

Faraja Trust

Annual Report 2009



CONTENT

Foreword	03
The Year 2009 at a Glance	04
Projects	
Humanitarian Aid and School Fees	06
Prisonwork	08
Agricultural Training Institute	10
Acknowledgements	13
Administration and Management	17
Employment and Properties	18
Financial Report	
Accounts 2009	19
Audit Report	20
Bank Details	21

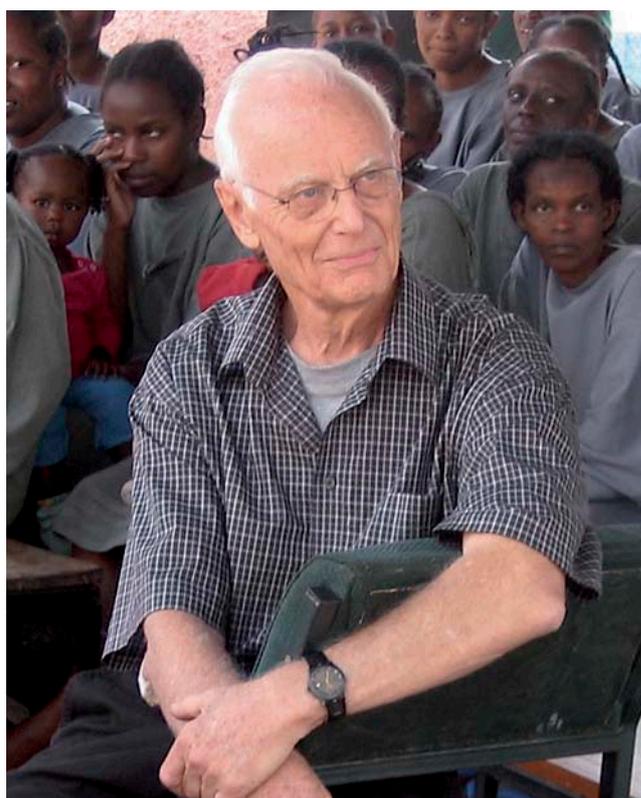
FOREWORD

Dear Reader,

It is my pleasure to present to you Faraja's Annual Report 2009. On the following pages, you will find exhaustive information about Faraja's different activities during the past year. Thus, I am very happy to report that in 2009, Faraja has assisted more people than ever before. Specifically, we have expanded our services in prisons to both inmates and officers. But also at our agricultural training institute "Faraja Latia Farm", many good things have happened in the past year.

If you read through this report, you will find that our organization has grown over the years to a medium-sized enterprise. In fact, if I compare the one-man operation run by a simple theologian and monk with little organizational talents – what Faraja used to be a few years ago – and now look at Faraja Trust what it represents today, I can only thank God for the many people who have helped in achieving all this.

My sincerest thanks go to our outgoing Coordinator Fabian Waldmeier and his partner Rebekka Schraner who have returned to Switzerland; to our co-workers, to our friends, the German Doctors at Baraka Medical Centre; to our Board of Trustees and to all our very generous benefactors in Switzerland and Germany. God bless you all!



P. Meienberg

Fr. Peter Meienberg, OSB
Chairman, Faraja Trust

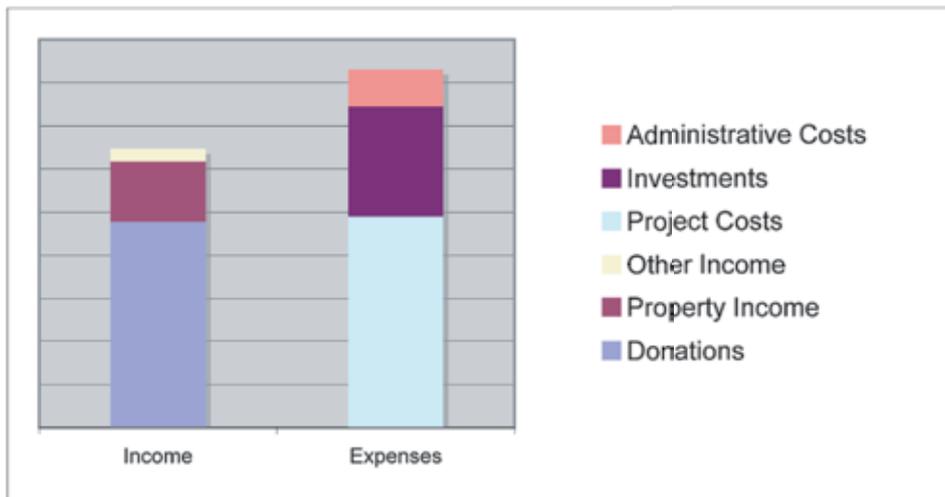
THE YEAR 2009 AT A GLANCE

Financial Key Figures

in KES

in CHF

Total Income	64'699'843	924'283
Total Project Costs	49'041'310	700'590
Total Administrative Costs	8'650'712	123'582
TOTAL NET PROFIT	7'007'821	100'112
TOTAL INVESTMENTS	25'384'201	362'631
GRANTS AND RESERVES AT 31/12/2009	236'432'207	3'377'603



