC 1
54.	S. Kipsum	Chairman	EG 8 MEC 1
55.	S. Korir	Chairman	EG 4 MEC 1
56.	K. Chuma	Chairman	EG 9 MEC 1
57.	J. Kiprono	Chairman	EG 5 MEC 1
58.	W. Ngetich	Chairman	EG 6 MEC 1
59.	E.M. Muhia	Chairman	EG 2 MEC 1
60.	S. Chepkwony	Chairman	EG 1 MEC 24
61.	I. Cherop	Chairman	EG 2 MEC 24
62.	D. Koech	Chairman	EG 6 MEC 24
63.	L. Cherono	Chairman	EG 10 MEC 24
64.	A. Wendot	Chairman	EG 9 MEC 24
65.	K. Songol	Chairman	Group 5 MEC 24
66.	J. Kaimogol	Chairman	Group 8 MEC 24
67.	A. Komen	Chairman	Group 4 MEC 24
68.	P.K. Chebon	Chairman	Group 7 MEC 24
69.	A. Kiptabut	Chairman	Group 3 MEC 24
10/1/91			
70.	I. Maalim	D.O E Ravine Division.	
71.	J. Kaiyoni	Chairman EG MEC 16	
72.	P. Maritim	Chairman	EG 2 MEC 16
73.	G. Chepkoskei	Chairman	EG 3 MEC 16
74.	S. Kipkorir	Chairman	EG 4 MEC 16
75.	S. R. Mendagor	Chairman	EG 5 MEC 16
76.	K. Kiswii	Chairman	EG 6 MEC 16
78.	P. Murlew	Chairman	EG 7 MEC 16
79.	R. Chesire	Chairman	EG 8 MEC 16
80.	K. Rono	Chairman	EG 9 MEC 16
81.	J. Chepkwony	Chairman	EG 10 MEC 16
82.	R. Biwot	Chairman	EG 1 MEC 15
83.	K. Tanui	Chairman	EG 2 MEC 15
84.	R. Chemerimir	Chairman	EG 3 MEC 15
85.	C. Chebii	Chairman	EG 4 MEC 15
86.	G. Kimitei	Chairman	EG 5 MEC 15
87.	P. Malakwen	Chairman	EG 6 MEC 15
89.	J. Cheruiyot	Chairman	EG 8 MEC 15
90.	S. Chebwot	Chairman	EG 9 MEC 15
91.	K. Kiplenge	Chairman	EG 10 MEC 15
92.	B. Cheromei	Chairman	EG 1 MEC 5
93.	H. Cherop	Chairman	EG 6 MEC 5
94.	P. Kittit	Chairman	EG 3 MEC 5
95.	S. Ngetich	Chairman	EG 4 MEC 5
96.	C. Chepngotie	Chairman	EG 5 MEC 5
97.	Z. Kangogo	Chairman	EG 7 MEC 5
98.	A. K. Chepiego	Chairman	EG 2 MEC 5
99.	W.K. Cheruiyot	Chairman	EG 8 MEC 5
100.	E. Koech	Chairman	EG 10 MEC 5
101.	W. Kittit	Chairman	EG 10 MEC 5
102.	K. Rono	Chairman	EG 5 MEC 9
103.	S. Bartenge	Chairman	EG 1 MEC 19

104. D. Kimeli	Chairman	EG 3	MEC 19
105. M.K. Cheruiyot	Chairman	EG 7	MEC 19
106. J. Ribet	Chairman	EG 9	MEC 19
107. C.M. Lagat	Chairman	EG 6	MEC 19
108. J. Kipsoi	Chairman	EG 7	MEC 19
109. P. Cheraisi	Chairman	EG 2	MEC 19
110. W. Romen	Chairman	EG 8	MEC 19
111. E.K. Suguru	Chairman	EG 4	MEC 19

14/1/91

112. K. Craig	Consultant	CIDK
113. E. Pinkerton	Consultant	CIDK
114. J. Chemonges	Accountant	CIDK
115. E. Kyalo	MIS	Pride
116. J. Campaigne	MB	CIDK/Pride
117. J. Murage	Barclays	Bank
118. M. Karre	CID/Pride	Training/R&D/Bus.Services

15/1/91

119. R. Yodder	MD	KREP
120. Aleke Dondo	Senior Research Officer,	KREF
121. P. Mutua	DMD	KREP
122. N. Wilson	Programme Officer,	Ford Foundation

