Empowerment Enterprises of Africa
Transforming the continent one life at a time

Business plan

Private and confidential

"FOR STARTING A MICROFINANCE INSTITUTION IN TANZANIA"

Dar-es-Salaam
June 2009

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1. INTRODUCTION AND BACKGROUND

1.1. Executive Summary

Empowerment Enterprises of Africa (EEA) was incorporated as a non-profit organization under the laws of the United Republic of Tanzania in 2008. Its headquarters are located in the capital, Dar-Es-Salaam. The organization was formed with the purpose of providing social and financial solutions to the poor. The existent business plan provides a rational framework for the microfinance part of EEA.

The Company was founded by Dr. Jasson Kalugendo and Jerry Twombly who, along with Dirk Sander, are actively managing the company. EEA has already started a micro lending pilot project in Dar-City and has scheduled to roll it out to 200 families in Gongolamboto (underserved area in Dar-Es-Salaam city), by the end of 2009, in collaboration with other stakeholders. The EEA intends to use Grameen Bank model, developed by Nobel Peace Award winner, Muhammad Yunus.

EEA intends to reach out to 10,000 poor families in Tanzania with microloans in the next five years in Gongolamboto, Kinyerezi, Chanika and Kigamboni. Achieving this goal EEA will expand its business in 2013 to Dakawa, Morogoro Region. EEA management philosophy is to gain self sufficiency within five years. For that purpose, the management restricts the fundraising portion with a declining percentage of 100% in year one down to 55%, in year two, 50% in year three and 30% in year four. In 2014, EEA does not expect to require any more grants.

This document won't be possible without the hardworking of Dirk Sander, a holder of MBA in Accounting and Controlling. Dirk has invested a great deal of his time and resources to develop this important document because of his passion to those who live underserved conditions in Tanzania. EEA Governing Board is grateful to his support.

1.2. Mission and Goals

EEA exists to empower people economically while ensuring that those who live in poverty, particularly vulnerable women and children, are served in body, mind, and spirit. The springboard of EEA is compassionate micro-finance lending that includes a range of support services for its members through multiple local programs in strategic rural and urban areas of Tanzania, and will eventually spread to other countries in Africa. By 2025, EEA expects to empower the entire population of one million Tanzanians to move out of extreme poverty through strategic goals:

a) Microfinance. This includes urban and rural lending, community owned banking, and asset development strategies.
b) Community Investment. This comprises consumer-owned businesses, social businesses, and social investment.

c) Entrepreneurial of Entrepreneurship. This involves small-business development, hands-on learning, technical know-how culminating in self-employment, and life skills development.
d) Dynamic social network. This involves sharing resources, local and global interdependence, and mobilization of social networks.

As a Microfinance Institution, EEA intends to increase opportunities for the poor to access financial services by providing financial services to low income entrepreneurs, mobilizing deposits from members and non-members and then loaning a certain percentage of these funds to urban and rural producers, traders and small scale farmers. EEA's core values are enhancing their clients' self-determination, serving as an ongoing financial resource for members, and achieving significant outreach and financial self-sufficiency.

1.3. Macroeconomic Situation in Tanzania

The United Republic of Tanzania is situated in East Africa and part of the Sub-Saharan area with a total surface of 945.087 square kilometers and a population of 40,3 million (Mainland and Zanzibar). The country gained its independence in 1961. In 1990, the mainland of Tanzania initiated a political transformation process to a multi-party system. Between 1999 and 2002 the economy picked up by an average of 6 % and by 2007 the growth rate (7.1 %) was comparable to the early years of independence – (URT - United Republic of Tanzania, 2008).

The inflation rate has been relatively stable during the last seven years with an average of 7% but it has increased significantly during the last 6 months, with a growth up to 11.3% in April 2009 (BOT, 2009). The population living below the poverty line (income is under one dollar a day) was 35.7 % in 2000/01. About 80 % of the population in Tanzania lives in rural areas with agriculture being their main activity (Morrissey et al., 2005). In 2002, the agricultural sector in Tanzania contributed around 45% to the GDP (Gross Domestic Product), of which subsistence farming accounted for 20 and 81% of GDP and total employment in Tanzania, respectively. The sector has maintained a steady growth rate of 3% and is said to be a major accelerator of economic growth. Despite the sector's contribution to the economy, its growth rate is seen as insufficient to improve the livelihood of the rural people as the rural areas account for around 80% of the 17 million people living below the poverty line (Wangwe and Lwakatare, 2004). In 2000/01, 39% of the population living in rural areas in Tanzania was below the basic needs poverty line, compared to around 26 % in urban areas excluding Dar-Es-Salaam.

The impacts of a socialistic one-party government system led to a decline of old traditions, melting of social ties, and timidity to engage in self-employment or entrepreneurship. These were some of the primary reasons for the poverty. The main political objectives in the last decade have been, therefore, the development of a national economic growth and poverty reduction strategy initiated by the World Bank and IMF (International Monetary Fund). Tanzania enjoys political stability though the physical infrastructure and functioning executive, legislative, education, health, and juridical systems are poorly developed. Recently, the government has policies and regulations in place to maximize the utilization of domestic and international resources in a strategy to reduce poverty and eliminate social problems in the country.

A very serious problem for Tanzanian society is the HIV/AIDS epidemic. The country has high rate of infection with around 6% of population ages 15-49 carrying the disease (WBCR, 2009). According to the Health Sector Performance Profile report provided by the Tanzanian government, the costs of treating AIDS cases could easily consume half of the country's health budget, a factor that slows down the country's strategic efforts on poverty alleviation.

2. MARKET AND CLIENTS

2.1. Market

According to a study of PRIDE (Promotion of Rural Initiative and Development Enterprises), a major microfinance oriented NGO, "it is estimated that there are close to eight million small and micro entrepreneurs who need financial services, and the number is growing by 4% percent annually, the majority of whom are found in the rural areas" (PRIDE, 2009). That is 20% of the country's population, mainly dealing in the informal sector.

At the beginning of their microfinance activities, EEA is focusing on the urban informal sector. This sector contributes 43% of the country GDP. Also it contributed 35% to the total urban labor force (URT, 2003). In Dar-Es-Salaam Region, the informal sector offers about 65% of the city's labor force (URT, 1995). Nearly two of three urban households own informal enterprises (URT, 2003).

EEA decided to boost informal sector by providing financial services to their actors. Although there are contradicting views regarding the relationship between poverty and the informal sector, without it, the poverty situation of the affected families would have been much worse (Orlando, 2001). At the beginning, EEA selected four underserved target areas for their credit program to informal micro entrepreneurs. All are situated in Ilala, one of three districts of Dar-Es-Salaam Region.

Furthermore, EEA is chiefly committed to empowering the communities in rural areas because of the fact that their access to financial services is extremely limited. The initial community to be reached during the pilot phase is Dakawa, a village in the Morogoro Region, 300 km away from the EEA Head Quarter in Dar-Es-Salaam City. For further detailed information regarding demand, market penetration and opportunities, see section 3.1 Competition.

2.2. Microeconomic Background

Gongolamboto

Gongloamboto is one of the wards of the Ilala Municipal with an estimated total population of 15,000 people. The Ilala Municipal belongs to Ilala one of three districts in Dar-Es-Salaam. The district includes an estimated 783,687 people found in 65 wards and 102 sub-wards (URT – Dar-Es-Salaam City Profil 2004). The area of Ilala is 273 km² and is about 20 km away from Dar-City, where much of the commerce, banking and national offices are located.

Despite the high urbanization rate of Dar-Es-Salaam Region (93.9 % – Morogoro, 2007) and the narrow to the capital, the Ilala District is defined as an urban agriculture sector. Only a quarter of an entire population is involved in non-agriculture, mainly in the Informal Sector (95 % – URT, 2008). Typical small scale businesses include: street vendors, shop sales workers, and crafts men. Majority of people work in petty cash businesses in which they can buy only the food of the day. Although the poverty rate is only the half of the country average, Ilala residents do not have savings for retirement, medical expenses, life insurance, or plan for sending children to school.

Agriculture activities are based on small and large scale crop farming mostly using poor hand equipments. GDP per capita for Dar-Es-Salaam is to be USD 437 with 35% of the population earning an average low income of USD 24 per month (URT - Dar-Es-Salaam City Profile, 2004).

From Gongolamboto EEA will expand their business later to Chanika with 23,000 and Kinyerezi with 5,800 resident, and the forth area in Ilala will be Kivukoni with an estimated population of 50,000.[1]

Dakawa

Dakawa is a small village that is located along the Morogoro – Dodoma highway. The village is found in Mvomero district which is among the six districts of Morogoro region. The regions country size is about 73.000 km^2 with a total population size of 1.7 Million people. Morogoro GDP is 5.39%, so that the region ranked eighth out of 21 regions (URT, 2006). The per capita GDP of Morogoro Region is USD 311. The relatively well growing economy is reflected in a surplus of 4.1 % in-migration (Morogoro Regional Commissioners Office, 2006).

The total human population in the Mvomero district was estimated to be 280,475 people in 2006 (URT, 2007), and this accounts for a population density of 37.9 persons/km^2. This is relatively low as compared to the average of the Mainland. About 40% of the population is in the reproductive age (15-44 year old). Mvomero's urbanization level is very low. Only 11.5% of the district population is living in urban areas (Morogoro Regional Commissioners Office, 2006). The main industry of the labor force depends on agriculture (90%).

[1] Kivukoni has a special status, because of its high population density and the fact that 15 MFIs including NMB have their offices and branches within this ward. Half of the underserved micro-entrepreneurs in the four target areas are living and working in Kivukoni. The microfinance market is a growing sector and attracts more competitors. Because of a relatively proper infrastructure and their high population density, Kivukoni is one of the most attractive markets in the Dar-Es-Salaam Region - foremost for commercial Banks that can easily expand their business to this ward. This is a significant market risk for new players with minimum initial infrastructure like a start up. That is why EEA's implementation plan puts Kivukoni in forth priority.

The major economic activity in Mvomero district is crop farming, employing 81% of the total labor force. But only 2.1% of the crop farming production is sold (National Sample Census of Agriculture 2002/2003). Banana, cassava and maize are among the major food crops grown in the District. Sugarcane, coconut and sesame are among the major cash crops. Coconut and sesame are sold generally by the smallholders. Due to the rainfall seasons between November and May, half of the crop selling farmers store crops for three to six months. There is a high variation of the price within the region that indicates inefficiencies of the crop marketing system. For instance, the price for sesame varies by Tsh 500 between Kilosa and Morogoro District. Other occupations that employ a significant number of the labor force include livestock, crafts, small business, street vendors, professional jobs and other elementary occupations.

Smallholders are the main keepers for chicken, cattle, goats, and dairy cattle in Mvomero. The largest proportion of all livestock kept is chicken (55.5%), followed by cattle (22.6%) and goats (18.6%). The proportion of dairy cross cows accounts for approximately 50% of dairy products in the region. Dakawa village, which is situated in the Mvomero District, is 40 km away from Morogoro Municipal. There are about 7,000 residing in Dakawa. Despite the fact that Dakawa is more than two times larger than the average of the villages in Mvomero District, the distribution of occupation of the labor force and the industry is comparable with the district figures.

Special market opportunities in Dakawa

The Rural Livelihood Development Company (RLDC) is engaged to boost organic cotton farming in the Morogoro Region. RLDC is a NGO funded by the government of Tanzania in cooperation with Swiss Government through Swisscontact. RLDC is looking for Microfinance Institutions (MFI) extending micro-credit schemes to small-holder farmers so that they can afford to purchase agricultural inputs and improve efficiency in marketing agricultural produce. For that purpose, EEA will customize their loan product program to meet the specific needs of agricultural small scale business. For instance, a loan product with a grace period and weather insurance could be an appropriate option.

2.3. Clients

Customer profile is based on survey results explored by Finscope, "a comprehensive national household survey focused on the financial services needs and usage across the entire South and Southern African population" (Finscope, 2007). The TRIODOS Bank highlighted following characteristics of the potential microfinance clients:

Population

57% of the adult population is less than 34 years, and mainly rural-based (72%). In addition, there are approximately 14 Million people under 16 years.