Administrative Cost in % of Income

13.4%

Number of Beneficiaries

Secondary School Sponsorships	330
Post-Secondary Scholarships	47
Humanitarian Aid (average per month)	112
Small Business Support	22
Computer Courses Prison	205
Knitting / Sewing Courses Prison	163
Baking Training Prisons	26
Art Workshops Prisons	63
Staff Training Workshops Prison	604
Apprentices Faraja Latia Farm	18
Short Courses Faraja Latia Farm	82
Water Tank Construction Latia Farm	15

Number of Full-Time Employees

As at 31st December 2008	50
--------------------------	----



Counsellor with Client at the Office



Clients at Faraja's Drop in Centre

PROJECTS

Humanitarian Aid and School Fees

Faraja's drop-in center in South B is visited by many people looking for help. Faraja listens to their stories, assesses their background and needs and tries to find individual solutions. This way, Faraja is assisting more than 100 people every month.

Refugees

Nairobi still receives refugees from all over East Africa on a daily basis. For the whole of 2009, there has been a large influx of people from Eastern Congo, fleeing from never-ending fighting and massacres between several militant groups. Whole families arrive every day and sometimes even at night after a long and tiring journey. They need immediate assistance and have to be accommodated for a few days while their status is checked by UNHCR. Thereafter, they normally have to travel to one of the large refugee camps in northern Kenya unless they are a security case.

The latter means that their life is threatened and hence they can not be accommodated at the camp. In such cases, Faraja organizes long-term solutions together with other NGOs and the UNHCR. This collaboration with the UN body has been very fruitful and has facilitated a very efficient service delivery. Also, it has enabled Faraja to effectively advocate for the resettlement of some very vulnerable refugee families during the year 2009.

A very positive development in terms of the general refugee situation in Kenya is that Rwandese citizens do no longer require a work permit. This has eased the fate of many Rwandese refugees who have been forced to moonlighting over the past years.

Cost of Living / Food Aid

The year 2009 has been marked by very harsh economic conditions. Severe droughts were followed by heavy floods over Christmas. These climatic effects have adversely affected the agricultural production and therewith inflated the food prices. In addition to this, life in town has become more difficult for many of the Nairobi's poor after the City Council has destroyed many informal businesses – a policy which is very questionable since it appears to ignore the importance of the informal sector in terms of urban income generation but also in regards to crime rates. It is for these reasons that Faraja is often visited by people who can not afford the very basic needs for their families.

This is especially the case if the main bread-earner of the family is unable to work – be it through imprisonment or illness to name just two of the most common reasons. In this context, Faraja has increased its support for HIV positive people by intensifying existing collaborations with two HIV programmes working in different slums in Nairobi. Faraja supports the participants with a proper diet, which is essential for the antiretroviral drugs to work.

Medical Aid

In terms of medical aid, Faraja is still very grateful for the good and intensive collaboration with the German Doctors, who are running a medical station within the Mathare slum. They offer free treatment to Faraja's clients and support the trust with drugs for prison inmates.

Small Business Support

Another area which has been expanded is the support for small business start-ups. Thereby, Faraja's focus mainly lies on the very vulnerable people who would not even have access to the micro-finance industry. With small grants, these people get enabled to start a small enterprise like the selling of vegetables, charcoal or second-hand clothes, a little hair salon or a tailoring workshop. Thanks to Faraja's aid, more than 20 such small enterprises were started in 2009. The beneficiaries of this support did not only receive financial assistance but they are also regularly visited and guided on business decisions. Also, they have received a basic training in entrepreneurship and business planning, offered by another NGO working closely with Faraja.

Scholarships

The largest portion of Faraja's humanitarian aid budget is however still used for scholarships. Education is seen as a key factor in overcoming poverty. But the school fees often are a too heavy financial burden to a poor's family's household. In 2009, Faraja has been supporting more than 300 secondary school students and nearly 50 young people in post-secondary education. Whereas Faraja finances most of the costs, there is always a contribution by the parents unless in cases of extreme hardship. For post-secondary sponsorships, the support is dependant to the performance and motivation of the student.



Renovated Cell at Nairobi Remand and Allocation Prison



Women and Kids at Langata Women's Prison, Nairobi

PROJECTS

Prison Work

Faraja has boosted its prison projects in the year 2009. After focusing mainly on Langata Women's Prison for many years, the trust has now expanded its activities in other penal institutions within Nairobi.