16/1/91

123. S. Mirero	DPD	Credit
----------------	-----	--------

18/1/91

124. J.C. Hopkins	DCD	UNDP
-------------------	-----	------

TABLE 11

PRIDE Organizational Chart

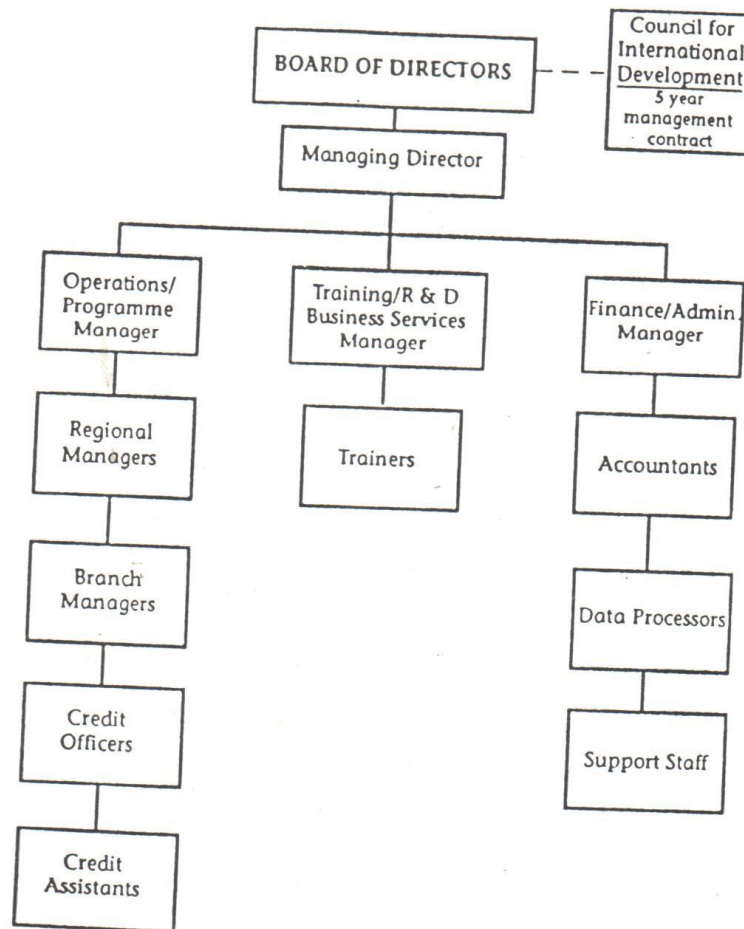


TABLE 12 Pride Founder Members

NAMES, POSTAL ADDRESSES AND DESCRIPTION OF SUBSCRIBERS	SIGNATURES OF SUBSCRIBERS
1. JONATHAN FOOTE CAMPAIGNE P.O. Box 34980 NAIROBI. (DIRECTOR, COUNCIL FOR INTERNATIONAL DEVELOPMENT) .	
2. MOHAMMED WAHIL DYOL KERRE P.O. Box 1998, KAKAMEGA . (MANAGEMENT CONSULTANT) .	
3. MS. TERRY KANTAI P.O. Box 60198, NAIROBI . (CIVIL SERVANT) .	
4. MRS CECILIA AGNES MAMBOLEO P.O. Box 34980, NAIROBI . (ADMINISTRATIVE SECRETARY) .	
5. JOHN KIPNGENO LANGAT P.O. Box 1028 NAKURU . (CIVIL SERVANT) .	
6. MR ANDREW KIPTOON P.O. Box 48681, NAIROBI . (CONSULTING ENGINEER) .	
7. JAMES CHEMONGES P.O. Box 39907 NAIROBI (FINANCIAL ACCOUNTANT) .	

DATED this Seventeenth day of November 1988 .

WITNESS to the above Signatures:-

G. H. Githu Advocate
P. O. Box 43876
Nairobi

2. Throughout the management period the Council will manage administer and develop the business of PRIDE efficiently and conduct the same to the best interest of PRIDE but the foregoing notwithstanding the Council shall not without the express consent of PRIDE'S board of directors borrow money on account of PRIDE or dispose of any of PRIDE'S fixed assets except in the normal course of replacement of assets other than land and buildings.
3. Without derogation from the obligations imposed on the Council by this Agreement or implied by law or commercial custom on managers of business such as is carried out by PRIDE it shall be the duty of the Council:
 - (a) To second management and other staff to PRIDE during the management period on terms and conditions determined by the Council it being understood that the salaries and emoluments of such seconded staff shall be met by PRIDE;
 - (b) To appoint during the duration of the management period the majority directors to the Board of Pride;
 - (c) On behalf of PRIDE to engage all staff and labour required for the carrying on of PRIDE'S business and to train and control them the Council having the power to dismiss any employee;
 - (d) To submit to PRIDE at such intervals in such reports returns and financial statements as are customarily required of managing agents for the purpose of keeping their principals acquainted with the state and progress of the business;
 - (e) To ensure that all if any obligations imposed on PRIDE by the Companies Act of Kenya are carried out and that all the provisions in PRIDE'S Memorandum and Articles of Association are complied with;

Annexe 23

TABLE 13: CIOK and Pride Management Agreement

THIS AGREEMENT is made the day of One
thousand nine hundred and eighty-nine BETWEEN THE COUNCIL FOR
INTERNATIONAL DEVELOPMENT a non-profit organization based in the
United States of America whose address is 1000 Potomac Street,
N.W., Washington, D. C. 20007 (hereinafter called "the Council")
which expression shall where the context so admits include its
successors and assigns of the one part and PROMOTION FOR RURAL
INITIATIVES AND DEVELOPEMENT ENTERPRISE LIMITED a company limited
by guarantee and not having a share capital incorporated in the
Republic of Kenya and of Post Office Box Number 34980 Nairobi in
the said Republic (hereinafter called "PRIDE" which expression
shall where the context so admits include its successors and
assigns) of the other part:

WHEREAS:

- (a) The Council is incorporated with the purpose of extending development assistance to other countries.
- (b) For better execution of its objectives in Kenya the Council has sponsored the incorporation in Kenya of PRIDE to undertake development work in various parts of Kenya.
- (c) The Council and PRIDE have agreed to enter into this agreement to regulate terms and conditions upon which PRIDE will employ and the Council will provide management services to PRIDE for all PRIDE'S undertaking during the management period (hereinafter defined).

NOW THIS AGREEMENT WITNESSES as follows:-

1. This agreement shall come into force on the First day of October 1989 and (subject to the provisions for earlier determination hereinafter contained) shall continue for a period of Five (5) years (hereinafter called "the management period") and thereafter may be terminated by not less than three months' notice in writing by one of the parties hereto on the other subject to clause 6 hereunder.

SIGNED by)
)

for and on behalf of)

PROMOTION FOR RURAL INITIATIVES)

AND DEVELOPMENT ENTERPRISES)

LIMITED in the presence of:)

DRAWN BY:

G. W. GITHU & CO.

ADVOCATES

P. O. BOX 43874

NAIROBI

TABLE: 14

THE COMPANIES ACT
(Chapter 486 of the Laws of Kenya)

A COMPANY LIMITED BY GUARANTEE AND NOT
HAVING A SHARE CAPITAL

Memorandum

AND

Articles of Association

OF

PROMOTION OF RURAL INITIATIVES AND DEVELOPMENT
ENTERPRISES LIMITED

Incorporated this SIXTH day of JULY 1989.

G. W. GITHU & CO.,
ADVOCATES,
NATIONAL BANK BUILDING,
14TH FLOOR,
HARARIE AVENUE,
P. O. BOX 43874,
NAIROBI.

No C. 40552




CERTIFICATE OF INCORPORATION

I hereby Certify, that—

PROMOTION OF RURAL INITIATIVES AND DEVELOPMENT ENTERPRISES
LIMITED

Is this day Incorporated under the Companies Act (Cap. 486) and that the
Company is LIMITED.

Given under my hand at Nairobi this SIXTH day
of JULY One Thousand Nine Hundred and EIGHTY-NINE.