Financial access

A large segment (54% overall; 45% of urban, 57% of rural) of the adult population has no access at all to financial services, either formal or informal (overall, 9% have a formal bank account (11% men, 5% women, 16% urban, 4% rural), 2% have access to semi-formal finance [NGOs, Saving And Credit Co-Operative Societies – SACCOs] and 35% have access to informal finance like ROSCAs/ASCAs and moneylenders – these categories are mutually exclusive). Only 20% of the population has access to formal bank in a 1 hour walking distance.

Financial literacy

This is generally low, and lower still for women and for people living in rural areas (92% of the population has heard of loans, but 84% do not understand how interest rates work, or collateral, guarantors, opening an account etc.; 27% have never heard of a savings account). Beyond loans and savings, financial literacy is close to nil (e.g. on insurance, Automatic Teller Machines). Nevertheless, 82% of the total population indicated that they would like to know how to open an account in a financial institution. This indicates a huge need for more as well as better communication regarding financial services with the larger population.

Sources of income

Only 4% of the population is employed in the formal sector. Most people make a living from agriculture, either by selling food crops (36%), cash crops (12%), cattle/livestock produce (9%), or livestock (11%). Others run an informal small business (28%), not (directly) related to agriculture. A large majority of people (61%) go without cash income at times. Many (28%) depend on getting money from family and friends.

Use of credit and loan facilities

Of those that borrow, most (38%) turn to family and friends. An additional 33% get loans from kiosks, 23% borrow in-kind (e.g. livestock). Only 4% said that they have a loan from a bank (5% of men, 1% of women). SACCOs and MFIs (Microfinance Institutions) serve only a small percentage of all borrowers (9% and 6% respectively).

Use of savings facilities

Most people with money do not save it with a bank or financial institution. Of those who save, four out of ten favor saving in-kind (even more so in rural areas) and three out of ten say they keep money in a secret hiding place (similar for urban and rural). Another interesting aspect is that of the people with a bank account (9%), many save with or borrow from informal providers (48%), SACCOs (26%) or MFIs (15%) (Regarding money lenders and market risk section 5.1 Competitor).

3. BUSINESS ENVIRONMENT ANALYSIS

The context in which EEA operates was explored by an environmental analysis that gauges how foreseeable external challenges will affect their capacity to achieve their goals.

3.1. Competitors

The deregulation of the financial sector (in 1991) resulted in the privatization of the National Bank of Commerce (NBC) and the Cooperative and Rural Development Bank (CRDB), which were the dominant providers of rural finance. These institutions decreased their participation in rural finance (Khijjah, 2004; Semboja, 2004; Reweyemamu, et al., 2003). Several private banks were established but the majority of them operate only in urban areas. In 2006, only 5% of the rural population had access to bank services (Finscope, 2007). Although National Microfinance Bank aims to offer micro-credits to micro-clients, from the month of January 2004, it allocated only 0.2 % of loans to small scale farmers.

Access to credit seems to be a problem that equally affects rural farmers in all regions of Tanzania. As indicated by Sarris et al. (2006), in 2004 more than 80% of the rural households faced difficulties in accessing seasonal credits for purchasing agricultural inputs.

The extension of institutional finance to rural areas has been included among developmental initiatives taken by the government and the development agencies to eradicate poverty. Since the deregulation of the financial sector and the enactment of the Cooperative's Act of 1991, there has been an increasing number of MFIs. In 2005, there were about 1,899 MFIs. Although, SACCOs are the dominant MFIs, and as 69 % of them are from rural areas, only 2 % of the rural population has access to their services. The limited capacities of MFI's are among the reasons why they have not managed to solve the problem of credit inaccessibility in rural areas (Randhawa and Gallardo, 2003). The majority of the rural population still depends on informal sources of financial services (Finscope, 2007), which are sometimes not reliable enough to make a significant impact on income improvement and asset accumulation.

A summary of all relevant MFIs in Tanzania was provided by PRIDE Tanzania (PRIDE, 2007). Hereafter, besides PRIDE, the most influential NGOs are FINCA (Tanzania), Small Enterprise Development Agency (SEDA) and Presidential Trust for Self-Reliance (PTF). Smaller NGOs are YOSEFO, SELFINA, Small Industries Development Organization (SIDO), Poverty Africa, Tanzania Gatsby Trust, the Zanzibar based Women Development Trust Fund and Mfuko. Some minor institutions known as community based organizations (CBOs) are dealing throughout the country. The following Banks are providing financial solutions to the poor: Tanzania Postal Bank, CRDB Bank, the National Microfinance Bank (NMB), Akiba Commercial Bank (ACB) and a few Community/regional banks (namely Mwanga Community Bank, Dar-Es-Salaam Community Bank, Mufindi Community bank, Kilimanjaro Cooperative Bank, Mbinga Community Bank and Kagera Cooperative Bank).

The indicated total estimated demand for microloans is about eight million. Commercial banks and Community banks together share 50,000 customers, while NGOs account for 220,000 customers. The rest are served by SACCOs, and many much more minor social organizations with limited resources for their microfinance activities. The largest single player in the NGO category with a market share of 29% is PRIDE, which is mainly due to commercial and trade customers as classified by Abiah Kaaya, Director of SELF (Small Entrepreneurs Loan Facility), a government microfinance wholesale fund. This information is supported by the Bank of Tanzania's records (BOT, 2007).

There are about 1,600 mainly rural based SACCOs in the whole country serving an estimated client population of about 130,000, most of whom are savers. According to PRIDE, "it is important to note that cooperative institutions in Tanzania have had a very bad history as most were associated with financial mismanagement to the extent that they lost peoples' trust and confidence. The cooperative based financial institutions therefore, could not make any meaningful impact in the lives of their members as they operated at very small scales due to funding constraints". Some improvements have occurred since the government "has been implementing a special program to resuscitate the cooperative based financial institutions" (PRIDE, 2007). It takes time, however, before significant impacts are shown.

Other suspicious providers of financial solutions to the poor are moneylenders. According to the Finscope study, 35% of the Tanzanian adult population has access only to informal financial services. Some studies have emphasized the need to consider the use and the amount of credit offered to the clients when evaluating the impact of the MFIs on poverty reduction. It was found that the higher the amount of a loan or the frequency of borrowing, the higher the labor productivity (Hossain and Diaz, 1999) and the household welfare of the recipients. However, the amount of credit, which for the case of the MFIs increases with the frequency of borrowing, may not necessarily lead to poverty reduction. This is so because some poor borrowers continue borrowing from MFIs to repay loans from moneylenders, and hence are trapped into the 'debt vicious cycle' (Chavan and Ramakumar, 2002). This is an indication of increased vulnerability and poverty.

Microfinance Institutions in Tanzania with a special focus on Dar-Es-Salaam and Morogoro Regions (BOT, 2005)

	Bank	NGO	Financial Service Association	Government Program	SACCOs	Community Based Organizations	Total
Tanzania Mainland	8	53	1	105	1601	45	1813
Zanzibar	0	4	0	0	82		86
Total	**8**	**57**	**1**	**105**	**1683**	**45**	**1899**
Dar-Es-Salaam/ Ilala (Gongolamboto)	4	4		1	60	0	69
Morogoro/ Mvomero (Dakawa)	0	0	0	1	10	0	11
Average per Region in Tanzania Mainland		2,65		5,25	80,0	2,25	90,65

3.2.Opportunities and Threats

Gongolamboto (Dar-Es-Salaam Region/ Ilala District).

The Ilala District has fewer MFIs than the average number per region in Tanzania Mainland. The designated target areas around Gongolamboto are remarkable underserved. In total, there are 17 MFIs in the district serving 144,153 clients (BOT, 2007). The total demand of the adult populations who have no access to financial services is 720,000 (that is 45 % out of the region adult population of 1.6 Million people, according to the Finscope study).

There are 94,000 people living in Gongolamboto, and the other three target areas. Of that, 28,000 of the adult population do not have any access to financial services (4,500 in Gongolamboto, 6,900 in Chanika, 1,600 in Kinyerezi and 15,000 in Kivukoni). The remaining 38,000 people who have access to a financial institution are served by 15 SACCOs and one NGO, as well as the National Microfinance Bank (one of few commercial Banks who are involved in the microfinance business) putting together a market share of about 10%. The NMB has a market share of 39 %, mainly in the populated Kivokuni, where they have a large branch.

Based on these facts, the estimated demand of micro-entrepreneurs who are currently out of the scope of reliable financial institutions is at least 10,000. They represent the most vulnerable and poor people in the target areas that will, prospectively, not be served by NBM because of missing collaterals. Initially using the Grameen Bank model of microfinance, EEAs strengths are serving the most vulnerable and poor people who will not served by financial institutions.

Dakawa (Morogoro Region/Mvomero District)

Apart from being excluded from the formal financial sector, Morogoro has fewer MFIs than the average number per region in Tanzania Mainland. Mvomero District with their 280,000 residents hosted only one SACCO who serves 260 people within the whole district (Morogoro, 2007). The adult population of Dakawa, which is situated in Mvomero, is about 4.600 people and they are totally underserved by financial institutions.

SACCOs supplement their share of capital by borrowing from the formal financial sector. The limited number of commercial banks in Morogoro/Mvomero might result in a limited amount of money available to lend to SACCOs' members in this district. To avoid these struggles, EEA needs sufficient capital to extend their business to Dakawa. That might be possible in the year 2013 at the earliest. The main issues serving financial demand in the rural areas are poor infrastructure and low population density. Dakawa is located along the Morogoro - Dodoma highway. Market access for small scale farmers and small traders is given in both direction, Dodoma and Morogoro Municipality. The branch will be open in Morogoro Municipality which is a 45 minute drive to Dakawa. Located in the regional capital, EEA will be able to replicate their lending program to other rural areas.

Out of the 4,600 people, who have no access to financial institutions, the demand for microcredit is estimated at 1,200 micro-entrepreneurs. EEA expects to lend to more than 80 % of these smallholders within two years, from 2013 to 2014. After that, EEA intends to replicate their program to other wards in Mvomero District.

4. CORRABORATION AND PARTNERSHIP

4.1. Global Network

Global Advisory Boards (GAB)
Shaping a vision is an ongoing effort, necessitating the oversight of the EEA Global Advisory Board. In his role as the chair of the EEA Global Advisory Board, Jerry Twombly works in collaboration with co-chairpersons in each individual country who coordinate the linkage of EEA with individuals, organizations, businesses, and institutions in their respective countries, currently the USA, Germany, and Spain (see the list of Global Advisory Board in the Appendix).

4.2. Cooperating Partnerships

EEA relies on a wide-ranging web of partners across the globe that are committed to a common purpose and are willing to invest resources - money, time and talents - to ensure its success.

Tanzanian Government
Locally and country-wide, EEA is joining the efforts of the Tanzanian local and central government, especially with the department of Poverty Eradication and Economic Growth, to serve grassroots people specifically, by helping to implement the policies so that we serve the interests of the citizens, the less advantaged groups, and underserved areas according to government vision.

Bank of Tanzania
The Bank of Tanzania is the implementing agency responsible for coordinating and monitoring the flow of funds on behalf of EEA donors. The Tanzania Investment Center and other relevant government ministries will ensure that the people of Tanzania are served according to the vision and agenda of the Tanzanian government.

Grameen Bank
Grameen Bank, based in Bangladesh, has great interest in collaborating with EEA to replicate its micro lending model in Tanzania. Grameen Bank is the premier international banking model for the poor, with more than 7.5 million borrowers in 65 countries around the globe, mostly in the developing world. Grameen Bank will offer consultancy during the development, implementation, and monitoring of a micro credit program in Tanzania, and providing direct or indirect technical support during the pilot phase of EEA micro credit programming.

GEXI
GEXSI LLP is a consultancy firm in London and Berlin that provides professional development investment services. Their aim is to mediate social investments in low-income regions around the world, with a goal of the alleviation of poverty.