Spiritual and Humanitarian Aid

Faraja has continued to provide spiritual and emotional support as well as humanitarian aid to the prisons. Fr. Peter is still celebrating mass every week at both Langata Women's and Nairobi Remand & Allocation Prison. Humanitarian aid activities mainly seek to improve the hygienic situation, especially at the women's prison. And thanks to the German Doctors, Faraja could again provide some much needed drugs to the prisons.

Infrastructure

In terms of infrastructure projects, Faraja's focus in 2009 has been on health and hygiene issues. It started with the rehabilitation of the kitchen facilities in Langata Women's Prison. The old cooking pots were replaced by new and more hygienic ones. In order to improve the ventilation and clear the kitchen from the permanent smoke, the new pots were equipped with proper chimneys and the windows were enlarged. This has ameliorated the situation of the kitchen crew who has their sleeping quarter in a room adjacent to the kitchen. Right next to this newly renovated kitchen, Faraja has established a bakery in which prisoners are now trained in bread and cake making – a skill that can be very helpful to set up a small business once released from jail.

The next project was meant to improve the catastrophic water situation at the Nairobi Remand and Allocation Prison. During the months of drought when water was rationed by the City Council, this penal institution was facing an acute water shortage. The fresh water supply was at times cut for days. As a result of this, many inmates developed serious health problems and the hygiene situation became dramatic. There was even an outbreak of cholera. Facing such a situation in one of its focus prisons, Faraja had to act with no hesitation and without a lot of bureaucracy. Three water tanks with a capacity of 10,000 liters were installed so as to store enough fresh water for human consumption. At the same time, the trust also improved the facilities of the prison dispensary by re-painting it as well as by erecting a roof on top of the waiting bay and equipping the same with benches. Lastly, Faraja brought beds and mattresses for the sick bay

as well as for the ward of the HIV positive inmates. All these measures have greatly improved the situation in Kenya's largest remand prison. Such health and hygiene issues are not unique to the prisoners but the prison officers face similar problems. Their housing is inadequate and the sanitary facilities in a very poor state. This causes a lot of jealousy against the prisoners who are benefiting from Faraja's infrastructural rehabilitation projects. Therefore, Faraja has also addressed some of the pressing issues of the staff by constructing new toilets and showers for them at Langata Women's Prison and the same is being done at Nairobi Remand and Allocation Prison in the first quarter of 2010.

Other infrastructure projects include the construction of a classroom at Nairobi West Prison and the rehabilitation of the kitchen facilities at Kamiti Maximum Prison, the largest penal institution in the country. These projects were however still ongoing by the end of 2009. A special gift received Langata Women's Prison after 10 years of support through Faraja. The trust equipped the whole prison with new double-decker beds.

Skills Training Programmes

A key element in Faraja's prison work are the skills training programmes run in several prisons within Nairobi. In the year 2009, Faraja has trained more people in more skills than ever before. The aim of these programmes is to teach inmates various skills that may help them to engage in business or get employment once they are out of prison. In order to balance the support for inmates and prison officers, some of the skills training classes are also open to prison officers. This is for instance the case with the computer courses offered in several prisons. Teaching prison officers in ICT skills helps the prison organize their documentation office and facilitates a more efficient administration of individual records.

All in all, more than 400 people have been trained during the year 2009. The majority of them, some 200 people, underwent a computer course. Some 163 people were trained in sewing, knitting and dressmaking and another 26 persons received a training in baking at Langata Women's Prison. The latter was designed as a training of trainers for the newly established bakery. At the Nairobi Remand & Allocation Prison, Faraja introduced a painting and drawing workshop, which was frequented by more than 60 inmates throughout the year. In the course, they produced artworks that were finally exhibited at the highly regarded RaMoA Museum of Modern Art in Nairobi.

However, some skills are being developed in prison even without external facilitation. A group of capital remandees at Langata Women's Prison formed a choir and started to perform songs and dances. All songs were composed and written by the choir's leader. Faraja was so impressed by the passion and the spirit of hope these singers are spreading within the penal institution, that they sponsored the production of a DVD which is now on sale in Nairobi's supermarkets.

Prison Farms

With the establishment of Faraja Latia Farm as an agricultural training institute, Faraja has built up a new area of core competence. Since it is Faraja's aim that the primary beneficiaries of the trust may benefit from this new core competence, Faraja has linked agriculture with its prison projects. For this reason, Faraja has set up two demonstration farms at Langata Women's Prison and at the Kamiti Youth Correction and Training Centre. These demo units entail a small drip irrigated vegetables farm as well as some small livestock units. The demo farms are designed as training grounds for inmates.

It is believed that appropriate training in agriculture will equip inmates with valuable skills to become self-reliant after their release. Most Kenyans have at least a small piece of land in their rural home and agriculture is still the backbone of the economy and the society. Moreover, ex-prisoners are often stigmatized and face difficulties to find employment. Setting up a small farm or an agro-related business may be the only option for them to survive. Therefore, Faraja is assisting the prisons to develop a proper agricultural training programme that can be taught at the prison demo farms.