Snr. Dy. Registrar of Companies

COMPANY LIMITED BY GUARANTEE AND NOT
HAVING A SHARE CAPITAL

MEMORANDUM OF ASSOCIATION
OF
PROMOTION OF RURAL INITIATIVES AND DEVELOPMENT
ENTERPRISES LIMITED

1. The name of the Company is "PROMOTION OF RURAL INITIATIVES AND DEVELOPMENT ENTERPRISES LIMITED".
2. The Registered Office of the Company will be situated in the Republic of Kenya.
3. The objects for which the Company is established are:-
 - (a) To initiate, arrange for, promote, establish, operate, secure and participate in the investigation, formulation and carrying out of projects for the development of industry, small scale industry and businesses in the rural areas and to buy, sell, import, export, manufacture and to deal in industrial equipment, machineries and spares and to acquire, purchase all of the stock-in trade, plant, machinery, tools, implements, goodwill and lease of any of the premises of the business of industries.
 - (b) To carry out research in development in rural areas and to provide counselling and technical services and assistance in all types of businesses and industries and to develop local capability in project identification, design, management, monitoring and evaluation and to initiate and promote small industries forming an integral part of the rural economy; representing traditional skills and crafts; and those using modern tools and techniques of production and closely linked to the corresponding large-scale industry.
 - (c) To establish, operate, run, invest and promote studies in environmental management and development as an integral part of enterprise development.

- (d) To render advice to businessmen on problems relating to administration and organisation of industry and business and the training of personnel for industry and business and to advise upon the means and methods for starting extending developing and improving all types of businesses or industries and all system or processes relating to the production, storage, distribution, marketing and sale of goods and relating to the rendering of services and to provide technical assistance to promote the economic development of any area.
- (e) To engage in research into all problems relating to personnel and industrial and business management and distribute information and statistics relating to any type of business or industry and to promote or propose such methods procedure and measures as may be considered desirable or beneficial and to act as agents or managers in carrying on any business concerns and undertakings and to employ experts to investigate and examine into the condition, management, prospects, value and circumstances of any business concerns and undertakings and generally of any assets, property or rights of any kind.
- (f) To engage and hire professional men and other staff and workers and to enter into agreements with such staff and workers with a view to making their services available to any person firm or company.
- (g) To establish, maintain and carry on one or more schools or colleges at which tuition in any subject or subjects which promote the objects of the Association may be obtained and to arrange and provide for or join in arranging and providing for the holdings of exhibitions, meetings, lectures and classes calculated, directly or indirectly to further the principal objects of the Association.
- (h) To provide to donors and receivers of assistance upon request, an accounting of all costs and expenditure which may be involved in any work done by the Company the books of which will be made available at any reasonable time for inspection by such donors and recipients and to receive and maintain a fund or funds of immoveable or moveable, real or personal property, or personal properties, or both and, subject to the restrictions and limitations hereinafter set forth, to use and apply the whole or any part of the income therefrom exclusively for charitable, religious, scientific, literary or educational purposes either directly or by contributions to organisations which qualify as tax-exempt organisations.
- (i) To purchase, take on lease or by any other means acquire any movable or immovable property in Kenya or elsewhere for any estate or interest whatever, and any rights, privileges or easements over or in respect of any property and any buildings, machinery, engines, plant or things whatsoever and to employ experts, advisors, co-ordinators, administrators and others for the objects aforesaid and to provide, endow, furnish and fit out all necessary equipments, furniture, aids, statistics and other material and to acquire, build, maintain, alter, enlarge, pull down, own, remove, or replace any buildings, lecture and classrooms, laboratories, pavillions, or offices; to clear sites for the same, and

to join with any person, firm or company in doing any of the things aforesaid, and to work, manage and control the same or to join with others in so doing and to enter into partnership or any contractual arrangement for union of interests, co-operation, reciprocal concession or otherwise, with any person or company carrying on or engaged in or about to carry on or engage in any business or transaction which this Company is authorised to carry on or engage in, or any business or transaction capable of being conducted so as directly or indirectly to benefit this Company.

- (j) To enter into any arrangements with any international bodies, governments or authorities supreme, municipal, local or otherwise, that may seem conducive to the Company's objects or any of them, and to obtain from any such body, government or authority any contracts, rights, privileges or concessions which the Company may think is desirable to obtain, and to carry out, exercise and comply with any such arrangements, contracts, rights, privileges and concessions.
- (k) To acquire, carry on and undertake all or any part of the business and services, property and liabilities of any person or company carrying on business similar to that which this Company is authorised to carry on, or possessed of rights or property suitable for any of the purposes of this Company, and to purchase, acquire, sell and deal with the shares and securities of any such person or company.
- (l) To take such steps by personal or written appeals, public meetings or otherwise as may from time to time be deemed expedient for the purpose of procuring contributions to the funds of the Company

in the shape of endowments, donations, annual subscriptions, or otherwise; and to promote, assist in the promotion of or otherwise participate in such things as have for their object the raising of money for the purposes of the Company.

- (m) To apply to any international bodies, governments or authorities, national bodies, public organisations, corporations, companies or persons for and to accept grants of money and of land, donations, gifts, subscriptions and other assistance with a view to promoting the objects of the Company and in taking any gift or property, and to take the same subject to any special trust which may be prescribed by the donor thereof.
- (n) To promote or assist in the promotion of any company or association having objects similar to the objects of this Company, and also any company or association the objects of which are calculated either directly or indirectly to benefit the Company in the attainment of any of its objects.
- (o) To subscribe to any local or other charities and to provide development and financing for any public purpose, to grant pensions, allowances, gratuities and bonuses to, and to provide a superannuation or any other fund or funds for the servants of the Company and otherwise to assist any such servants, their widows and dependants.
- (p) To invest the monies of the Company not immediately required in any one or more of the modes of investment for the time being authorised by law for the investment of trust monies, and in such manner as may from time to time be determined.