Genisis Institute
Genisis Institute is a leading European social business agency in Berlin that works as a think tank, providing social solutions within an economic and business framework.

In the effort to avoid duplication of services, and to acknowledge the need for a multi-dimensioned approach to achieve success, EEA continues to build relationships with existing national and international organizations and bi-lateral development donors. Also, financial institutions in the country, specifically the Tanzania Investment Bank, and Self Project, National Economic Empowerment Council etc. have shown great interest in EEA's programming.

4.3. Regulatory Policies

The following regulatory policies play an important part in shaping EEA's institutional environment:

National Policies

The National Microfinance Policy (NMP), enacted by the government in May 2000 and incorporated in the Banking and Financial Institutions Act 2006, aims to enable the increasing microfinance industry to become more sustainable and reliable. With this policy, the government was relieved of its responsibility as the key player in delivering financial solutions to the poor. Since then the formal private sector has been the main provider of microfinance services. Those are required to apply these financial principles in running their business. Beside to the NMP following other policies are in place:

- The National Strategy for Growth and Reduction of Poverty (known as MKUKUTA). These strategies are executed by the department of Poverty Reduction and Economic Growth. Their targets are as followed:
    - Increasing economic growth
    - Reduction of income poverty
    - Improving the quality of life
    - Social well-being
    - Strengthening governance and accountability
- Small and Medium Enterprises Development Policy, Ministry of Industry and Trade (2002)
- National Land Policy (1995)

Legal Framework

A distinguished licensing system is in place to regulate financial institutions based on minimum capital requirements:

Minimum Capital Requirements[2]

Financial Institution	In Tsh	In USD
Commercial Bank	5 Billion	3.743.916
Regional Unit Commercial Bank	200 – 50 Million	149.756 – 37.439
Non-Bank Financial Institution	100 – 50 Million	74.878 – 37.439
Micro Finance Company	800 Million (national)	599.026

[2] Remark: Until end of 2007, no microfinance company had yet been licensed. The NGOs PRIDE and FINCA are currently in a transformation process that will be finalized probably by the end of 2009.

	200 Million (1 branch)	149.756
Financial Cooperative	800 Million in savings and deposits	599.026

In addition, following regulatory and supervisory frameworks are established in which EAA will adhere to:

- The Bank of Tanzania Act (2006)
- The Banking and Financial Institutions Act (2006)
- The Companies Ordinance (1993)
- The Microfinance Companies and Microcredit Activities Regulations (2005), that regulate microfinance activities under the supervision of the Bank of Tanzania, with special respect to financial reporting, product design, risk management, controlling, pricing, etc.
- Capital Adequacy Regulations (2001)
- Banking and Financial Institutions Regulations (1997)
- Regulations for: liquidity management, risk management, internal control and audit

4.4. Transformation into a Microfinance Company (MFC)

The institution is considering formalization when it passes the capital requirement from BOT. The board evaluates the opportunities and risks associate with the different options available. In the hope of attracting a significant flow of client savings and domestic and international debt and equity funds, EEA is considering changing their legal status to that of a formally licensed financial intermediary in year 2012, initially with one branch and progressing to two in the future.

The Financial Committee (see section 5.4), which works under the governing board, evaluates the costs that are likely to result in the context of banking regulatory structure. The Financial Committee will incur both up-front and ongoing costs, and these costs are likely to be substantial. The evaluation will entail costly feasibility studies of the alternatives and extensive consultations with lawyers and accountants. Registering as a formal financial institution involves legal and filing fees. Once EEA attains a formal status, the regulations governing the licensed financial intermediaries will lead to greater professionalization, for example, through conformity to more rigorous standards of provisioning and asset valuation. Regulations may also impose significant constraints, restricting the hours and days of operation, requiring advance approval for opening new branches, and setting requirements relating to the compensation, hiring, and termination of employees. A microfinance institution that changes its status will generally face significant additional supervisory requirements, such as an internal audit department and expanded reporting. For that purpose, EEA is considering hiring an internal auditor and an additional accountant in 2012.

Significant capital reserve requirements are necessary, for example, Tsh 200,000, in the transformation year and Tsh 800,000 when EEA will open a second branch in Dakawa under legal status. Most significantly, EEA operates as a tax exempt nongovernmental organization but will lose that status and have to begin paying taxes on its earnings when they become a formal limited institution.

5. INSTITUTIONAL ASSESSMENT

EEA is still in a start up phase and has no historical data to be assessed. The following institutional capacity model is carried out of the market study and the environmental analysis. It is a five year projection plan, considering the EEA milestone transforming to a microfinance company in 2012, to be allowed to collect savings for the purpose of becoming self sustained at the end of the projected period.

5.1. Credit and Savings Program

Defining EEA's Financial Products

At the end of 2008, EEA started a pilot program and offered a single loan product, Solidarity Small Business Loan, and had no voluntary savings products. The institution required all borrowers to maintain monthly compulsory savings, which is treated as part of the loan product. According to the pilot results, EEA intends to follow up with this loan type but plans to introduce new loan product in year four when they extend their business to Dakawa. The product should be customized based on the needs of agricultural small scale businesses. Because of the late introduction and the very low financial impact, it is not designed as an individual product in the existent business plan.

EEA intends to convert to a nonbank financial institution in year three, which will make it eligible to collect savings deposits. Its management expects to offer two voluntary savings products: a voluntary savings account, called "Passbook Savings" that replaces the current compulsory savings, and a range of term deposits to be modeled as a single product called "Fixed Deposits".

Setting EEA's Loan Amounts and Repayment Conditions

At the beginning of 2010, EEA will offer a single loan product in Gongolamboto, Dar-Es-Salaam Region, Ilala District. Clients are required to form groups of five, and each client will receive a loan amount based on their need. In accordance to the Grameen Bank model, EEA decided not to require group guarantee. That means that no group member will cosign for the others. All loans require biweekly payments. EEA will not offer a grace period on repayments. Contractual loan terms varied between 8 and 12 months, it is projected that in general clients took an extra month to fully repay their loans.

Loan Cycle	**Average Amount year 1**	**Average Amount year 2**	**Average Effective Term**
First	200.000	300.000	9
Second	300.000	450.000	9
Third	450.000	600.000	11
Fourth	600.000	750.000	11
Fifth and subsequent	720.000	1.000.000	13

Average loan amounts are expected to increase annually by the rate of inflation. Initial annual client retention rate is to be estimated at 80%, and will increase gradually up to 90% from year three to five.

Defining EEA's Compulsory Savings Requirements

EEA require clients to save 20 % of their requested loan amount before disbursement. The primarily purpose of compulsory savings is to cover any default risk. These savings will be held at the Corporative Rural Development Bank (CRDB). Because of the fact that EEA didn't pass the capital requirement of the Bank of Tanzania as of yet, the company is not legally allowed to hold savings deposits. When EEA converts to a nonbank financial institution in the third year of its strategic plan, it intends to eliminate the compulsory savings requirement. In month 25, EEA will replace compulsory savings with their voluntary Passbook Savings product and their Fixed Deposits.

Setting EEA's Pricing Structure

EEA charges 30% annual interest using flat balance calculations. EEA also charges an upfront commission fee of 3% on all loans at the time of disbursement. All lending has been transacted in local currency, with no indexing to external values. The management decided to take a lower interest rate than the market average, which would attract more customers at the beginning and is in accordance to the Poverty Reduction Strategy of the Tanzanian government. If the profitability projections turn out to be unacceptable, it will re-price the loan product again.

Setting the General Parameters for EEA's Compulsory Savings Products

The compulsory savings pay the depositors interest at 12.5%. The clients do not have an individual saving account. EEA collects the savings from their clients and deposits it as accumulated amount on their business account at the CRDB Bank. EEA pays out the interest (minus a commission of 2%) when the loan is fully repaid or in year three when their clients open voluntary saving accounts. Access to the compulsory savings is blocked while the client has an outstanding loan and can be seized by EEA if the client fails to repay the loan. The funds are not otherwise available for EEA's use.

Defining EEAs Voluntary Savings Products

Starting in year three, EEA plans to begin offering two voluntary savings products. Passbook Savings will pay interest ranging between 2% and 6%, depending on the deposit amount, with an average rate expected to be at 4%. Fixed Deposits will pay interest ranging between 7% and 10%, depending on the term, with the average rate expected to be 8%. These prices are above the current market rates (BOT, 2007).

EEA decided that a specific percentage rate of any savings deposits be placed in short-term reserve deposits, to handle ongoing depositors withdrawing, with the rest available for on-lending at the institution's discretion. EEA's management expects to establish a reserve of 40% of Passbook Savings and 25 % of Fixed Deposits.

5.2. EEA's Marketing Channel

EEA's Initial Balances

EEA projects that it will have 200 active clients at the end of 2009, all with Solidarity Small Business Loans. Referencing EEA's balance sheet, it is determined that EEA will have a gross outstanding balance for its single loan product of Tsh 40,000,000 at the beginning of the five-year projection.

Projecting EEA's Active Loans

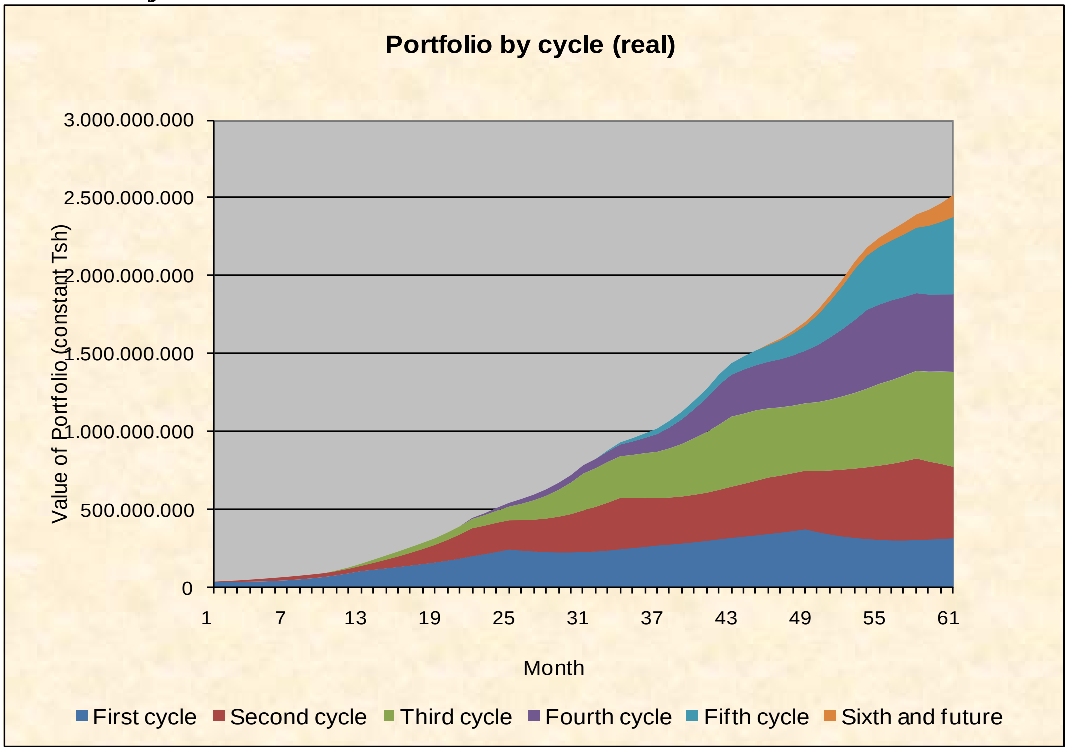
EEA's market study showed that the institution has the potential to grow from 200 to 9,000 clients in the current market area Gongolamboto by the end of its five-year plan. In addition, EEA intends to open a second branch office, in Dakawa, in January of 2013. This branch is expected to expand to 1,000 clients by the end of 2014, bringing the total number of clients to 10,000.