Also, Faraja would like to train the prison officers responsible for agriculture. In a first step, Faraja has invited two groups of officers to Faraja Latia Farm for a 3-day training workshop. During this workshop, the officers were trained in the management of a drip irrigation system as well as in small livestock management, especially dairy goat husbandry among other aspects of general agriculture. This training had the aim of being both a training of trainers but also a refresher course for agriculture officers so as to help them improve the agricultural production in their respective prisons.

Faraja is convinced that this increased focus on agriculture plays a vital role in the rehabilitation of prisoners. Also, the effect on the agricultural production in prisons can contribute

largely towards bettering the general conditions of imprisonment. Hence, the trust intends to continue and even intensify the agricultural activities in prisons.

Workshops for Prison Officers

Another focus during the year 2009 has been on workshops for prison officers addressing issues like self-awareness, motivation, behaviour change as well as aspects like violence, ethnicity, drug and substance abuse or HIV/Aids. The workshops also thematized basic counselling skills. All in all, more than 600 officers from six different prisons were trained.

The primary aim of these workshops is to challenge the prison officers as human beings and make them reflect their role in the rehabilitation of offenders. Creating an increased level of self-awareness is meant to change their attitude towards work and the way they treat inmates. An improved level of understanding of the prisoner's issues shall turn the penal institution into a more rehabilitative environment. An evaluation of these trainings shows that such an effect can actually be felt. Prisoners reported that many of the officers who underwent the training are friendlier and show more empathy and interest in their problems. Also, visitors to the prisons stated that the service rendered to them has become more efficient.

This initial evaluation suggests that one is on the right way with this project. The role of the prison officers in the whole rehabilitation process is crucial and can not be underestimated. Proper trainings as well as counselling-based debriefings of prison officers enable them to fulfil this rehabilitative role.

PROJECTS

Agricultural Training Institute

In its second year of operation, Faraja's agricultural training institute "Faraja Latia Farm" has already achieved some commendable results. The first group of trainees has graduated, the institute has already been booked for trainings by external parties and the development of a recognized curriculum has been finalized.

Farming and Infrastructure

The main farm has been producing a lot of maize and vegetables, most of which have been sold on local markets. This has contributed largely towards rural income generation since almost all sales have been done to small business women who can earn a living out of their vegetable business. Only a very small part of the farm's produce (mainly French beans) has been sold to exporters as an additional source of income.

In the course of the year 2009, several demonstration units have been set up. These units include a greenhouse production unit, an organic farm, an agro-forestry plot, a bee-keeping and honey production unit, a rain-fed and a fodder production zone as well as a small livestock unit with dairy goats, sheep and rabbits. In 2010, the livestock unit will still be expanded with dairy production, steer fattening, chicken production and a piggery. These units will complete the different demonstration enterprises of Faraja Latia Farm.

In order to store as much rainwater as possible, Faraja has built another fresh water reservoir, which can store both surface run-off from rainwater as well as the slightly saline borehole water. The latter can be purified in the reservoir through sedimentation. Another big investment has been the procurement of a tractor complete with trailer, plough and harrow. The tractor can be used to train the agricultural students but it is also of great help in the trust's outreach programme and of course at the farm itself. Furthermore, the equipment of the boarding facilities was finalized such that the institute can now accommodate up to 25 people for short courses.

Traineeship

The first group of trainees sat for their exams in March 2010 after a 6-month training programme. The outcome of this initial course has been astonishing. Out of the initial 15 students, 14 sat for the exams with 13 passing. And out of these initial graduates, 12 were employed within two months and were still in employment by the end of the year 2009.

These results are extremely extraordinary in a country where even many University graduates remain jobless for years. It shows that the very practical training done at Faraja Latia Farm prepares the trainees adequately for their future working life. Faraja is very proud of these initial students and in fact, some of them have actually been employed by the trust itself.

The second class of 20 trainees, mainly from the local community, joined Faraja on May 1st, 2009. This time, the course has been extended to one year, whereby the theoretical part of the training was slightly expanded. This second group is graduating by the end of April 2010. Thereafter, it is intended to offer one more in-house traineeship for 6 months before the institute will offer an official certificate course recognized by the Ministry of Education.

Curriculum Development and Registration of the School

While the training institute was educating the first groups of students with its own training programme, the preparation for a new curriculum to be offered as a recognized college has been going on behind the scenes. Together with the Kenya Institute of Education, a diploma course in "entrepreneurial agriculture" has been developed. This diploma course has been worked out under the new TIVET (technical, educational, vocational and entrepreneurial training) framework in the Kenyan education system.