- (r) To promote any company or companies for the purpose of acquiring all or any of the property, rights and liabilities of the Company provided that any such company has in its Memorandum of Association a clause substantially similar to Clause 4 of this Company's Memorandum of Association:
- (s) To borrow or raise any money that may be required by the Company upon such terms and upon such security as may be deemed advisable:
- (t) To amalgamate with any other company or association having objects altogether or in part similar to those of the Company provided that any such company has in its Memorandum of Association a clause substantially similar to Clause 4 of this Company's Memorandum of Association:
- (u) To draw, make, accept, endorse, discount, execute, and issue cheques, promissory notes, bills of exchange, warrants debentures and other negotiable or transferable instruments:
- (v) To sell, improve, manage, develop, exchange, lease, mortgage, dispose of, turn to account or otherwise deal with all or any part of the property and rights of the Company:
- (w) To do all such other things as may be conducive or incidental to the attainment of the above objects:

AND it is hereby expressly declared that the objects set forth in any sub-clause of this Clause shall not, except when the context expressly so requires, be in anywise limited or restricted by reference to or inference from the terms of any other sub-clause or by the name of the Company. None of such sub-clauses or the objects therein specified or the powers thereby conferred shall be deemed subsidiary or auxilliary merely to the objects

mentioned in the first sub-clause of this Clause, but the Company shall have full power to exercise all or any of the powers conferred by any part of this Clause notwithstanding that the business, undertaking, property or acts proposed to be transacted, acquired, dealt with or performed do not fall within the objects of the first sub-clause of this Clause.

4. (a) The objects of the Company are charitable and shall not be profit-orientated:
- (b) The income and property of the Company whence-soever or howsoever derived shall be applied solely towards the promotion of the objects of the Company as set forth in this Memorandum of Association and no portion thereof shall be paid or transferred directly or indirectly, by way of dividend, gift, division, bonus, or otherwise howsoever by way of profit, to the Members of the Company:

Provided that nothing herein shall prevent payment, in good faith, of reasonable and proper remuneration to any officer or servant of the Company or to any Members of the Company, in return for any services actually rendered to the Company, nor prevent the payment of interest at a reasonable rate on money lent, or reasonable and proper rent for premises demised or let by any Member of the Company, but so that no Director of the Company shall be appointed to any salaried office of the Company or any office of the Company paid by fees and that no remuneration or other benefits in money or money's worth shall be given by the Company to any Director except repayment of out-of-pocket expenses and interest at the rate aforesaid on money lent or reasonable and proper rent for premises demised or let to the Company:

- / -

Provided further that nothing hereinbefore contained shall prevent any payment to any company of which a member of the Board of Directors may be a director, member or shareholder, and such member shall not be bound to account for any share of profits he may receive in respect of such payment.




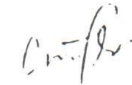


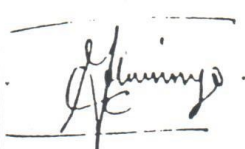
5. If upon the winding up or dissolution of the Company there remains after the satisfaction of all its debts and liabilities any property whatsoever, the same shall not be paid to or distributed among the Members but shall be given or transferred to some other institution or institutions having objects similar to the objects of the Company of which shall prohibit the distribution of its or their income and property amongst its or their members to an extent at least as great as is imposed on the Company under or by virtue of Clause 4 hereof; such institution or institutions shall be determined by the Members of the Company at or before the time of dissolution and, if and so far as effect cannot be given to the aforesaid provisions, then to some charitable objects to be determined by the Members.

6. No addition, alteration or amendment shall be made to or in the provisions or regulations contained in the Memorandum or Articles of Association for the time being in force unless the same shall have been previously submitted to and approved by the Minister of the Government of the Republic of Kenya for the time being entrusted with control of the affairs of and relating to limited companies.

7. The liability of the Members is limited.


8. Every Member of the Company undertakes to contribute to the assets of the Company, in the event of its being wound up while it/he or she is a Member or within one year afterwards, for payment of the debts and liabilities of the Company contracted before it ceases

WE the several persons whose names, postal addresses and occupations are subscribed are desirous of being formed into a Company in pursuance of this Memorandum of Association.

NAMES, POSTAL ADDRESSES AND DESCRIPTION OF SUBSCRIBERS	SIGNATURES OF SUBSCRIBERS
1. JONATHAN FOOTE CAMPAIGNE P.O. Box 34980, NAIROBI. (DIRECTOR, COUNCIL FOR INTERNATIONAL DEVELOPMENT).	
2. MOHAMMED NARHIL DYOL KERRA P.O. Box 1998, KAKAMEGA. (MANAGEMENT CONSULTANT)	
3. MS. TERRY KANTAI P.O. Box 60198, NAIROBI. (CIVIL SERVANT).	
4. MRS CECILIA AGNES MAMBOLEU P.O. Box 34980, NAIROBI. (ADMINISTRATIVE SECRETARY).	
5. JOHN KIPNGENO LANGAT P.O. Box 1028 NAKURU. (CIVIL SERVANT).	
6. ANDREW KIPTOON P.O. Box 48681, NAIROBI. (CONSULTING ENGINEER).	
7. JAMES CHEMONGES P.O. Box 39907, NAIROBI. (FINANCIAL ACCOUNTANT).	


DATED this Seventeenth day of November 1988

WITNESS to the above Signatures:-


G. H. Githu Advocate
P.O. Box 43874

CERTIFICATE UNDER THE COMPANIES REGULATIONS

It is hereby certified that the above memorandum of Association of "PROMOTION OF RURAL INITIATIVES AND DEVELOPMENT ENTERPRISES LIMITED" were produced by the process of XEROGRAPHY.



(P. T. SACHDEVA)
DIRECTOR.
STATUS COMMERCIAL SERVICES LIMITED,
KENCOM HOUSE, 1st. FLOOR,
ROOM 157,
P. O. BOX 56679,
NAIROBI.

12th October 1988

THE COMPANIES ACT
(Chapter 486, Laws of Kenya)

A COMPANY LIMITED BY GUARANTEE
AND NOT HAVING A SHARE CAPITAL

ARTICLES OF ASSOCIATION
OF
PROMOTION OF RURAL INITIATIVES AND DEVELOPMENT ENTERPRISES LIMITED

1. The Regulations contained in Table "C" in the First Schedule to the Companies Act (Chapter 486) shall apply to the Company in so far as the same are not varied by, or reproduced in these Articles of Association.

INTERPRETATION

2. In these Articles unless there be in the context anything inconsistent therewith:

"The Company" shall mean the above-named Company.

