



Dear donor and supporters,

This month we want to give you an update on our [Financial Services Program](#) - a very successful effort about which we hardly report.

However, because many of you have asked about the COVID-19 situation in Tanzania and in our region, I'll cover this topic first and then give you an update on Fundraising given that a lot has changed (for the better) since my last update.

COVID-19

Tanzania stopped reporting COVID-19 cases last May, when President John Magufuli pronounced Tanzania COVID-free. But there has recently been a significant rise in patients admitted to hospitals across the country with COVID-like symptoms, suggesting the virus is spreading. Without testing, however, we cannot be sure and cannot assess the situation's severity. The government admits an increase in cases of "respiratory diseases" and advises that people take precautions. We know of a few people in our area who have died of respiratory diseases. Some were close to us.

Luckily, our staff on the ground report that in our area, many precautions advised by our COVID-19 project last spring continue to be applied broadly. Local people continue with precautions not in conflict with the official stance that COVID is absent from the country (e.g., hand washing and physical distancing) and medical clinic personnel continue to take the situation seriously. This gives us hope that the situation in our area is less severe than in much of Tanzania.

We are careful to avoid contradicting the official government stance while doing what we can to keep our staff and the community safe. Thus, we have stopped or delayed projects for which we cannot guarantee physical distancing.

Death of President Magufuli

You may have also heard that President Magufuli died last week. May he rest in peace. We know he was beloved by many. Our hearts are with our communities as they mourn and we hope for a peaceful transition of power in Tanzania.

Fundraising

We have received an additional ~\$300K in donations since my last newsletter.

- \$108,000 from Mary's Mercy Foundation in Switzerland which will go towards building the health center in Ayalagaya ward. This is the 3rd major donation from the foundation which have all gone towards health and sanitation projects.
- \$105,000 from Google employees which will go towards the opening of the high school in Ayalagaya. In total, Google employees have given us approximately \$200K during their end of year employee giving week - a significant sum, but almost half of what we had received in previous years.

- \$25,000 from a single donor in the US which will fund our health interventions.
- \$20,000 from a single donor to build the dining hall at the high school, a government requirement.

And we had additional donations trickle in bringing the total fundraising to \$847,700. **Thank you again!**

We reported last month that we had fully funded the Arri water project. Unfortunately, we are learning that we significantly underestimated the cost of the water project in Arri and have thus doubled the campaign goal. Adding in the new funds we are ~\$22,000 away from fully funding the first year Arri water project costs, but we hope to cover the gap as the project evolves.



Arri water source

For the health center, with the Mary's Mercy Foundation donation, we are within \$38,000 of the total needed for this year to build out the maternity and outpatient wards. We are still hoping to receive a grant that would go towards the income projects still needing over \$65,000 to be fully launched. And the completion of the primary schools may have to be delayed a year as we still need well over \$200,000.

Again, please connect us with foundations or major donors who want to contribute to eliminating poverty in Africa. We are continuing to try to diversify our funding sources. Email us at contact@karimufoundation.org.

Project Updates

After receiving the above expected large grants, we have finalized our current project plans for the year, and you can see the current project status on our website on the [Karimu 2021 Plan page](#). There have been and will be some project impacts due to illness and the precautions we are taking as I described above.

Financial Services

Access to financial services is the 3rd critical pillar to bring communities out of poverty (the other two are: addressing the lack of health/sanitation and improvements in income/education). The overarching objective of our [Financial Services Program](#) is to create and strengthen the financial security of the communities we serve. Towards that end we have set the following specific goals to be achieved over a 4 year span:

- Increase interest in, access to, and use of financial services using savings groups.
- Enable 25% of households to have greater access to loans when needed.
- Create a self-sustaining financial services model.

We are implementing this in phases:

- Phase 1: Effectiveness of Savings Groups - Karimu will work with existing savings groups and encourage the formation of new savings groups. Karimu staff will [train the savings groups](#) in recordkeeping, transparency, loan portfolio quality, goal setting, borrowing wisely, budgeting, conflict resolution, and decision making.



Savings group training

- Phase 2. Formation of a Federation of Savings Groups- The federation is a group of savings groups who pool their resources to enable larger and longer term loans to be made available to savings groups and its members.
- Phase 3. Increasing the Capitalization of the Federation - Karimu's objective in this phase is to provide increased capital to increase the access to loans across all member savings groups.

Phase 1: Effectiveness of Savings Groups

Savings groups are a well-known platform for economic and social change. In general, savings groups are

composed of a group of people known to one another who save together and offer microloans to members from their aggregate savings. The group generates profit by charging interest on the loans. Karimu is providing training to new and existing savings groups based on best practices covering recordkeeping, transparency, loan portfolio quality, goal setting, borrowing wisely, budgeting, conflict resolution, and decision making.