The approach of the new TIVET system is to make vocational training more practical and demand driven. Therefore, all new curricula are being developed in collaboration with stakeholders from both the educational but also the business side. Faraja is proud that they have been able to develop the first such curriculum in the field of agriculture and is convinced that this alone is a valuable contribution towards improved industrial training in agriculture. Moreover, the Kenya Institute of Education and Faraja have agreed that this new curriculum will first be implemented and tested at the newly established Faraja Agricultural College, which will be registered with the Ministry of Higher Education, Science and Technology.

However, Faraja will only offer courses under the name of the college as from 2011. In the meantime, Faraja and the Kenya Institute of Education will develop a certificate course out of the diploma curriculum. This course will be shorter than the diploma and will contain less theoretic content. This will allow the college to take in Secondary School leavers with lower mean grades and therefore help Faraja to meet its primary

target group: disadvantaged young people, primarily living in the rural areas of Kajiado District, with little perspectives for employment and with insufficient means to go for further studies. The diploma course may then be implemented in a second step for those who wish to further their studies so as to get access to more advanced jobs or to continue their studies to degree level.

Field Days and Short Courses

Apart from the permanent traineeship programme, the training institute has been offering short courses and in July, Faraja was organizing a public “field day” for interested farmers. The resonance of the field day was overwhelming. More than 450 participants, school classes as well as many members of the local community, came to Faraja Latia Farm in order to learn more about modern agriculture.

Faraja has developed a 3-day field demonstration workshop looking at the basic elements of agriculture. The content contained both animal and vegetable production with special emphasis on drip irrigation as well as a session on beekeeping. In total, the institute trained 85 participants. The short courses offered by the institute were done for different types of clients. Some of them were prison officers who received the training in the context of the setting up of two demonstration farms in prisons, other participants came from a neighbouring NGO and one group even travelled all the way from Ethiopia to Faraja Latia Farm.

For the new year, there is already a big demand for such short courses from different parties. In addition to this, Faraja intends to offer similar trainings to the participants of the community outreach activities but also the beneficiaries of its welfare and prison programmes. For this reason, Faraja is developing a catalogue of short courses ranging from an introductory workshop to agriculture to more intensive courses on specific topics like vegetable production, dairy goat husbandry or beekeeping and honey production to name only a few.

Community Outreach Programme

The word “latia” in the name Faraja Latia Farm means “good neighbours”. Faraja therefore intends to support 100 small-scale farmers in and around Isenya. In the first phase of this project, the selected farmers will receive a 10,000-litre water tank. These tanks are built by local artisans and can therefo-

re also be maintained with local know-how. The farmers on their side have prepared their land for cultivation and they have installed gutters on their roofs for rainwater harvesting. Up to the end of 2009, an initial group of 15 farmers have already received their water tank.

The farmers will then be trained for one week at Faraja Latia farm in groups of 25 participants, where they are undergoing an introductory training workshop in agriculture. Thereafter, they will select different enterprises of specialization in which they receive additional training. Faraja intends to provide further business support to these farmers such that they may set up viable small businesses.

At the same time, Faraja seeks to develop a small demo processing centre in which appropriate technologies are being demonstrated to the farmers. At the initial stage, this processing centre will comprise of a simple honey processing unit, a sun-drier for chillies as well as some oil presses for the production of both edible (e.g. sunflower) and non edible oils (castor or jatropha), whereas the latter can be used for domestic energy needs.



Students on a Donkey Cart at Faraja Latia Farm



Planting and Harvesting at Faraja Latia Farm

ACKNOWLEDGMENT

Loise Njambi Kabeberi
Ololoitikosh township,
Pipeline Rd
Kajiado North District
February 4, 2010

To The Coordinator
Faraja Latia Farm
Faraja Trust
Kajiado

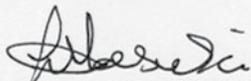
Dear Sir,

Re: Personal appreciation

I wish to extend my sincere gratitude to you and all the different organizations who were involved in the building of the water storage tank on my farm. This includes the Ministry of Agriculture/livestock, who introduced us to you and have been working with you to train us in agriculture methods and other various fields. I also wish to thank you for all the interest, training and workshops/seminars extended to me and the other members of our community.

Please extend my thanks to Jairus for his commitment, even walking long distances to reach the community. I hope that you continue to offer us the kind of assistance that you have been doing even in the future.

Yours sincerely,



Ms Loise Njambi Kabeberi

Farmer and community leader

CC : 1) Ministry of Agriculture / Livestock

OFFICE OF THE VICE PRESIDENT AND MINISTRY OF HOME AFFAIRS
KENYA PRISONS SERVICE

Telegrams: "COMPRISONS" Nairobi
Telephone: +254 02 2722900-6
E-mail Comprisons@yahoo.com
When replying please quote



PRISONS HEADQUARTERS
P.O. BOX 30175-00100
NAIROBI

Date 24th March, 2010

Ref. No. Pris 1/49vol.1/75

Faraja Trust
P.O Box 3302-00506

Att. Fr. Peter Meienberg

**RE: APPRECIATION FOR PARTNERING & CONTINUED SUPPORT TO THE
KENYA PRISONS SERVICE**

This comes to sincerely express our appreciation of all the work that FARAJA TRUST is doing in partnership with the Kenya Prisons Service. For the last 10 years Faraja has focused on many rehabilitation programs that have highly changed the prisons to rehabilitation centers.