"The Act" shall mean the Companies Act (Chapter 486), and every other Act incorporated therewith, or any Act or Acts substituted therefor; and in case of any such substitution the references in these presents to the provisions of the Act shall be read and construed as references to the provisions substituted therefor in the new Act or Acts.

"The Board" shall mean the Board of Directors of the Company appointed pursuant to the provisions of these presents.

"Director" shall mean a person appointed to the Board of Directors pursuant to the provisions of these presents.

"The Secretary" means any person appointed to perform the duties of the Secretary of the Company.

"Month" shall mean calendar month.

Words and expressions defined in the Act shall, except as hereinbefore provided, have the meanings thereby assigned to them.

Words importing the singular number shall include the plural, and vice versa.

Words importing the masculine gender include the feminine. Words importing persons shall include bodies, corporate, and associations as are hereinafter defined.

MEMBERS

3. The number of Members with which the Company proposes to be registered is four but the Board may from time to time register an increase of Members.

4. The subscribers to the Memorandum of Association and such other persons as the Board shall admit to membership shall be members of the Company.

GENERAL MEETINGS

5. The Company shall in each year hold a general meeting as its Annual General Meeting in addition to any other meetings in that year, and shall specify the meeting

as such in the notices calling it, and not more than Fifteen months shall elapse between the date of any one Annual General Meeting of the Company and that of the next:

Provided that so long as the Company holds its first Annual General Meeting within Eighteen months of its incorporation, it need not hold it in the year of its incorporation or in the following year. The Annual General Meeting shall be held at such time and place as the Directors upon the recommendation of the Management Committee shall appoint.

6. All general meetings other than Annual General Meetings shall be called Extraordinary General Meetings.

7. The Directors may, whenever they think fit, convene an Extraordinary General Meeting, and Extraordinary General Meetings shall also be convened on such requisition or, in default, may be convened by such requisitionists, as provided by Section 132 of the Act.

Extraordinary General Meetings shall also be convened on requisition by the Management Committee. If at any time there are not within Kenya sufficient Directors capable of acting to form a quorum, any Director or any two Members of the Company may convene an Extraordinary General Meeting in the same manner as nearly as possible as that in which meetings may be convened by the Directors.

8. Every General Meeting shall be called by Twenty-one days' notice in writing at the least. The notice shall be exclusive of the day on which it is served or deemed to be served and of the day for which it is given, and shall specify the place, the day and the hour of meeting and, in case of special business, the general nature of that business and shall be given in manner hereinafter mentioned or in such

other manner if any, as may be prescribed by the Company in general meeting, to such persons as are, under these Articles entitled to receive such notices from the Company:

Provided that a meeting of the Company shall, notwithstanding that it is called by shorter notice than that specified in this Article, be deemed to have been duly called if it is so agreed:-

- (a) In the case of a meeting called as the Annual General Meeting by all the Members entitled to attend and vote thereat; and
- (b) In the case of any other meeting, by a majority in number of the Members having a right to attend and vote at the meeting being a majority together representing not less than Ninety-five per cent of the total voting rights, at that meeting, of all the Members.

9. The accidental omission to give notice of a meeting to, or the non-receipt of notice of a meeting by, any person entitled to receive notice shall not invalidate the proceedings at that meeting.

PROCEEDINGS AT GENERAL MEETINGS

10. All business shall be deemed special that is transacted at an Extraordinary General Meeting, and also all that is transacted at an Annual General Meeting, with the exception of the consideration of the accounts, balance sheets, and the reports of the Board of Directors and Auditors, the election of Directors in the place of those retiring and the appointment, and the fixing of the remuneration of, the Auditors.

11. No business shall be transacted at any general meeting unless a quorum of Members is present at the time

when the meeting proceeds to business; save as herein otherwise provided that Three Members for the time being present in person or by proxy shall be a quorum.

12. If within half an hour from the time appointed for the meeting a quorum is not present, the meeting, if convened upon the requisition of Members, shall be dissolved; in any other case it shall stand adjourned to the same day in the next week, at the same time and place, or to such other day and at such other time and place as the Directors may determine, and if at the adjourned meeting a quorum is not present within half an hour from the time appointed for the meeting the Members present shall be a quorum.

13. The Chairman of the Board of Directors or, in his absence, any other Director shall preside as Chairman at every general meeting of the Company.

14. If at any meeting no Director is willing to act as Chairman or if no Director is present within fifteen minutes after the time appointed for the holding of the meeting, the Members present shall choose one of their number (being a person entitled to vote) to be chairman of the meeting.

15. The Chairman may, with the consent of any meeting at which a quorum is present (and shall if so directed by the meeting), adjourn the meeting from time to time and from place to place, but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place. When a meeting is adjourned for twenty-one days or more, notice of the adjourned meeting shall be given as in the case of an original meeting. Save as aforesaid it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.

16. At any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands) demanded:-

- (a) By the Chairman; or
- (b) By at least three Members (each being entitled to vote) present in person or by proxy; or
- (c) By any Member or Members present in person or by proxy and representing not less than one-tenth of the total voting rights of all the Members having the right to vote at the meeting.

Unless a poll be so demanded a declaration by the Chairman that a resolution has on a show of hands been carried on, carried unanimously, or by a particular majority, or lost and an entry to that effect in the book containing the minutes of proceedings of the Company shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against such resolution.

The demand for a poll may be withdrawn.

17. Except as provided in Article 19, if a poll is duly demanded it shall be taken in such manner as the Chairman of the meeting directs, and the result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded.

18. In the case of an equality of votes, whether on a show of hands or on a poll, the Chairman of the meeting at which the show of hands takes place or at which the poll is demanded, shall be entitled to a second or casting vote.

19. A poll demanded on the election of a chairman of a meeting or on a question of adjournment, shall be taken forthwith. A poll demanded on any other question shall be taken at such time as the chairman of the meeting directs, and any business other than that upon which a poll has been demanded may be proceeded with pending the taking of the poll.

20. Subject to the provisions of the Act, a resolution in writing signed by all the Members for the time being entitled to receive notice of and to attend and vote at general meetings (or being corporations or associations being present by their duly authorised representatives) shall be as valid and effectual as if the same had been passed at a general meeting of the Company duly convened and held. Such resolution may consist of several documents in the like form each signed by one or more of the Members or their attorneys or representatives.