The projection models multiple branches using a consolidated approach. It had chosen to project credit activity by the number of active clients rather than by the number of new clients each month to calculate a reasonable cycle time for each segment.

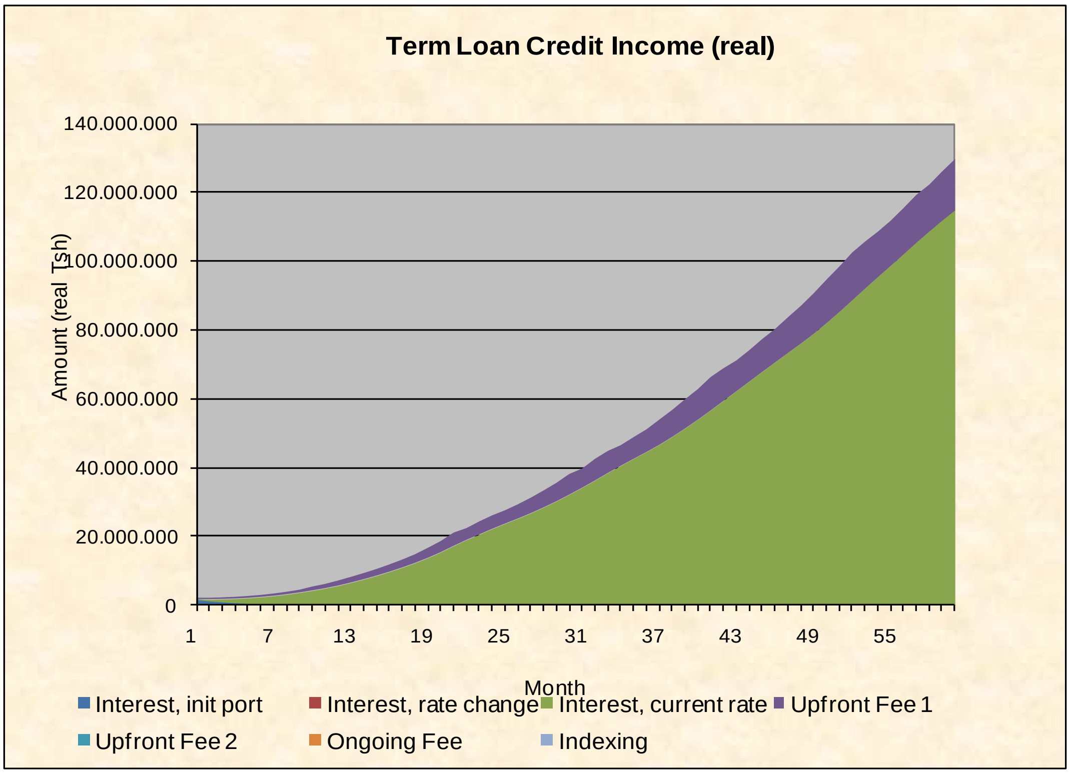
EEA's Projected Number of Active Loans (2010 - 2014)

Branch	**Initial**	**2010**	**2011**	**2012**	**2013**	**2014**
Gongolamboto	200	1.200	3.000	5000	7.000	9.000
Dakawa	0				700	1.000
Total	**200**	**1.200**	**3.000**	**4.500**	**7.700**	**10.000**
Average monthly growth rate		16,1%	7,9%	4,3%	3,7%	2,2%

EEA's Projected Term Loan Portfolio



EEA’s Projected Term Loan Income



Analyzing EEA’s Customer Retention Rates

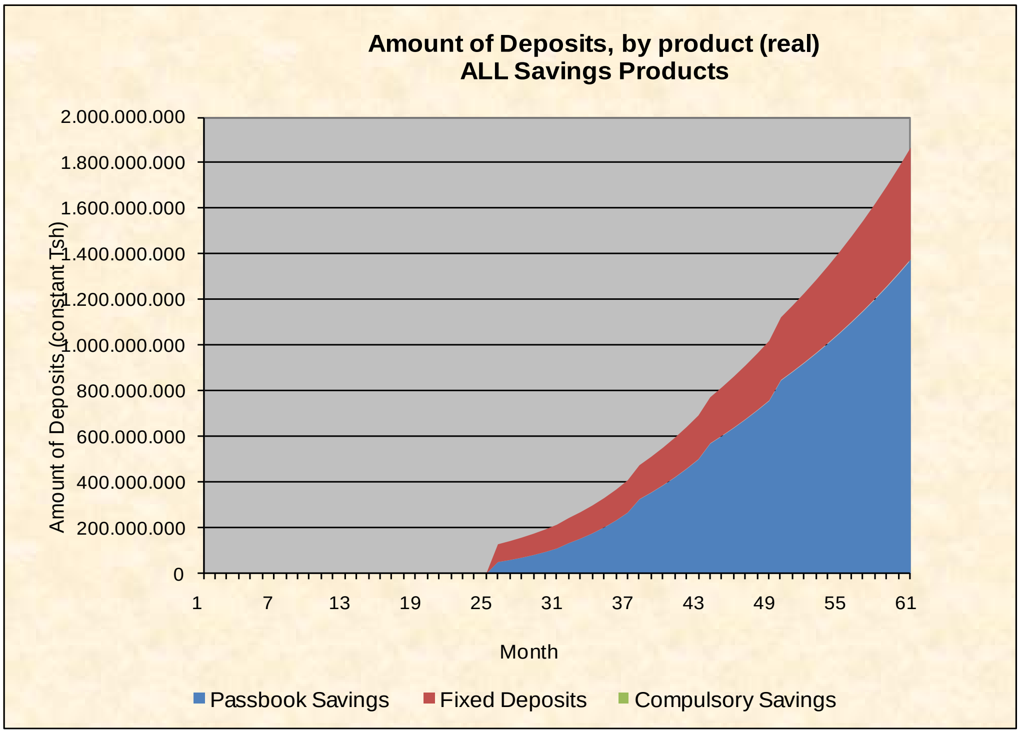
Confident that the Grameen Bank model and the special trained staff will address their clients’ needs, EEA’s management expects a relatively high customer retention rate from 80% up to 90%. The management reviewed their loan-demand projections. They saw that EEA will need to attract about 12,290 new clients in the next five years to reach its expansion targets, and that only 2,290 of these clients will drop out during the five years. Therefore, high client retention will need to be a primary goal in the coming years.

Projecting EEA’s Compulsory and Voluntary Savings

At the end of 2009, EEA’s borrowers would have Tsh 8,000,000 of compulsory savings on deposit at CRDB - an amount projected to grow to Tsh 225,120,000 by the end of year two. When EEA begins offering voluntary savings in their branch in Gongolamboto in the first quarter of year three (after terminating the compulsory savings requirement in month 37), management estimates that 60% of borrowers will transfer a significant portion of their compulsory savings to the new voluntary savings accounts, either to a passbook or to a deposit saving account. For the passbook saving account, management estimates an initial average balance of Tsh 40,000,000 that will grow to about Tsh 221,000 at the end of year five. The same applies to the Term Deposit. The initial average balance is estimated significantly higher and accounts for Tsh 300,000 increasing to Tsh 467,000 at the end of year five. The number of savers is predicted to be significantly lower. This is because of the fact that customers take time to save sufficient capital reaching the minimum deposit requirements of a Fixed Deposit account. In addition, the savers will have limited access to their capital for an agreed time period.

As client confidence and awareness increase, the percentage of borrowers with voluntary savings is projected to increase up to 80% in year five. In addition, EEA expects non-borrowers to open Passbook Savings and Term Deposits accounts, starting in year three as well. For Passbook Savings, EEA estimates 100 new accounts a month during the first half of year three and then a 5% monthly increase in accounts from the beginning of the second half of the year until the end of the five year plan. For Term Deposits, the initial number of savers is estimated at 10% of the borrowers in year three, increasing slightly with 1% in year four and 2% in year five.

EEA's Projected Voluntary Savings (by amount of Deposits)



5.3. Board and Management

EEA embraces the organizational leadership model with a leadership team capable of formulating and shaping a coherent vision combined with a management team skilled in implementing and rejuvenating the vision over time. This team is comprised of an Executive Director working closely with Governing Board chair, Advisory Board chairs, advisors and members committed to constructing and executing the strategies. The Managers are responsible for the implementation and management of the vision, specifically in the areas of microfinance, education, social business, research, and entrepreneurial education. The management of the corporation is vested in the Governing Board.

Governing Board

Board members are nominated and appointed for staggered terms of three years. Board members serve a maximum of three successive terms; initial terms would be for three, six, on nine years. A full board meeting would occur annually in the month of April supplemented by quarterly conference call meetings. Every third year the annual board meeting take place in Tanzania. The board members represent groups deemed critical to managing a micro-finance organization, banking, legal, accounting, education, pastoral, business, organizational development, government, financial planning, and women are well represented in the board. Three members come from Tanzania, in which one of them represents MFI clients of the EEA. The Board delegates responsibilities for day-to-day operations to the corporation's Executive Director and Committees. The board receives no compensation other than reasonable expenses.

Founders

Dr. Jasson Kalugendo is the Founder and Executive Director of EEA. Born and raised in Tanzania, he has worked internationally in Rwanda, Kenya, Tanzania, and the United States. Most recently, Dr. Kalugendo formed and operated All Nations Ministry, a program serving the spiritual, economic and social needs of a culturally, racially, and economically diverse community, particularly children, teens, single moms, and victims of crime living in Antioch, Tennessee. At the same time, Dr. Kalugendo served as parish pastor for the Lutheran Church where he also managed the church bookshop and acted as communications director, newsletter editor, strategic planner, and leadership trainer.

Dr. Kalugendo obtained his Doctoral Philosophy degree from Concordia Theological Seminary, Indiana, USA where he devoted much of his time to studying the sociological patterns of bonding and bridging social capital. He holds two degrees in public relations and social communication from Daystar University, Nairobi, Kenya, also taking classes in social work. Dr. Kalugendo has participated in strategic planning, leadership development, and organizational management seminars.

Jerry Twombly is the Co-founder and President of EEA. He became intrigued with national development practices in 1970 while working as a professor at Word of Life Bible Institute at Schroon Lake, NY. In addition to his teaching experience, Jerry Twombly has worked in public relations, student recruitment, and fund-raising. In 1973, he returned to Grace Theological Seminary to pursue post-graduate studies where he assumed a position in the development office in exchange for a salary and free tuition. During nearly 40 years of working with Christian ministries and organizations in all 50 states of America, five of nine Canadian provinces, and several countries around the world, Jerry Twombly assisted 3,500 clients to raise over USD 2 billion for programs and services.

Co-chairs

Dirk Sander is a Social Business and Microfinance Consultant trained and examined by Grameen Trust in Bangladesh. He has worked for 17 years in varied executive functions for Citibank Germany. His most recent positions include a Credit and Risk Manager and a Branch Manager. Dirk Sander coordinates EEA's German Advisory Board.

Vicente a Jose Boixareau coordinates the vision of EEA in Spain. Mr. Boixareau has a MBA degree from CUNEF & Universidad Complutense, Madrid and is currently pursuing a PhD in economics and finances. He is a researcher and lecturer on economics at the CIIF International Centre for Financial Research and Finance Department, IESE Business School Spain in Madrid, and has been a researcher with the Departments of Finance in Germany, France, and Bangladesh.

National Advisory Board Tanzania

A National Advisory Board (NAB) in Tanzania provides oversight to local EEA operations. The chairperson, Elias Mashasi, was an Executive Director with parastatal organizations in Tanzania for 20 years and spent the last 10 years working with International Labor Organization.

5.4. Roles and Responsibilities of the Board Management

The Board may create committees as needed, such as community Relations, Cultural Outreach, Research and Publication. There are two outstanding Committees: Executive and Finance Committee. The Governing Board appoints all Committee chairs who must be members of the Board.

The Executive Committee

The Executive Committee reviews the performance of the Executive Director. Except for the power to amend the Articles of Incorporation and Bylaws, the Executive Committee have all power and authority of the Governing Board in the intervals between meetings of the Board of Directors, subject to the directors and control of the Board of Directors. The Executive Director is responsible for hiring and supervising. The Executive Committee shall serve as a vital committee and is responsible for developing a personnel policy.