In addition they have gone a long way in also building capacity of the members of staff to reinforce the rehabilitation programs they have put in place. Their activities have largely influenced the Prisons in Nairobi Province namely Nairobi Remand, Kamiti command, Nairobi west and Langata women prison.

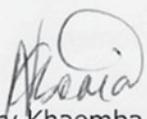
In 2009, FARAJA TRUST did the following;

- Renovation of the kitchen and installation of energy saving jikos at Langata Women Prison
- Intensified agriculture with drip irrigation at Langata Women Prison and Kamiti Youth and Correctional Centre
- Provision of ten dairy goats for both Langata Women Prison & Kamiti Youth and Correctional Centre
- Construction of a bakery at Langata Women Prison
- Training in Baking for inmates & Officers at Langata Women Prison
- Provision of beds for all inmates at Langata Women Prison
- Training of inmates & Officers in Basic computers at Langata Women Prison
- Training of inmates & Officers in Basic computers at Kamiti Youth and Correctional Centre & Kamiti Medium

- Training of the remanded prisoners at Langata Women Prison in dressmaking and crocheting
- Renovation of the kitchen and installation of energy saving jikos at Nairobi Remand & Allocation Prison
- Installation of three water tanks for blocks J,K and L at Nairobi Remand & Allocation Prison
- Construction of a waiting bay and provision of sitting benches at the dispensary area at Nairobi Remand & Allocation Prison
- Painting of the sick bay at Nairobi Remand & Allocation Prison
- Painting of the capital remandees section at Nairobi Remand & Allocation Prison
- Provision of benches for the capital section at Nairobi Remand & Allocation Prison
- Provision of beds for the HIV/AIDS block at Nairobi Remand & Allocation Prison
- Provision of basket balls, footballs to the Nairobi Remand & Allocation Prison
- Construction of a classroom block at Nairobi West Prison
- Training of prison officers in self awareness
- Assistance in accessing of medicine to sick inmates through the German Doctors
- Assistance in paying of school fees to needy inmates children among others.

The Kenya Prisons Service really appreciates all that FARAJA TRUST is doing and pray that the almighty God blesses all that make it possible for FARAJA to assist all in need and for the Kenya Prisons Service in achieving their goals. We hope that in another 10 years they will have spread to almost all the provinces.

God Bless Faraja trust.


 for Mary Khaemba (HSC)
Director, Rehabilitation & Welfare
For Commissioner of Prisons.



UNHCR
Branch Office for Kenya
P.O. Box 43801-00100
Nairobi
Kenya

Tel.: +254-20-4232000
Fax: +254-20-4232080
Email: karanja@unhcr.org

4 January 2010

Notre/Our code: KEN/NBI/CSED/10/003

Father Peter Meienberg,
Faraja Trust
Nairobi, Kenya

Dear Father Peter,

RE: APPRECIATION OF PARTNERSHIP IN SUPPORT OF URBAN REFUGEES

Community Services Unit in UNHCR has often leaned on Faraja Trust in our daily operations and most difficult times. Such occasions often happen in odd times of the year and sometimes odd working hours.

In the concluded year 2009, Faraja Trust team has maintained regular contacts with our office and has always stepped forward to fill the gaps by supported the urban refugees in the following ways:

1. Offered counselling services to traumatized refugees and asylum seekers.
2. Issued bedding and hygiene to refugees who were sleeping on bare floor
3. Supported refugees to travel to Kakuma refugee camp
4. Gave humanitarian aid to a number of vulnerable refugees
5. Did case-work with Community Services Unit to protect refugees at risk often working late beyond the call of duty.
6. Assisted refugee students to enrol in secondary schools, colleges and vocational training.
7. Stepped forward for high risk group of cases who were eventually resettled.
8. Assistance of medical referral cases through German doctors

We appreciate this partnership and look forward to a more fruitful 2010 as we roll out the urban refugee policy into action.

We thank Father Peter and the entire Faraja Trust Team for giving refugees and persons to concern to UNHCR a new lease of life.