21. Every Member shall have one vote.

22. No Member shall be entitled to vote at any general meeting unless all moneys presently payable by him or it to the Company have been paid.

23. On a poll votes may be given either personally or by proxy.

24. The instrument appointing a proxy shall be in writing under the hand of any official of the appointor duly authorised in that behalf or of its attorney duly authorised in writing if the appointor is a corporation either under seal or under the hand of an officer or attorney duly authorised. A proxy need not be a Member of the Company.

25. The instrument appointing a proxy and the Power of Attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at the registered office of the company or at such other place as is specified for that purpose in the notice convening the meeting, not less than forty-eight hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote, or, in the case of a poll, not less than twenty-four hours before the time appointed for the taking of the poll, and in default the instrument of proxy shall not be treated as valid.

26. An instrument appointing a proxy shall be in the following form, or a form as near thereto as circumstances admit.

PROMOTION OF RURAL INITIATIVES AND DEVELOPMENT
ENTERPRISES LIMITED

I/WE _____ of _____
being a Member/Members of the above-named Company, hereby
appoint _____ of _____
or failing him _____ of _____
as my/our proxy to vote for me/us on my/our behalf at the
(Annual or Extraordinary as the case may be) General Meeting
of the Company to be held on the _____ day of _____ 19____
Signed this _____ day of _____ 19____

27. Where it is desired to afford members an opportunity of voting for or against a resolution the instrument appointing a proxy shall be in the following form, or a form as near thereto as circumstances admit.

I/WE _____ of _____
being a Member/Members of the above-named Company, hereby
appoint _____ of _____
or failing him _____ of _____
as my/our proxy to vote for me/us on my/our behalf at the
(Annual or Extraordinary, as the case may be) General
Meeting of the Company to be held on the
day of _____ 19 ____ and at any adjournment thereof.
Signed this _____ day of _____ 19 ____
This form is to be used *in favour of, against the resolu-
tion.

Unless otherwise instructed, the proxy will vote as he
thinks fit.

*Strike out whichever is not desired.

28. The instrument appointing a proxy shall be
deemed to confer authority to demand or join in demanding
a poll.

29. A vote given in accordance with the terms of an
instrument of proxy shall be valid notwithstanding the
previous revocation of the proxy or of the authority under
which the proxy was executed, provided that no intimation
in writing of such revocation as aforesaid shall have been
received by the Company at the registered office of the
Company before the commencement of the meeting or adjourned
meeting at which the proxy is used.

CORPORATIONS ACTING BY REPRESENTATIVES AT MEETINGS

30. Any corporate body which is a Member of the Company
may by resolution of its Directors or governing body autho-
rise such person as it thinks fit to act as its representative
at any meeting of the Company, and the person so authorised
shall be entitled to exercise the same powers on behalf of
the corporate body which he represents as that corporate
body could exercise if it were an individual Member of the
Company.

DIRECTORS

31. (a) The number of the Directors shall not be less than Two nor more than Ten and they shall be appointed by the Company in General Meeting.

The first Directors shall be appointed by the subscribers to the Memorandum of Association.

32. Each Director shall have the power to nominate (a) any other Director or (b) any person approved for that purpose by a majority of the Directors to act as an alternate Director in his place during his absence and, at his discretion, to remove such alternate Director, and on such appointment being made the alternate Director shall (except as regards remuneration and the power to appoint an alternate) be subject in all respects to the terms and conditions existing with reference to the other Directors. Each alternate Director, while so acting, shall exercise and discharge all the functions, powers and duties of the Director whom he represents. An alternate Director shall ipso facto cease to be an alternate Director if his appointor ceases for any reason to be a Director. Any Director acting as an alternate shall have an additional vote for each Director for whom he acts as an alternate.

33. Subject to Clause 4 of the Memorandum of Association, the Directors may also be paid all travelling, hotel and other expenses properly incurred by them in attending and returning from meetings of the Directors or any committee of the Directors, or general meetings of the Company, or in connection with the business of the Company.

BORROWING POWERS

34. The Directors may exercise all the powers of the Company to borrow money, and to mortgage or charge its

undertaking and property, or any part thereof, and to issue debentures, debenture stock and other securities, whether outright or as security for any debt, liability or obligation of the Company or of any third party.

35. The business of the Company shall be managed by the Board which may pay all expenses incurred in promoting and registering the Company, and may exercise all such powers of the Company as are not, by the Act or by these Articles, required to be exercised by the Company in general meeting, subject nevertheless to the provisions of the Act or these Articles and to such regulations, being not inconsistent with the aforesaid provisions, as may be prescribed by the Company in general meeting; but no regulations made by the Company in general meeting shall invalidate any prior act of the Board which would have been valid if that regulation had not been made.

36. The Board may at any time and from time to time delegate to any person such of its powers as are not by the Act or by these Articles required to be exercised by it.

37. The Directors may from time to time and at any time by Power of Attorney appoint any company, firm or person or body of persons, whether nominated directly or indirectly by the Directors, to be the attorney or attorneys of the Company for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Directors under the Act and these Articles) and for such period and subject to such conditions as they may think fit, and any such Powers of Attorney may contain such provisions for the protection and convenience of persons dealing with any such attorney and for the delegation by such attorney of all or any of the powers, authorities and discretions vested in him.

38. All cheques, promissory notes, drafts, bills of exchange and other negotiable instruments, and all receipts for moneys paid to the Company, shall be signed, drawn, accepted, endorsed, or otherwise executed, as the case may be, in such manner as the Directors shall from time to time by resolution determine.

39. The Directors shall cause minutes to be made in books provided for the purpose:-

- (a) Of the name of the Directors present at each meeting of the Directors, and of any committee of the Directors; and
- (b) Of all resolutions and proceedings at all meetings of the Company, and of the Directors, and of committees of Directors; and
- (c) Of all appointments and dismissals of staff made by the Directors.

DISQUALIFICATION OF DIRECTORS

40. The office of Director shall be vacated if the Director:

- (a) Without the consent of the Company in general meeting holds any other office of profit under the Company; or
- (b) Becomes bankrupt or makes any arrangement or composition with his creditors generally; or
- (c) Becomes prohibited from being a Director by reason of any order made under Section 189 of the Act; or
- (d) Becomes of unsound mind; or
- (e) Resigns his office by notice in writing to the Company; or
- (f) Ceases to be a Director by virtue of Section 186 of the Act; or

(g) If he be called upon by all his fellow Directors by notice in writing to resign.