Finance Committee

The Treasurer is chair of Finance Committee, which include three other Board members. The Finance Committee is responsible for fiscal control, development and reviewing expenditure procedures, and a fundraising action plan and organization annual budget. The Board of Directors must approve the budget and all expenditures must be within the budget. Any major change in the budget must be approved by the Board of Directors or Executive Committee. The fiscal year shall be the Calendar year. Quarterly reports are required to be submitted to the Governing Board showing income, expenditure and pending income. The financial records of the Corporation are public information and shall be made available to the Governing Board members and the public.

5.5. Institutional Resources and Capacity

Defining EEA’s Staffing Categories

EEA refers to members of its field staff as “Loan Officers”. The company opted for salary and benefit adjustments at the beginning of each fiscal year, because EEA's board generally grants an increase equal to the inflation rate. In addition to its loan officers, EEA considers its “Credit Supervisor”, “Bookkeeper” and “Operations Manager” part of the Branch-related staffing. All other existing staff are considered Head Office staff. In

January 2013, when another branch office is to be opened, EEA will shift the operations manager to the position of branch manager of the old branch and hire a branch manager for the new one. So the job title includes both positions - "Operations/Branch Manager". Also, a bookkeeper will work in the new branch. Starting in year three, when savings products are introduced in Gongolamboto, that branch will add the following positions: “Teller” and “Security Guard”. One year later, when a new branch is opened in Dakawa, additional Tellers and Security Guards will be hired. The credit supervisor will also be hired in year four, when the second branch is to be opened. His role is to empower the sales staff and to review the credit decisions. A large branch like Gongolamboto that will need more than 40 employees should be supported by additional supervision functions.

For administrative-level staffing, EEA entered the following positions: “Executive Director”, “General Manager”, “Chief Accountant”, Assistant Accountant”, MIS Supervisor”, “Internal Auditor”, Human Resource Manager”, “Saving Director”, “Secretary”, and Driver”. (For detailed job specifications see attachment).

Defining EEA’s Operational Expense Categories

For Branch-related operational expense categories, the staff specifies “Rent”, “Utilities”, “Transportation”, “General Office Expenses”, “Staff Training”, “Borrower Training”, and “Repairs, Maintenance and Insurance”. For Head Office operational expense categories they enter “Rent,” “Utilities,”“Transportation,” “General Office Expenses,” “Repairs, Maintenance, and Insurance,” “Professional Fees and Consultants,” “Board Expenses,” and “Staff Training.”

Projecting EEA’s Branch Resources and Capacity

Projecting EEA's Branch-related Loan Loss Provisioning

EEA estimates that its portfolio, at risk for more than 30 days, will be 10%. It projects write-offs of 2.2% of its portfolio and decided to use this write-off rate for all future projections. The loan loss reserve, as of December 2009 on the balance sheet, is to be estimated by Tsh 1,200,000.

Defining EEA’s Branches

EEA plans to open its first branch in Gongolamboto in third quarter of 2009, and indicates that a second branch will open in the beginning of year four in Dakawa.

Setting the Links for EEA’s Loan Officer Projections

EEA's lending methodology (Grameen Model) permits experienced field staff to work with a caseload of 350 clients. Loan officers generally take 12 months to move up to the senior level and a full caseload. Beginning staff generally work with 25% of a full caseload, secondary staff with 50%, and intermediate staff with 75%. EEA generally hires new loan officers in groups of at least three in order to coordinate staff orientation and training. At the beginning, EEA will have two loan officers, one of whom will have been with EEA for 12 months (i.e., senior level), and one which will be newly hired.

Projecting EEA's Automated Branch-related Staffing Levels

At the beginning, EEA intends to start with two loan officers, one bookkeeper and one operations manager. To ensure efficiency and to serve with a high grade of safety and quality, the company planned to hire:

- one credit supervisor for every 12 loan officers, starting after a total of 12 loan officers are hired;
- one branch manager and one bookkeeper for each branch that opens;
- one teller for every branch that offers voluntary savings;
- one security guard for each branch that offers savings, starting in year three.

The cost for each position - including salaries, benefits and payroll taxes - as of January 2010 is estimated in the following table. The model will automatically increase the salaries by the inflation rate in the first month of each fiscal year.

Staff Position	Monthly Salary (Benefits are included) / Tsh
Loan Officer, Entry level	333.875
Loan Officer, Intermediate level	420.200
Loan Officer, Senior level	534.200
Teller	467.425
Bookkeeper	593.000
Operations/Branch Manager	801.300
Credit Supervisor	1.200.000
Security Guard	267.100

Projecting EEA's Branch-related Other Operational Expenses

To generate projections of EEA's Branch-related other operational expenses, the company distinguished the Branch-expenses from administrative-expenses categories opting for automated projections as they enter the following Links:

Category	Expense Amount/ Tsh	Inflation Adjustment
Rent	659.250 per branch per month	Monthly
Utilities	263.700 per branch per month	Monthly
Transportation	65.000 per officer per month	Monthly
General office expenses	135.000 per branch employee per month	Monthly
Repairs, maintenance, insurance	659.250 per branch per month	Monthly
Staff Training	70.000 per branch employee per month	Monthly
Borrower Training	1000 per borrower per month	Monthly
Misc. expenses (% or absolute)	8% of total branch other operational expenses	Monthly

Entering Initial Balances for EEA's Branch-related Fixed Assets
EEA entered initial balance information for the following Branch-related fixed assets, as of the end of 2009:

Asset	**Purchase Amount**	**Remaining Life**
Two computers	1.000.000	1
Assorted office furniture	750.000	3
Three employee furniture groupings	200.000	4
One Photocopy	2.000.000	1,5
One Money Detector	300.000	2
Two Motorcycles	3.900.000	2

Planning EEA's Fixed Asset Acquisitions at the Branch Level
EEA decided to link each fixed asset category to a key output of the model in order to automatically generate its fixed asset acquisition schedule. They estimate that a branch office needs one computer for every four Branch staff. EEA plans to purchase one set of general office furniture for each branch office. They linked employee furniture groupings to the number of Branch staff, using a ratio of one unit of furniture for each Branch staff person. For other assets categories they specify an "MIS" system to be introduced in year three.

Projecting EEA's Administrative Staffing Levels
At the beginning of 2010, EEA's administrative staff will consist of an executive director, a chief accountant, a secretary and a driver. In addition, the institution plans to hire an MIS manager at the beginning of year three to supervise the new management information system, a savings director in the third quarter of year two to prepare for the new services to be offered in year three, and a human resources manager at the beginning of year two to work with the growing number of staff. Starting in the third quarter of year two, when EEA prepares to transform to Microfinance Company, they will hire a general manager that will take over the executive responsibility for the formal microfinance institution, and an Assistant Accountant. When EEA becomes a legal Microfinance Company in year three, they will hire an internal auditor to ensure appropriate controlling and reporting.

Projecting EEA's Administrative Salary and Benefits Expenses
Just as for the Branch staff, the salaries of EEA's administrative staff is considered equal to market rates. The staff estimated monthly salary and benefit costs for administrative staff are as follows:

Staff Position	Monthly Salary (Benefits are included) / Tsh
Executive Director	3,872.950
General Manager	3.205,200
Chief Accountant	1,068,400
Internal Auditor	800,000
Assistant Accountant	667,750
MIS Supervisor	1,068,400

Human Resources Manager	1,068,400
Secretary	534,200
Saving Director	1,068,000
Driver	267,100

Projecting EEA's Other Operational Expenses at the Administrative Level

EEA prepared the following budget estimates for other operational expenses at the administrative level:

Category	Expense Amount/ Tsh	Inflation Adjustment
Rent (Head Quarter Office)	Subsidized by other partners	
Utilities	Tsh 500.000 per month	Monthly
Transportation	Tsh 35.000 per administrative employee per month	Monthly
General office expenses	Tsh 135.000 per administrative employee per month	Monthly
Repairs, maintenance, insurance	Tsh 131.850 per month	Monthly
Professional fees, consultants	Tsh 1.000.000 per month	Annually
Board Expenses	Tsh 540.000 per month	Monthly
Staff Training	Tsh 150.000 per administrative employee per month	Monthly
Miscellaneous expenses (% or absolute)	5 % of total administrative other operational expenses	Monthly

Developing EEA's Fixed Asset Acquisition Plan at the Administrative Level

To begin the fixed asset analysis at the administrative level, EEA entered the following information about the institution's existing assets:

Asset	Purchase Amount/ Tsh	Remaining Life/ years
Two Computers	2,000,000	1.5
One Assorted office furniture	1,500,000	4
Accumulated depreciation, total	(1,642,000)	

EEA budget for the purchase of six additional computers in months 13, 19, 25, 31, 37 and 49, whenever EEA expect to hire new administrative staff members (e.g. Human Resource Manager is expected to be hired in the beginning of year two). They also budgeted for the purchase of additional office furniture grouping in month 19, when administrative staff accounts for more than five members. These purchases are in addition to the automatic replacement of fully depreciated equipment that is projected by the model.

Analyzing EEA's Land and Buildings

In 2009, EEA owned no land or buildings and had no plans to acquire any during the next five years.

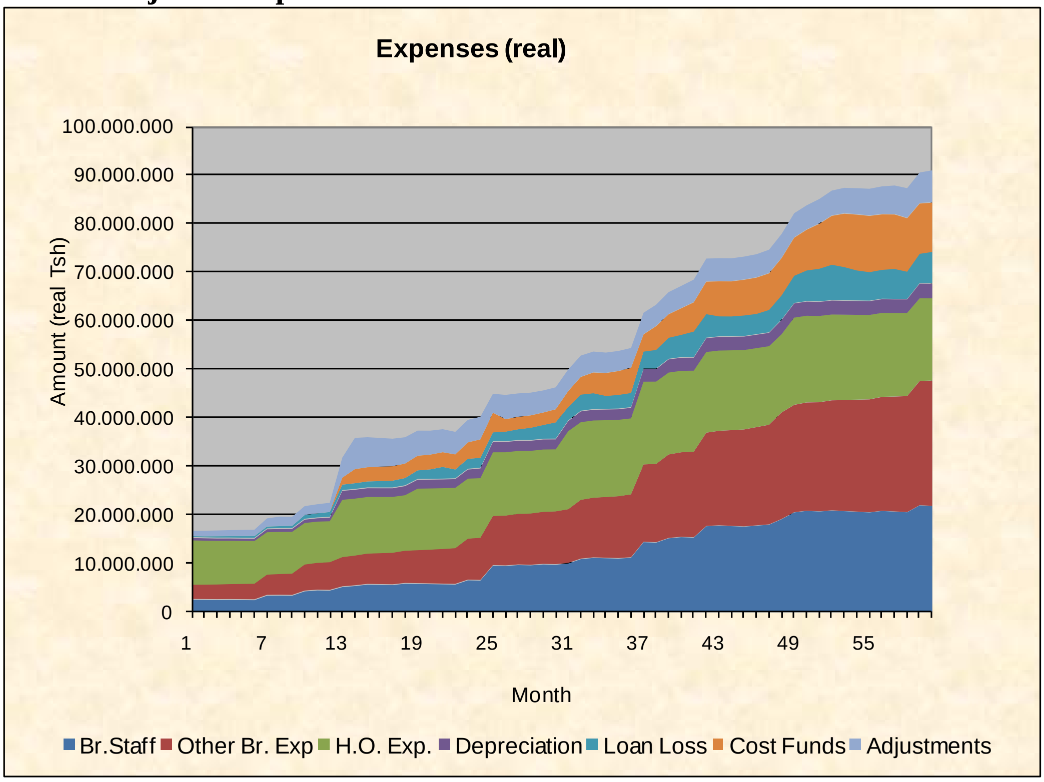
Analyzing EEA’s Other Assets

EEA's strategic plan identified an urgent need to upgrade the MIS system, and budgeted Tsh 70,000,000 in month 13. The MIS is treated as an asset and amortized over a five-year period.