Yours faithfully

James Karanja
Community Services Unit

ADMINISTRATION AND MANAGEMENT

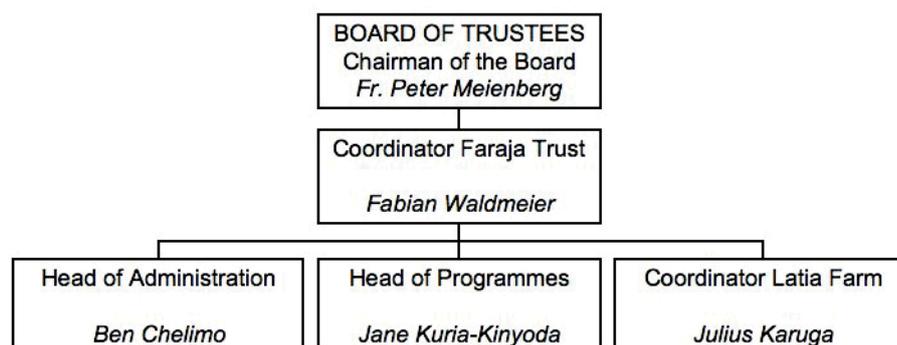
Faraja Trust is governed by a Board of Trustees consisting of five members, three of which being Swiss citizens and two being Kenyans. The board is chaired by Faraja's founder and spiritual leader Fr. Peter Meienberg. The other members are Rudolf Senn (vice-chairman), Njambi Kiritu, Urs Boehlen and Peter Muthee. The operating management of the trust lays in the hands of a full-time coordinator who is senior to the heads of the three main departments: Programmes, Administration and Faraja Latia Farm.

The year 2009 marks the end of Fabian Waldmeier's appointment as coordinator of Faraja Trust. Faraja would therefore like to take this opportunity to sincerely thank him for the commendable job he did in his 2,5 years in Kenya. We believe that working for Faraja has been an inspiring experience for him and we wish him all the best in his personal and professional future.

Whereas Fabian Waldmeier is returning to Switzerland, Faraja has been looking for a successor from as early as April 2009. It has been quite challenging to find somebody who

matches the profile, which did not only entail knowledge in agriculture and management but also working experience in Africa. Nevertheless, the recruitment has been successful. Matthias Fettback, a 55-year-old agronomist from Germany, met all the requirements and is now joining the Faraja team. He convinced the board of trustees with his vast experience in the running of agricultural and social projects. Matthias Fettback has a deep understanding of the Kenyan culture and mentality since he has lived several years in Eldoret, Kenya where even his three children went to school.

Some other important changes in Faraja's management were made during the year. On March 1st, 2009, Jane Kuria joined Faraja as the new head of programmes. Later in the year, Faraja successfully recruited Jairus Lihanda as coordinator for its outreach programmes at Faraja Latia Farm. Finally, Faraja internalized two staff from their external financial consultants Bett & Co. in order to build up its own finance & administration department, which is now headed by Ben Chelimo. The new members of staff were quickly integrated into the Faraja team, which now counts some fifty employees.



Organization Chart

EMPLOYMENT AND PROPERTIES

Employment

Faraja is concerned not just about its beneficiaries but also about its own personnel. The values of the trust are therefore not only applicable in the provision of social services but also to Faraja's human resource policy. Faraja is well aware of its crucial role as an employer of some fifty local members of staff.

For this reason, Faraja has again increased its salaries in 2009 by averagely 12 % (exclusive of the year-end bonus) so as to tackle the high inflation rate in the country. On the side of social security, Faraja has also improved its benefit package for employees once more. Since last year, members of staff can join a savings and credit cooperative. If they wish to do so, Faraja is paying their registration fees and finances 4/5 of the mandatory membership investment. In addition to this, a corporate welfare scheme was introduced, which takes care of eventualities like funerals, weddings or the birth of a child. And finally, the existing medical cover has been improved. Faraja is convinced that these measures contribute largely to the social welfare of its employees and their families.



Members of Staff Prison and Welfare Programmes

Properties

Faraja is not entirely dependant on donor funding. About a third of the running net expenses are financed through income generating activities, the most important being Faraja's properties. The trust owns two apartment blocks in Nairobi. One building is located in the residential area of South B, accommodating also the head office of the trust. The other property, Tipuana Apartments, is situated in the serene Brookside area, one of Nairobi's top addressed. This latter dwelling unit consists of 23 serviced and furnished luxury apartments with an in-house gym, a sauna and a steam bath as well as a solar-heated swimming pool.

All these apartments were again almost fully occupied throughout the year. However, in order to deal with the increasing competition in the up-market segment, Faraja has upgraded some of the facilities at Tipuana Apartments. Also, some major renovation works have been initiated for both properties. With these measures, Faraja is positive that the sustainable financing generated through its properties can be safeguarded for the next years to come.



Tipuana Apartments

FINANCIAL REPORT

Accounts 2009

The increased activities in all programmes of Faraja are reflected in the annual accounts 2009, which show an escalation in programme costs by more than 60 %. This increment in costs was mainly backed through increased donations. Also, some of the expenses in 2009 were financed by donations received in 2008. All in all, the profit and loss account closes with a net income KSH of 7.0 Mio.