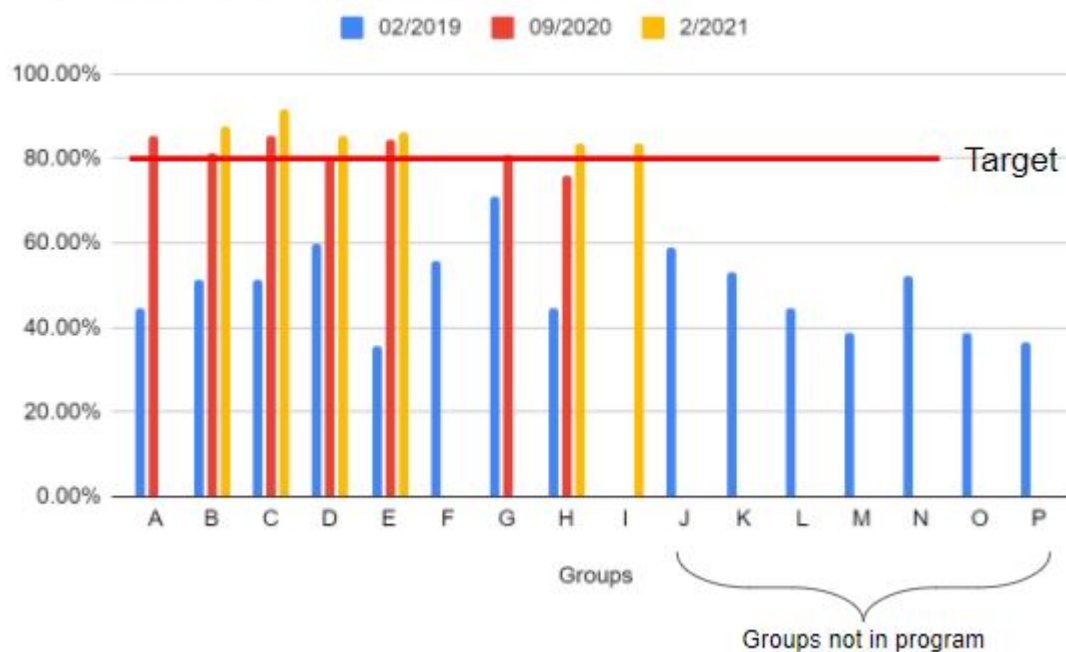
Karimu now has 12 groups in the program, 6 of which have officially completed their training.



Saving groups receiving the certificate

To assess the effectiveness of the training, we assessed the savings groups prior to training and currently. Prior to training, existing savings groups scored an average of 48% on the Village Savings and Loan Association evaluation tool. The tool is a composite measure of operational transparency, record keeping accuracy, management committee effectiveness, and member participation. Currently, we are seeing an average score of 86%!

Assessments 2019, 2020 and 2021



Members are saving an average of \$127 each annually and our groups are seeing an average return on savings of 19.9%. Benchmarking with all of Tanzania both our savings per member and return on savings are above average.

We are estimating that we are touching 12% of households today, ~82% of which are represented by women. We hope to reach 25% of households by year end.

We also recently reviewed our training curriculum. We are pleased with the content, but are looking to augment the training with additional leadership training, communication training for young adults, and entrepreneurship training.

We are also planning to introduce the program into neighboring Arri ward this year.

Phase 2. Formation of a Federation of Savings Groups

We had originally planned to form the federation in 2021, however the COVID pandemic impacted our training by ~6 months. In addition, we decided to monitor the graduate groups for their stability in the training prior to forming the federation. We now anticipate forming the federation in 2022.

Phase 3. Increasing the Capitalization of the Loan Fund

Our original plan was to provide capital only to the federation. However, given our decision to delay forming the federation, we have decided to provide capital directly to savings groups as a bridge to capital access until the federation is fully trained and operating.

Karimu Financial Assistance - This month we introduced the Karimu Financial Assistance program. This program will provide financial assistance to savings groups having graduated from our program, maintaining 80% or higher on their VSLA evaluation, with no outstanding loans or loan defaults, and with the sponsorship of the Ward Executive Officer. We have received our first applications and will review them this week! This assistance is provided at no charge and with no interest, but must be repaid over a 6-12 month period. The applications describe how they plan to use the money, for example, to purchase livestock, expand small businesses such as restaurants, increase crops that they sell at market, and pay for school fees.



Small shop of a savings group member

What's Next

We are not organizing a volunteer trip to Tanzania this year - for the second time, breaking a yearly tradition of 12 years. :(We miss our Tanzanian friends tremendously and are anxious to see the many projects we completed in the last 12 months.

I am counting the days to receive my COVID-19 vaccination in order to be able to plan a safe trip to Africa. I dream of kicking off our effort to bring clean water to the 15,000 people of Arri, knowing well (from what we saw in Ayalagaya) that this project alone will dramatically transform the lives of everyone in Arri. I pray that my dream will become reality soon.

Thank you very much for your generosity and continuous support. *Asante sana kwa ukarimu wako na msaada wa kila wakati.*

Nelson Mattos
Karimu, Chief Operating Officer



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