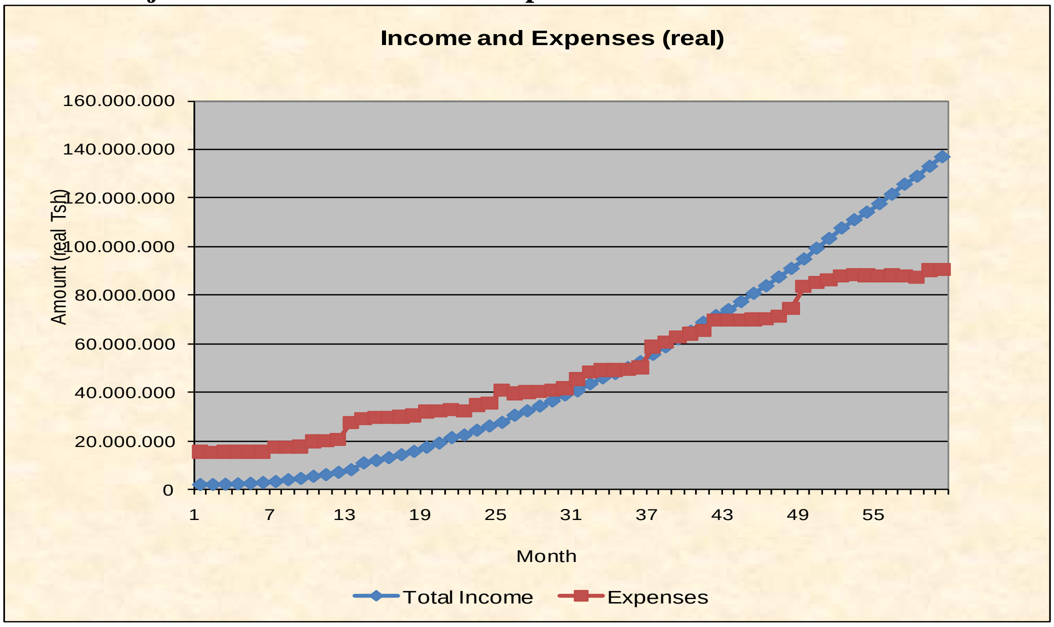
Analyzing EEA’s In-kind Subsidies

Through partnership with other stakeholders, EEA receives free rent for their Head Quarter office during the projected period. EEA estimates the value of this support at Tsh 8,016,000 for year one. With regards to the inflation, they project it will increase to Tsh 10,625,625 in year five. EEA entered these figures initially as their monthly equivalents of Tsh 668,000 a month for year one. While this rent subvention is not an actual expense for EEA, it is factored into the financial profitability calculations.

EEA’s Projected Expenses



EEA's Projected Total Income and Expenses



5.6. Risk Management and Controlling

EEA identified following main risk categories: credit, liquidity, and operational Risks.

Credit Risk

Credit risk is defined as a potential loss that is indicated when a borrower fails to repay a loan. EEA's risk prevention and collection strategy depend on the reason for the imminent default: unwillingness or financial distress. Group lending methodology[3] and up-front compulsory savings will decline EEA's credit risk. Biweekly collection procedures and trainings are parts of an early risk recognition system based on ongoing customer evaluation provided by the loan officers. Different approval levels (group member – loan officer – branch manager –credit supervisor) should ensure a high quality loan application process. A borrower who is in financial distress and is willing to repay their loans will be transferred to a flexible loan. A flexible loan reduces the installment size and extends the maturity depending on the customer payment ability. In 2012, when EEA will be legalized as Microfinance Company, an internal auditor will be hired to implement a risk management system following the Basel II requirements and the national banking regulators.

Liquidity Risk

Liquidity risk management will be done by the Finance Committee which ensures that funding commitments and deposits withdrawal can be met on time. For that purpose, EEA has considered a sufficient liquidity margin in their model (section 5.7 Financing Strategy).

[3] Group lending approach provides moral support and social network but not a financial support to an individual member.

Operational Risk

Operational risk is a main issue for a start up in finance with their limited resources. Employees who are overloaded, undertrained or underpaid are the primary driving force behind errors, fraud and mismanagement. EEA decided to serve and educate their employees from the beginning in a competitive manner. This serves to increase their identification with the company. To ensure proper operational procedures, reasonable controlling systems will be developed from the beginning and will be managed by the Executive Committee. An operational margin is implemented in the model to handle any operational losses and liquidity gaps (see section 5.7 Financing Strategy).

5.7. Financing Strategy

Identifying EEA’s Sources of Financing

Management prepared the following summary of EEA's financing sources. EEA has the following grant commitments and pledges:

- World Vision has pledged Tsh 3,300,000 unrestricted.
- Better Place. The internet grant collection platform has provided Tsh 691,000, unrestricted.
- Individual Investors. They have pledged Tsh 13,350,000.

EEA also has initiated discussions to commitments for grants from the following organizations:

- GLS Treuhand (Foundation). GLS Treuhand is a foundation of a German Social Bank who promotes small projects in poverty eradication activities worldwide. The foundation managed a small grant portfolio of three million US dollars. EEA estimates a grant commitment of about Tsh 75,000,000, starting in month seven, 2010, restricted for initially operational costs.
- SELF (Small Entrepreneurs Loan Facility). SELF is a Tanzanian wholesale fund and has additional grant funds available to subsidize microfinance institutions technology and equipment. It normally provides small grants subjected to office equipment. EEA estimates an initially grant of Tsh 13,350,000, restricted for other assets.
- GTZ (Society of Technical Cooperation). The German GTZ is an international cooperation enterprise for sustainable development with worldwide operations. GTZ promotes complex reforms and change processes, often working under difficult conditions. Its corporate objective is to improve people’s living conditions on a sustainable basis. EEA expect a grant of Tsh 70,000,000 to purchase and introduce a MIS System at the beginning of year two.

EEA needs to receive portfolio restricted loans, and estimates for the third quarter in 2009 a initial loan of about Tsh 40,000,000 at zero percent to expand their pilot program to 200 borrowers in Gongolamboto. It is reflected at the initial outstanding amount, at the beginning of the projection period.

EEA restricted the use of savings to loan portfolio financing. The management established a liquidity margin for portfolio of 25% of monthly loan disbursements, and a liquidity margin for operations of 33% of monthly cash expenses. EEA is expecting an initial market rate cost of funds of 20%. This is a precaution estimate. Some commercial Banks in Tanzania offers lower interest rates. This rate is expected to decrease down to 16% when the company becomes a formal financial institution and has sufficient means in year three. EEA considers any interest rate that is at least 85% of this value to be market rate.

Projecting EEA's Financing Flows

Loans

EEA modeled the institution's financing strategy by entering all confirmed and likely financing receipts and repayments. All loan payments are entered as negative numbers:

- Unidentified sources. The initial loan amount of Tsh 40,000,000 that is need to serve 200 clients in third quarter 2009 will be repaid in October 2010. A new fund of Tsh 150,000,000 with a supposed maturity of two years is expected in January 2011 and entered in the model. EEA will make monthly payments.
- Oikocredit. EEA is scheduled to receive its first disbursement of Tsh 200,000,000 in January, 2011 with a supposed maturity of three years. EEA will make monthly payments. No new funds are expected.
- Vision Microfinance Fund. EEA has started the discussion with Leopold Seiler, Portfolio manager, and expects a fund of 100,000,000 in January 2011, with a supposed maturity of two years. EEA will make monthly payments. No new funds are expected.
- SELF. EEA would negotiate a onetime disbursement of Tsh 50,000,000 with a supposed maturity of two years in January, 2011. EEA will make monthly payments. No new funds are expected.

Funds

EEA anticipates experiencing a funding shortfall in the beginning of 2010. The following years also show shortfalls, with the exception of year five. In addition to the indicated fund sources, EEA is forced to request unrestricted grants for:

- Year one: Tsh 280,000,000
- Year two: Tsh 190,000,000
- Year three: Tsh 180,000,000
- Year four: Tsh 200,000,000

EEA management philosophy is to gain self sufficiency within five years. For that purpose, the management restricts the fundraising portion with a declining percentage of 100% in year one down to 55%, in year two, 50% in year three and 30% in year four. In 2014, EEA does not expect to require any more grants.

Equity

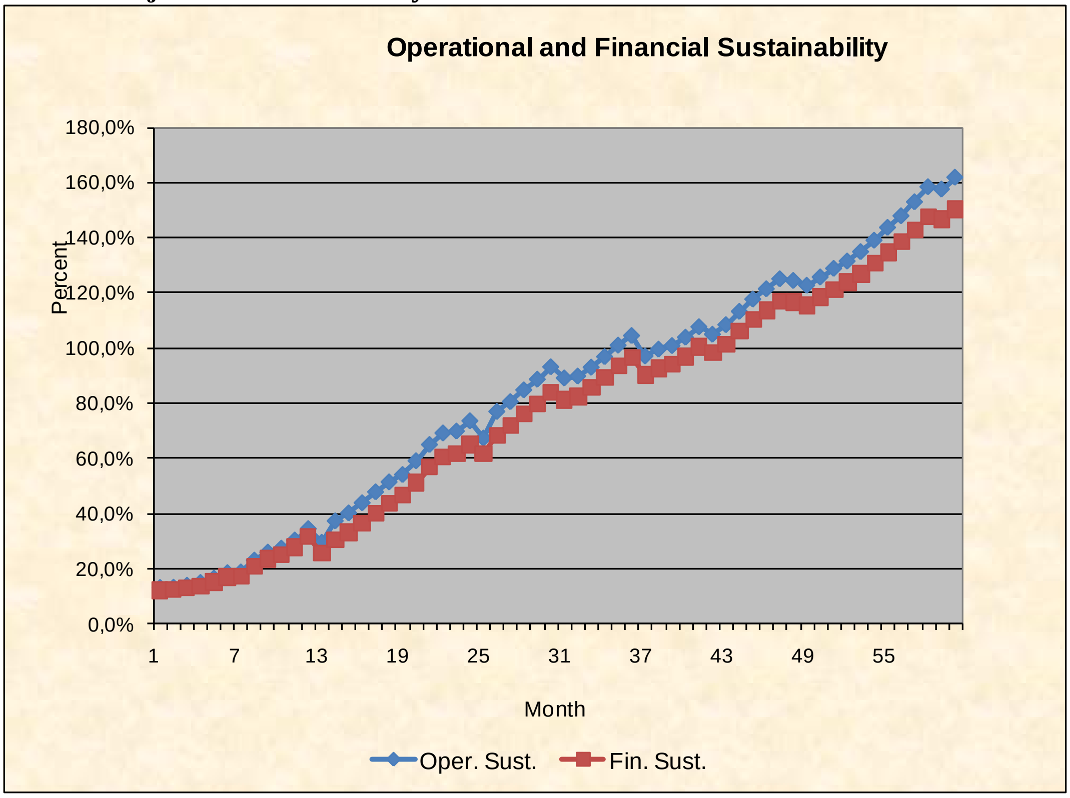
In year four, EEA plans to open a new branch in Dakawa. Under the National Microfinance Policy, EEA is requested to raise capital amounting to Tsh 800,000,000 to become a nationwide operating Microfinance Company. To increase their equity and to strengthen their customer retention, EEA will introduce a compulsory membership model, where each new borrower will pay Tsh 13,255 with an annual distribution of dividends, starting in year three. Projection shows that additional equity funding sources are needed.