41. A Director who is in any way, whether directly or indirectly, interested in a contract or proposed contract with the Company, shall declare the nature of his interest at a meeting of the Directors in accordance with Section 200 of the Act. Subject to such disclosure as aforesaid, a Director may vote in respect of any contract or arrangement in which he is interested, and if he shall so vote his vote shall be counted, and he may be counted in ascertaining whether a quorum is present at any meeting at which any such contract or arrangement shall come before the Directors for consideration. Membership of an association or any partnership or corporate body which is a member of an association shall be deemed to be interest for the purpose of this Article.

ROTATION OF DIRECTORS AND ANCILLARY MATTERS

42. At the first annual general meeting of the Company all the Directors shall retire from office, and at the annual general meeting in every subsequent year one-third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest one-third, shall retire from office.

43. The Directors to retire in every year shall be those who have been longest in office since their last election, but as between persons who became Directors on the same day those to retire shall (unless they otherwise agree among themselves) be determined by lot.

44. A retiring Director shall be eligible for re-election.

45. The Company at the meeting at which a Director retires in manner aforesaid may fill the vacated office by electing a person thereto, and in default the retiring Director shall, if offering himself for re-election, be deemed to have been re-elected, unless at such meeting it is

expressly resolved not to fill such vacated office or unless a resolution for the re-election of such Director shall have been put to the meeting and lost.

46. No person other than a Director retiring at the meeting shall unless recommended by the Directors be eligible for election to the office of Director at any general meeting unless, not less than three nor more than twenty-one days before the date appointed for the meeting, there shall have been left at the registered office of the Company notice in writing, signed by a member duly qualified to attend and vote at the meeting for which such notice is given, of his intention to propose such person for election, and also notice in writing signed by that person of his willingness to be elected.

47. The Company may from time to time by ordinary resolution increase or reduce the number of Directors, and may also determine in what rotation the increased or reduced number is to go out of office.

48. The Directors shall have power at any time and from time to time, to appoint any person to be a Director either to fill a casual vacancy or as an addition to the existing Directors, but so that the total number of Directors shall not at any time exceed the number fixed in accordance with these Articles. Any Director so appointed shall hold office only until the next following Annual General Meeting, and shall then be eligible for re-election.

49. The Company may by ordinary resolution, of which special notice has been given in accordance with Section 142 of the Act, remove any Director before the expiration of his period of office notwithstanding anything in these Articles or in any agreement between the Company and such Director.

50. The Company may by ordinary resolution appoint another person in place of a Director removed from office

under Article 49. Without prejudice to the powers of the Directors under Article 48 the Company in general meeting may appoint any person to be a Director either to fill a casual vacancy or as an additional Director. The person appointed to fill any such vacancy shall be subject to retirement at the same time as if he had become a Director on the day on which the Director in whose place he is appointed was elected a Director.

CHAIRMAN

51. The Directors shall elect amongst their own body a Chairman for such period as they think fit.

52. The Chairman shall preside at every meeting of the Directors and of the Members, and shall be an ex-officio member of all committees of the Directors.

PROCEEDINGS OF DIRECTORS

53. The Directors may meet together for the despatch of business, adjourn, and otherwise regulate their meetings, as they think fit. Questions arising at any meeting shall be decided by a majority of votes. In the case of an equality of votes, the Chairman shall have a second or casting vote. A Director may, and the Secretary on the requisition of a Director shall, at any time summon a meeting of the Directors. It shall be necessary to give notice of a meeting of Directors to any Director for the time being absent from Kenya.

54. The quorum necessary for the transaction of the business of the Directors shall be fixed by the Directors and unless so fixed shall be three.

55. The continuing Directors may act notwithstanding any vacancy in their body but, if and so long as their number is reduced below the number fixed by or pursuant to the Articles of the Company, as the necessary quorum of Directors, the continuing Directors or Director

may act for the purpose of increasing the number of Directors to that number, or of summoning a general meeting of the Company, but for no other purpose.

56. The Directors may delegate any of their powers to committees consisting of such member or members of their body as they think fit; any committee so formed shall in the exercise of the powers so delegated conform to any regulations that may be imposed on it by these Articles and by the Directors.

57. The members present of a committee appointed by the Board shall choose one of them to be Chairman of the Committee.

58. A committee may meet and adjourn as it thinks proper. Questions arising at any meeting shall be determined by a majority of votes of the members present, and in the case of an equality of votes, the chairman of that meeting shall have a second or casting vote.

59. All acts done by any meeting of the Directors or of a committee of Directors, or by any person acting as a Director shall notwithstanding that it be afterwards discovered that there was some defect in the appointment of any such Director or person acting as aforesaid, or that they or any of them were disqualified, be as valid as if every such person had been duly appointed and was qualified to be a Director.

60. A resolution in writing, signed by all the Directors for the time being shall be as valid and effectual as if it had been passed at a meeting of the Directors duly convened and held.

SECRETARY

61. The Secretary shall be appointed by the Directors for such term, at such remuneration and upon such conditions as they may think fit; and any Secretary so appointed may be removed by the Directors.

BOARD OF ADVISORS

62. The Company shall have a Board of Advisors who shall be appointed and whose number, duties and term of office shall be determined by the Board of Directors from time to time.

THE SEAL

63. The Directors shall provide for the safe custody of the seal, which shall only be used by the authority of the Directors or of a committee of the Directors authorised by the Directors in that behalf, and every instrument to which the seal shall be affixed shall be signed by a Director and shall be countersigned by the Secretary or by a second Director or by some other person appointed by the Directors for the purpose.

ACCOUNTS

64. The Directors shall cause proper books of account to be kept with respect:-

- (a) All sums of money received and expended by the Company and the matters in respect of which the receipt and expenditure takes place:
- (b) All sales and purchases of goods by the Company:
and
- (c) The assets and liabilities of the Company.

Proper books shall not be deemed to be kept if there are not kept such books of account as are necessary to give a true and fair view of the state of the Company's affairs and to explain its transactions.

65. The books of account shall be kept at the registered office of the Company, or subject to Section 147 (3) of the Act, at such other place or

places as the Directors think fit; and shall always be open to the inspection of the Directors.