The net results from properties as well as the other income have also gone up compared to 2008. The latter are caused by higher interest earnings whereas the property income has been achieved through an almost full occupancy rate throughout the year. However, the property results contain two main effects, which nearly compensate each other. On one side, the rent increments in 2008 have come to full effect in 2009 and on the other side there has been a raise in costs, especially on personnel and energy, but also within the maintenance costs.

In the programme costs, all positions have gone up considerably compared to 2008. The expenses for scholarships and humanitarian aid have risen by almost 40 %. And on the side of the prison projects, the costs have more than doubled. All these escalations reflect the general development of activities within the programmes and in specific the expansion in infrastructure projects in prisons.

The programme costs for the agricultural training institute Faraja Latia Farm have also gone up considerably whereas the main farm itself produced a nil result. This rise in the running costs is a normal development since the training institute started its operations only in October 2008 hence the year 2009 is the first year of full operation. The main cost drivers are the personnel costs as well as the depreciation. The results are further influenced by a special expense for amalgamation and change of user (from agricultural to educational) of the land in Isenya as well as some extraordinary expenses for repairs and maintenance. Also, the accounts 2009 contain most of the expenses for the development of a recognized curriculum. Another factor that led to the rise in costs is the outreach programme, which started its operations in 2009.

The general administrative costs went up by 2/3 as compared to the previous year. The main reasons behind this development are on one side the internalization of accounts and on the other side, there were increased professional fees in regards to clearing of some administrative backlog. These costs are however expected to reduce in 2010.

The operating investments went down considerably. The major positions are the procurement of the tractor and its implements as well as the construction of a second water reservoir at Faraja Latia Farm. The property investments reflect the upgrading of standards at Tipuana Apartments as well as some extraordinary costs for legal conveyance. The financial investments relate again to a medium-term investment of a special grant into property.

This special grant is reflected in the balance sheet under "Capital Grants". It is meant for future investments into income-generating projects. The equivalent of this grant is currently put in land titles and bank deposits. This explains the relatively high balances of cash and cash equivalents as well as financial investments. At one point these funds will be used for a long-term sustainable investment. Also, the cash and cash equivalents as at the end of 2009 contain some funds for projects to be done in 2010 which are already pre-financed.

The value of the non-current assets is also quite substantial. This reflects the sustainability of Faraja's projects. On one side, there has been considerable spending for the set-up of the agricultural training institute Faraja Latia Farm. On the other side, there are these investments into income-generating activities. Both elements are meant to ensure the long-term running and financing of the Trust's charitable projects. What is important is the fact that non of these investments were done on externally borrowed funds.

AUDIT REPORT

Mathenge & Associates*Certified Public Accountants*

Rattansi Educational Trust Building, Koinange Street

P.O Box 47927 – 00100 GPO, Nairobi, Kenya

Tel/Fax: 254-20-2218300, Email: pwmathenge@wananchi.com**REPORT OF THE AUDITORS
TO THE MEMBERS OF FARAJA TRUST**

We have audited the accompanying financial statements of Faraja Trust set out on pages 5 to 16 which comprise the trust's statement financial position as at 31 December 2009 and statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

TRUSTEES' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The trustees are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and the requirements of the Kenyan Trustees Perpetual Succession Act. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITORS RESPONSIBILITY

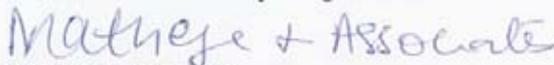
Our responsibility is to express an independent opinion on the financial statements based on our audit and to report our opinion to you. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the trust's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the trustees, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, proper books of account have been kept and the financial statements, which are in agreement with the books of account, give a true and fair view of the state of the Trust's financial affairs at 31 December 2009 and of its surplus income and cash flows for the year then ended and comply with International Financial Reporting Standards and the Kenyan Trustees Perpetual Succession Act.



Mathenge & Associates
Certified Public Accountants
Nairobi

MATHENGE & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS
P. O. Box 47927 - 00100
NAIROBI

Date 10/06/2010

BANK DETAILS

Faraja Trust, Nairobi
CBA (Commercial Bank of Africa), Westlands Branch, Account No. 6431220025

Faraja Trust, Gönnerverein (Support Group), Switzerland
Credit Suisse, Solothurn, Account No. 0544-44213-11 (CHF) or Account No. 0544-44213-12 (EUR)

Faraja Trust

P. O. Box 3302, Zanzibar Road 11, South B, 00506 Nairobi, Kenya | 00254 020 550 793 | info@faraja.net | www.faraja.net

Gönnerverein der Faraja-Stiftung

Mattenhof 6, 4535 Kammersrohr, Schweiz | info@faraja.ch | www.faraja.ch