The following equity funds and banks meet the EEA principles and would be appropriate shareholders:

- Dexia Micro-Credit Fund (DMCF).
  A commercial investment fund with a special respect to social impacts. Focus on micro-entrepreneurs in emerging markets.
- Vision Microfinance Fund.
  A fund with a double bottom line strategy, to maximize the risk return profile for the benefit of the investor and to strengthen the social impacts for micro, small and medium enterprises in emerging and least developed economies.
- Impulse Microfinance Investment (IMI).
  Similar to VMF, IMI manages their portfolios with a bottom line strategy. It invests in financial markets in developing countries and channels private investment funds to the microfinance industry.
- PAX Bank.
- A German church bank with high amount of interest to develop the microfinance market.
- National Economic Empowerment Council (NEEC)

EEA expects to gain from each investor Tsh 70,000,000 in year three. After increasing EEA's capital, the revised graphs below show that EEA will achieve full financial sustainability from month 43, ending by year five at 143% in operational, and 131% in financing sufficiency.

EEA's Projected Sustainability



Investment Strategy

EEA will not establish any long-term investments during the first five years. EEA will earn 3% interest on cash deposits. It earns 5% on short-term investments, 12.5% on savings reserves and would earn 12.5% on long-term investments if it had any. All rates are based on current market rates. EEA will generate nearly Tsh 173,000,000 (round up) in investment income over the five-year period.

6. FINANCIAL PROJECTIONS

Financial projection plan was made with a Microsoft Excel spreadsheet developed by the Consultative Group to Assist the Poorest (CGAP) and Women's World Banking (WWB).

Summary Output Report	Initial Balance	Year 1 FY10	Year 2 FY11	Year 3 FY12	Year 4 FY13	Year 5 FY14
Summary Output Report						
Explanation: This sheet provides a concise presentation of all financial statements and ratios generated by the model. The sheet can be printed as a useful summary of the plan for presentation to others.						
Income Statement						
Financial Income		47.721.191	241.939.157	615.401.842	1.210.237.413	2.077.735.401
Financial Expense		0	41.823.843	55.246.653	105.470.903	185.319.936
Net Financial Income		47.721.191	200.115.314	560.155.189	1.104.766.510	1.892.415.465
Provision for loan losses		5.704.291	23.114.409	41.801.563	73.775.244	113.717.076
Net Financial Margin		42.016.900	177.000.905	518.353.625	1.030.991.266	1.778.698.389
Program Operating Exp		96.400.609	187.160.242	345.888.543	610.037.233	820.003.349
Administrative Operating Exp		117.414.672	190.496.141	242.830.662	299.321.480	337.011.368
Net Operating Income		-171.798.380	-200.655.478	-70.365.580	121.632.553	621.683.671
Net Non-Operating Income/(Exp)		0	0	0	0	0
Net Income (before taxes and donations)		-171.798.380	-200.655.478	-70.365.580	121.632.553	621.683.671
Amount of taxes paid		0	0	0	26.400.000	111.000.000
Net income (after taxes and before donations)		**-171.798.380**	**-200.655.478**	**-70.365.580**	**95.232.553**	**510.683.671**
Grant Income		370.821.967	260.116.992	180.889.132	201.029.695	0
Net Income (after taxes and donations)		**199.023.586**	**59.461.514**	**110.523.553**	**296.262.247**	**510.683.671**
Adjustments to Operating Margin	#NA	19.231.186	73.060.673	67.266.722	76.588.684	99.092.855
Balance Sheet						
ASSETS *						
Cash in Bank and Near Cash	0	20.352.518	52.461.045	92.131.530	161.241.760	230.882.589
Net Portfolio Outstanding	38.800.000	167.898.327	647.936.297	1.310.723.729	2.365.697.716	3.773.271.260
Short-term Inv. & other curr ass	0	0	0	188.375.636	526.218.086	1.037.012.138
Net Fixed Assets	4.387.016	29.859.758	47.806.273	56.756.712	104.999.225	101.506.452
Long-term Invest. & other LT assets	0	0	56.000.000	42.000.000	28.000.000	14.000.000
TOTAL ASSETS	**43.187.016**	**218.110.602**	**804.203.614**	**1.689.987.606**	**3.186.156.786**	**5.156.672.438**
LIABILITIES *						
Savings deposits	0	0	0	540.954.744	1.455.046.304	2.874.800.167
Concessional Loans	0	-40.000.000	307.222.232	140.555.568	-11.527.755	-33.750.000
Commercial Loans	0	0	155.550.266	180.012.625	609.401.321	663.191.683
Other liabilities	0	0	0	0	0	0
TOTAL LIABILITIES	**0**	**-40.000.000**	**462.772.498**	**861.522.937**	**2.052.919.870**	**3.504.241.850**
EQUITY *						
Accum. Donated equity, prev. periods	17.341.000	17.341.000	388.162.967	648.279.958	829.169.091	1.030.198.785
Donated equity, current period	0	370.821.967	260.116.992	180.889.132	201.029.695	0
Shareholder equity	0	15.900.000	39.759.000	416.269.000	442.779.000	469.289.000
Accumulated dividend payments	0	0	0	0	-18.000.000	-36.000.000
Accumulated net surplus	25.846.016	-145.952.364	-346.607.842	-416.973.422	-321.740.869	188.942.802
Equity Reserves	0	0	0	0	0	0
TOTAL EQUITY	**43.187.016**	**258.110.602**	**341.431.116**	**828.464.669**	**1.133.236.916**	**1.652.430.588**
TOTAL LIABILITIES AND EQUITY	**43.187.016**	**218.110.602**	**804.203.614**	**1.689.987.606**	**3.186.156.786**	**5.156.672.438**
Balance sheet verification	0	0	0	0	0	0
Cashflow Projections						
Net Cash from Operating Activities		-293.718.332	-654.946.795	-348.037.058	-338.302.048	63.408.080
+ Net Cash from Investing Activities		-32.651.117	-99.693.168	-27.487.284	-79.432.790	-33.845.367
+ Net Cash from Financing Activities		346.721.967	786.748.490	415.194.828	486.845.067	40.078.117
+ Net Cash (received)/paid for non-oper. activities		0	0	0	0	0
= Net change in cash and due from banks		20.352.518	32.108.527	39.670.485	69.110.230	69.640.829
+ Cash and Due from Banks, Beginning of the Period		0	20.352.518	52.461.045	92.131.530	161.241.760
+ Effect of Exchange Rate Changes		0	0	0	0	0
= Cash and Due from Banks, End of the Period		20.352.518	52.461.045	92.131.530	161.241.760	230.882.589
Financing Sources		NOTE: Sources labeled "not identified" are those programmed by the "default financing				
New Unrestricted Grants -- Identified		0	0	0	0	0
New Unrestricted Grants -- Not Identified		282.471.967	190.116.992	180.889.132	201.029.695	0
New restricted grants for operations		75.000.000	0	0	0	0
New restricted grants for portfolio		0	0	0	0	0
New restricted grants for other assets		13.350.000	70.000.000	0	0	0

Summary Output Report	Initial Balance	Year 1 FY10	Year 2 FY11	Year 3 FY12	Year 4 FY13	Year 5 FY14
Unrestricted loans -- Identified		0	0	0	0	0
Unrestricted loans -- Not Identified		0	155.550.266	180.012.625	609.401.321	663.191.683
Restricted loans for PORTFOLIO		-40.000.000	307.222.232	140.555.568	-11.527.755	-33.750.000
Restricted loans for OTHER ASSETS		0	0	0	0	0
Equity Investments (Unrestricted)		15.900.000	39.759.000	276.269.000	284.779.000	293.289.000
Ratio Analysis						
Portfolio Quality						
Reserve Ratio		3,0%	3,0%	3,0%	3,0%	3,0%
Annualized Loan Write-off Ratio		2,1%	2,1%	0,8%	1,2%	1,9%
Profitability						
Adj. Pre-tax Return on Total Assets *		-150,2%	-41,4%	-11,0%	1,9%	12,6%
Solvency						
Equity Multiplier *		0,85	2,36	2,04	2,81	3,12
Efficiency and Productivity						
Operating Cost Ratio *		251,7%	94,8%	59,0%	47,5%	35,7%
Borrowers per Loan Officer *		158	281	298	276	304
Overhead percentage *		54,9%	50,4%	41,2%	32,9%	29,1%
Loan Officers as % of total staff" *		51,7%	48,8%	54,1%	56,7%	59,6%
Growth and Outreach						
Total Loan Portfolio *		173.174.366	668.058.871	1.351.344.883	2.438.946.932	3.890.053.678
Overall growth in portfolio		332%	286%	102%	80%	59%
Number of active loans *		1.182	2.950	4.917	7.582	9.867
Overall growth in loans		491%	150%	67%	54%	30%
Total Voluntary Savings Deposits *		0	0	540.954.744	1.455.046.304	2.874.800.167
Number of voluntary depositors *		0	0	4.074	7.490	11.203
Financial Statements in Constant Currency						
Income Statement						
Financial Income		42.876.182	197.614.275	465.422.299	847.491.233	1.347.197.051
Financial Expense		0	34.161.433	41.782.495	73.857.959	120.160.859
Net Financial Income		42.876.182	163.452.842	423.639.804	773.633.274	1.227.036.192
Provision for loan losses		5.125.149	18.879.693	31.614.107	51.662.485	73.733.792
Net Financial Margin		37.751.034	144.573.148	392.025.697	721.970.788	1.153.302.400
Program Operating Exp		86.613.305	152.871.226	261.592.068	427.189.906	531.687.574
Administrative Operating Exp		105.493.865	155.595.966	183.650.417	209.605.427	218.517.103
Amount of taxes paid		0	0	0	18.487.090	71.972.048
Net income (after taxes and before donations		**-154.356.137**	**-163.894.044**	**-53.216.789**	**66.688.364**	**331.125.675**
Grant Income		333.173.375	212.461.808	136.804.654	140.774.778	0
Net Income (after taxes and donations)		**178.817.239**	**48.567.764**	**83.587.865**	**207.463.143**	**331.125.675**
Adjustments to Operating Margin		17.278.694	59.675.466	50.873.153	53.632.649	64.251.493
Balance Sheet						
ASSETS *						
Cash in Bank and Near Cash	0	18.286.179	42.849.828	69.678.161	112.912.538	149.703.539
Net Portfolio Outstanding	38.800.000	150.852.046	529.230.006	991.287.333	1.656.623.776	2.446.577.130
Short-term Inv. & other curr ass	0	0	0	142.466.622	368.493.991	672.395.385
Net Fixed Assets	4.387.016	26.828.174	39.047.842	42.924.537	73.527.658	65.816.462
Long-term Invest. & other LT assets	0	0	45.740.423	31.764.183	19.607.520	9.077.556
TOTAL ASSETS	**43.187.016**	**195.966.399**	**656.868.100**	**1.278.120.836**	**2.231.165.483**	**3.343.570.071**
LIABILITIES *						
Savings deposits	0	0	0	409.118.698	1.018.923.206	1.864.011.320
Concessional Loans	0	-35.938.904	250.937.051	106.300.780	-8.072.525	-21.883.393
Commercial Loans	0	0	127.052.410	136.141.760	426.744.597	430.011.386
Other liabilities	0	0	0	0	0	0
TOTAL LIABILITIES	**0**	**-35.938.904**	**377.989.462**	**651.561.238**	**1.437.595.278**	**2.272.139.313**
EQUITY *						
Accum. Donated equity, prev. periods	17.341.000	15.580.413	317.048.899	490.287.692	580.641.060	667.977.628
Donated equity, current period	0	333.173.375	212.461.808	136.804.654	140.774.778	0
Shareholder equity	0	14.285.714	32.474.884	314.820.109	310.064.221	304.285.501
Accumulated dividend payments	0	0	0	0	-12.604.834	-23.342.286
Accumulated net surplus	25.846.016	-131.134.200	-283.106.953	-315.352.856	-225.305.021	122.509.914
TOTAL EQUITY	**43.187.016**	**231.905.303**	**278.878.638**	**626.559.598**	**793.570.204**	**1.071.430.758**
TOTAL LIABILITIES AND EQUITY	**43.187.016**	**195.966.399**	**656.868.100**	**1.278.120.836**	**2.231.165.483**	**3.343.570.071**