66. The Board shall from time to time determine whether and to what extent and at what times and places and under what conditions or regulations the accounts or books of the Company or any of them shall be open to the inspection of Members, and no Member (not being a Director) shall have any right of inspecting any account or book or document of the Company except as conferred by the Act or authorised by the Board or by the Company in general meeting.

67. The Directors shall from time to time in accordance with the relevant provisions of the Act, cause to be prepared and to be laid before the Company in general meeting such balance sheets, accounts and reports as are necessary and requisite under such provisions.

68. A copy of every balance sheet (including every document required by law to be annexed thereto) which is to be laid before the Company in general meeting, together with a copy of the Auditors' report, shall not less than Twenty-one days before the date of the meeting be sent to every Member of the Company.

Provided that this Article shall not require a copy of those documents to be sent to any Member of whose address the Company is not aware.

AUDIT

69. Auditors shall be appointed and their duties regulated in accordance with the Act.

NOTICES

70. A notice may be given by the Company to any Member either personally or by sending it by post to him at his registered address, or (if he has no registered address within Kenya) to him at the address if any within Kenya supplied by him to the Company for the giving of

notice to him. Where a notice is sent by post, service of the notice shall be deemed to be effected by properly addressing, prepaying and posting an envelope containing the notice, and to have been effected in the case of a notice of a meeting at the expiration of Seven days after the envelope containing the same is posted, and in any other case at the time at which the letter would be delivered in the ordinary course of post.

71. - Notice of every general meeting shall be given in any manner hereinbefore authorised to:-

- (a) Every Member except those Members which (having no registered address within Kenya) have not supplied to the Company an address outside Kenya for the giving of notices to them; and
- (b) The Auditors for the time being of the Company; and
- (c) The Directors.

No other person shall be entitled to receive notices of general meetings.

INDEMNITY

72. Every Director, agent, Auditor, Secretary and other officer for the time being of the Company shall be indemnified out of the assets of the Company against any liability incurred by it or him in defending any proceedings, whether civil or criminal, in which judgment is given in its or his favour or in which it or he is acquitted or in connection with any application under Section 402 of the Act in which relief is granted to it or him by the court.

DISSOLUTION

73. The Company shall not be dissolved except by a resolution of two thirds of the Members of the Company in

General Meeting duly convened for that purpose. The disposal of the Company's goods and properties shall be carried out in accordance with Clause 5 of the Memorandum of Association.

BY-LAWS

74. The Board may make by-laws governing the running of the matters to be done by the Company provided always that such by-laws shall not be in contravention of any provisions of the Memorandum of Association, and these Articles.

NAMES, POSTAL ADDRESSES AND DESCRIPTION OF SUBSCRIBERS	SIGNATURES OF SUBSCRIBERS
1. JONATHAN FOOTE CAMPAIGNE P.O. Box 34980 NAIROBI. (DIRECTOR, COUNCIL FOR INTERNATIONAL DEVELOPMENT).	
2. MOHAMMED WAHIL DYOL KERRE P.O. Box 1998, KAKAMEGA. (MANAGEMENT CONSULTANT).	
3. MS. TERRY KANTAI P.O. Box 60198, NAIROBI. (CIVIL SERVANT).	
4. MRS CECILIA AGNES MAMBOLEO P.O. Box 34980, NAIROBI. (ADMINISTRATIVE SECRETARY)	
5. JOHN KIPNGENO LANGAT P.O. Box 1028 NAKURU. (CIVIL SERVANT).	
6. MR ANDREW KIPTOON P.O. Box 48681, NAIROBI. (CONSULTING ENGINEER)	
7. JAMES CHEMONGES P.O. Box 39907 NAIROBI (FINANCIAL ACCOUNTANT).	

DATED this Seventeenth day of November 1988.

WITNESS to the above Signatures:-

G. H. Githu Advocate
P.O. Box 43874
Nairobi

CERTIFICATE UNDER THE COMPANIES REGULATIONS

It is hereby certified that the above Articles of Association of "PROMOTION OF RURAL INITIATIVES AND DEVELOPMENT ENTERPRISES LIMITED" were produced by the process of XEROGRAPHY.



(P. T. SACHDEVA)
DIRECTOR.
STATUS COMMERCIAL SERVICES LIMITED,
KENCOM HOUSE, 1st. FLOOR,
ROOM 157,
P. O. BOX 56679,
NAIROBI.

12th October 1988

TABLE: 15

CLIENT BASELINE DATA FORM

Form

SGR-BLD

PARTICULARS OF CLIENT		Administration data	
1 00	Name	Male	Female
1 10	Sex		
1 20	Date of birth		
1 30	Marital status	Married	
1 40		Single	
		Divorced	
		Widow(er)	
		Own	Other
1 50	Number of dependants		
1 60	Postal address		
1 61	Location	Residence	
1 62		Business	
2 00	PARTICULARS OF ENTERPRISE		
2 10	Specific type of business		
2 20	Type of products of services		
2 30	Ownership of business	Owner operated	
		Family owned	
		Partnership	
2 40	Year started business		
2 50	Main problems faced by business		
2 60	Amount of initial capital	sh.	
2 61	Source of capital	initially	Expansion
		sh.	sh.
	Own savings		
	Family gifts		
	Loan from friends		
	ROSCAS		
	NGO		
	Bank		
	Co-operative		
	Other specify		
2 70	Who are the main customers?	Individuals	
		Other businesses	
		Institutions	
		Other specify	
2 71	Where are the customers from	Neighborhood	
		This town	
		Other specify	
2 80	Total assets (cash, goods & fixed assets)	sh.	
2 90	Monthly sales volume	sh.	
2 91	Over last two years have sales	a little	a lot
	Gone up?		
	Gone down?		
	Remained the same		
2 92	Current monthly business expenses	sh.	
2 921	Number of employees	Male	female
	Full time & owner		
	Part time/seasonal		
	Non paid (family)		
	Total	sh.	
2 922	Monthly wage bill	sh.	
2 923	Average monthly drawings from business		
3 000	OTHER INFORMATION	sh.	
3 100	Other sources of income	sh.	
3 200	Amount of loan required		
3 300	Purpose of loan		

MAP 1: Ravine Division