Empowerment Enterprises of Africa Financial Projections
Summary Report

Summary Output Report	Initial Balance	Year 1 FY10	Year 2 FY11	Year 3 FY12	Year 4 FY13	Year 5 FY14
Fin. Statements in Constant Ext. Currency						
Name of external currency (plural)	USD					
Current exchange rate (USD = 1.0 Tsh)	1.325,500					
Income Statement						
Financial Income		32.347	149.087	351.130	639.375	1.016.369
Financial Expense		0	25.772	31.522	55.721	90.653
Net Financial Income		32.347	123.314	319.608	583.654	925.716
Provision for loan losses		3.867	14.243	23.851	38.976	55.627
Net Financial Margin		28.481	109.071	295.757	544.678	870.089
Program Operating Exp		65.344	115.331	197.354	322.286	401.122
Administrative Operating Exp		79.588	117.387	138.552	158.133	164.856
Amount of taxes paid		0	0	0	13.947	54.298
Net income (after taxes and before donations)		**-116.451**	**-123.647**	**-40.148**	**50.312**	**249.812**
Grant Income		251.357	160.288	103.210	106.205	0
Net Income (after taxes and donations)		**134.905**	**36.641**	**63.061**	**156.517**	**249.812**
Adjustments to Operating Margin		**13.036**	**45.021**	**38.380**	**40.462**	**48.473**
Balance Sheet						
ASSETS *						
Cash in Bank and Near Cash		13.796	32.327	52.567	85.185	112.941
Net Portfolio Outstanding		113.808	399.268	747.859	1.249.810	1.845.777
Short-term Inv. & other curr ass		0	0	107.481	278.004	507.277
Net Fixed Assets		20.240	29.459	32.384	55.472	49.654
Long-term Invest. & other LT assets		0	34.508	23.964	14.793	6.848
TOTAL ASSETS		**147.843**	**495.563**	**964.256**	**1.683.263**	**2.522.497**
LIABILITIES *						
Savings deposits		0	0	308.652	768.709	1.406.270
Concessional Loans		-27.113	189.315	80.197	-6.090	-16.510
Commercial Loans		0	95.852	102.710	321.950	324.414
Other liabilities		0	0	0	0	0
TOTAL LIABILITIES		**-27.113**	**285.167**	**491.559**	**1.084.568**	**1.714.175**
EQUITY *						
Accum. Donated equity, prev. periods		11.754	239.192	369.889	438.054	503.944
Donated equity, current period		251.357	160.288	103.210	106.205	0
Shareholder equity		10.778	24.500	237.510	233.922	229.563
Accumulated dividend payments		0	0	0	-9.509	-17.610
Accumulated net surplus		-98.932	-213.585	-237.912	-169.977	92.425
TOTAL EQUITY		**174.957**	**210.395**	**472.697**	**598.695**	**808.322**
TOTAL LIABILITIES AND EQUITY		**147.843**	**495.563**	**964.256**	**1.683.263**	**2.522.497**
Financial Statements in External Currency						
Annual inflation rate of external currency						
Value input:		3,0%				
Value used:		3,0%	3,0%	3,0%	3,0%	3,0%
		1,030	1,061	1,093	1,126	1,159
Income Statement						
Financial Income		33.318	158.166	383.689	719.622	1.178.250
Financial Expense		0	27.342	34.445	62.714	105.092
Net Financial Income		33.318	130.824	349.244	656.908	1.073.158
Provision for loan losses		3.983	15.111	26.062	43.868	64.487
Net Financial Margin		29.335	115.713	323.181	613.040	1.008.671
Program Operating Exp		67.304	122.355	215.654	362.736	465.011
Administrative Operating Exp		81.976	124.535	151.399	177.980	191.114
Amount of taxes paid		0	0	0	15.698	62.946
Net income (after taxes and before donations)		**-119.945**	**-131.177**	**-43.871**	**56.626**	**289.600**
Grant Income		258.897	170.050	112.780	119.535	0
Net Income (after taxes and donations)		**138.953**	**38.873**	**68.909**	**176.161**	**289.600**
Adjustments to Operating Margin		**13.427**	**47.763**	**41.939**	**45.541**	**56.194**
Balance Sheet						
ASSETS *						
Cash in Bank and Near Cash		14.210	34.296	57.442	95.876	130.930
Net Portfolio Outstanding		117.222	423.584	817.206	1.406.673	2.139.761
Short-term Inv. & other curr ass		0	0	117.448	312.896	588.073

Summary Output Report	Initial Balance	Year 1 FY10	Year 2 FY11	Year 3 FY12	Year 4 FY13	Year 5 FY14
Net Fixed Assets		20.847	31.253	35.386	62.434	57.563
Long-term Invest. & other LT assets		0	36.610	26.186	16.649	7.939
TOTAL ASSETS		**152.279**	**525.742**	**1.053.668**	**1.894.528**	**2.924.266**
IABILITIES *						
Savings deposits		0	0	337.273	865.188	1.630.253
Concessional Loans		-27.927	200.844	87.633	-6.855	-19.139
Commercial Loans		0	101.690	112.234	362.357	376.085
Other liabilities		0	0	0	0	0
TOTAL LIABILITIES		**-27.927**	**302.534**	**537.140**	**1.220.691**	**1.987.199**
QUITY *						
Accum. Donated equity, prev. periods		12.107	253.759	404.188	493.034	584.209
Donated equity, current period		258.897	170.050	112.780	119.535	0
Shareholder equity		11.101	25.992	259.534	263.282	266.126
Accumulated dividend payments		0	0	0	-10.703	-20.415
Accumulated net surplus		-101.900	-226.592	-259.973	-191.311	107.146
TOTAL EQUITY		**180.206**	**223.208**	**516.529**	**673.836**	**937.067**
OTAL LIABILITIES AND EQUITY		**152.279**	**525.742**	**1.053.668**	**1.894.528**	**2.924.266**

ND OF INFORMATION FOR THIS SHEET

APPENDIX

1. List of Global Advisory Board

U.S. Advisory Board

Initial US Advisory Board members, working under the chairmanship of Jerry Twombly, include:

- Pastor Mike Wekelund, New Life Lutheran Church, 15-years experience as Latin America missionary. He also runs his own business.
- Reverend Randy Mutter, Pastor of Adams United Methodist Church, formerly a Construction Manager, CLK Multifamily Management
- Dr. Harry Gates, chaplain coordinator at Skyline Medical Center, pastor to Nashville Cowboy Church and Ranch House, and Vanderbilt University MBA graduate in Economics
- Tom Bolt, Retired, former Financial Planner
- Ben Baggett, self-employed, Appraiser

German Advisory Board

Initial Germany Advisory Board members, working under the co-chairmanship of Dirk Sander include:

- Dr. Maritta Koch-Weser, former director of World bank, now CEO of Gexsi
- Dr. Sven Remer, Program Executive, Institute of Social Banking, GLS Treuhand
- Stephan Siegel, Risk & Scoring Manager for American Express, formerly Head of Credit Scoring, Citibank Germany
- Heike Uhl, International Auditor & Consultant: Fabel, Werner & Schnittke GmbH, started several projects in Africa, speaks Swahili
- Nicola Tofaute, Start up Consultant for women and currently project leader literacy program for German Adult Education Association (DVV)
- Dr. Denitsa Vigenina, Risk Manager for Citibank in several countries, Involved in a microfinancing in London, currently Manager of Business Strategies for SEB Banking Group
- Ulrich Merkes, a freelancer and a former manager of Deloitte, Currently works for Swisscontact

National Advisory Board Tanzania

- Shoe Sussan Katende, advocate at a Tanzanian law firm MLC, prior employee of United Nations High Commissioner for Refugees -Tanzania. UNHCR;
- Deogratias Mutalemwa, Development Economist with extensive experience in government affairs, rural development, public policy, and development lending operations, including nearly 20 years in the Ministry for Finance for the Government of Tanzania, 10 years as director of International Cooperation and Co-financing for the African Development Bank in Belgium, and, since retirement in 1997, senior research fellow and coordinator for the Tanzania Participatory Poverty Assessment;
- Revelian Shemelelwa, Masters of Science in Agribusiness, consultant in microfinance and social business research, planning, marketing and management;
- Paul Simon, CPA, deputy for the Treasury Department of an Evangelical Lutheran Church in the North Western Diocese of Tanzania.

2. Job Descriptions

Designation	Experience and skills
Executive Director	Minimum of 7 years working in community development, financial institutions, organizational leadership and planning with at least Masters degree of higher
Microfinance Director	Minimum of 5 years working in community development, financial institutions, Marketing with at least Master's level in social science, finance, or economics
Chief Accountant	Minimum of 5 years working Accounting field. CPA holder or its equivalent.
Assistant Accountant	Minimum of 2 years experience working in accounting activities Possess at least Advanced Diploma or Degree in Accountancy and Finance.
Human Resources Manager	Minimum of 5 years experience working in Human Resources Activities. Possess at least Postgraduate or Mater's degree in Human resource and Public Administration.
Internal Auditor	Minimum of 5 years experience working in audit departments in Financial institutions. Possess at least advanced Diploma or Degree in Accounting & Controlling
MIS Supervisor	Minimum of 3 years experience working in IT Activities in Financial institutions. Possess at least Diploma in Computer Science or Information Technology.
Branch Managers	Minimum of 5 years experience working in operation/field Activities in social/Financial institutions. Possess at least advanced Diploma or Degree in Social Science/ Administration.
Credit/Loan Officers	Possess at least advanced Diploma or Degree in Social Science/Administration.Possess at least advanced Diploma or Degree in Social Science and Accountancy
Drivers	Form IV/VI certificate with Class C Driving Licence.
Security Guard (Hire)	Form IV/VI certificate and attended military training
Secretary	Must have a Diploma or Advanced Diploma in Secretary and Computer Studies from a recognized institution. Must have at least 2 years experience as secretary & Data Clerk Must posses' knowledge in computer a application such as Microsoft Excel, Microsoft Word, Microsoft Access, Microsoft Power Point.

3. Characteristics of the Target Audience

This project focuses on the poor, especially women. Why women? Women and children are the most vulnerable. Furthermore, they often run the risk of attack and abuse—one woman informed an EEA interviewer that she had been raped and humiliated when she arrived at the dump before other women. Women will take any opportunity to help their families survive even if it means being involved in activities that could potentially humiliate them. Women often are left to reclaim discarded items in exchange for small change. For example, the only recourse available to one poor women EEA interviewed, was collecting plastic bottles at the dump, an area rampant with contagious disease. The bottles were then sold for mere change. Even after spending the whole day collecting, washing, and selling the bottles, the women earn less than $1 a day. Young girls work as maids or are pressed into service as sex-workers, while boys are often involved in child labor and petty criminal activity.

The majority of women, unlike men, interviewed by EEA in Dar-es-Salaam discussed how painful it is for them to send their children to school each day with only the meal in their bellies and no shoes on their feet. The experience EEA obtain through the community reveals that a men often hide money from their families for their own desires. Even if his family might be struggling, a man may spend money in other areas that fulfills his own desires, without considering family's needs. Therefore, women need to be empowered so that they can transform their families.

A second audience category is the poor (especially farmers and young people) who cannot receive loans from other financial institutions or grantors - such as an employee. These people live on less $1 a day. It is not necessarily that the poor do not want to do something to improve their lives. Economic and cultural structures have caused them to develop a mindset of "EEA does not have a way out." Profit-motivated financial institutions are less inclined to help the poor because the poor lack collateral as well as the experience of handling loans. Professor Muhammad Yunus, whose work focuses on the poorest of the poor, argues back by saying that the poor pay back the loans. He has found that the poor have their own plans, agendas, and business ideas, but they do not have access to financial services.

The third group includes nursery, primary and secondary school teachers, nurses from dispensaries, hospitals and other private sectors of employment as a means of boosting self-employment among them. The goal is to encourage the passage of their newfound education to the people they teach and serve. Per month, these people earn a basic salary or a bit higher. They need to be encouraged to participate in income-generating projects.
EEA's goal for these groups is to see them grow their entrepreneurial skills so that they can be successful business people and transfer their skills to their families, including their eventual offspring.