

Faraja Trust

Annual Report 2012



FOREWORD

Dear Reader,

We are proud to present to you the annual report of the year 2012 for Faraja Trust. On the following pages you will find a lot of up-to-date information about our different programmes, our organizational structure as well as our financial performance in 2012.

Two special projects may deserve special mention. One is that we were able to construct a day care facility for children who live with their imprisoned mothers at the Langata Women's Prison. Now these children, who used to grow up inside the walls of a prison, can spend their days in a loving and child-friendly atmosphere – what an achievement!

The other achievement is the upgrade of our livestock facilities at the Latia Resource Center. This increased focus on livestock is important, especially in a semi-arid area that is still dominated by pastoralist communities. It enables us to demonstrate well managed small integrated farm systems to both our farming apprentices, but also to the many small farmers from the neighbouring communities we are working with.



Fr. Peter Meienberg
Founder of Faraja Trust

Apart from these two projects, Faraja was able to continue and even to expand its programmes to prison inmates, warders, to needy people outside the prison walls and especially to the young people and small farmers surrounding the Latia Resource Center. This makes us proud and happy. However, this work is only possible thanks to our generous donors whom we wish to thank most sincerely for their support and their trust in our work.

Finally, we are happy that we were able to again increase our own income from investments, most importantly from our properties, in 2012. This is part and parcel of our strategy to build an efficient and sustainable organization that generates a substantial portion of its funding through its own income-generating activities.



Peter Muthee
Chairman of Faraja Trust



The Newly Built Child Care Center at Langata Women's Prison



Opening Day at the Child Care Center at Langata Women's Prison

SOCIAL AND HUMANITARIAN PROGRAMMES

Faraja aims to support people in crisis situations with both financial but also spiritual and psychological support. The beneficiaries of Faraja's work are prisoners in several penal institutions of Nairobi as well as their families and children, ex-convicts who are supported in their quest to reintegrate into society, single mothers and orphaned children from the nearby slums, refugees and internally displaced people and many others. Apart from the provision of emergency aid, Faraja is attending to its beneficiaries with a highly motivated team of social workers and counsellors. Finding solutions, personal contact and making people see a way forward in their often hopeless situation is regarded as equally important as the provision of material aid.

Families and orphaned youngsters are further supported with scholarships mainly for secondary school education with a few high-performers being sponsored for further post-secondary school education. In 2012, nearly 200 students benefitted from such scholarships. On average 60 persons per month received various forms of humanitarian aid from the Trust. Counselling sessions were offered to more than 400 people inside and outside prisons. Finally, small businesses start-up grants were given to some 60 people, the majority of whom also attended training in entrepreneurship.

In the prisons, Faraja provided various skills trainings to over 450 inmates in several fields like knitting and dressmaking, art and painting or beadary and card making among others. In addition to this, life skills and entrepreneurship training sessions were organized for some 400 young men in several youth prisons. Faraja's programmes are not only benefitting the inmates but also the prison staff. The prison officers are allowed to participate in some of the aforementioned skills courses, and Faraja trained more than 300 officers in 2012 in various fields including management of inmates in a prison.

A major project in 2012 was the construction of a day care center for children at the Langata Women's Prison. The center caters for children who are living in the prison together with their incarcerated mothers up to the age of four years. Now these children can spend their days in a more humane and child-friendly environment as compared to being locked up in the cells of their mothers. The opening of this Day Care Center being the first of its kind in Kenya was a milestone not only for Faraja's work in prisons, but also for the entire Kenya Prisons Service. As a result, there was a lot of interest from the authorities and from the media during the official opening of the center which took place on 23rd January 2013.

All these different activities in prisons would not have been possible had Faraja not been working closely with the Kenya Prisons Service as part of their open doors policy. Prison projects are planned jointly with the authorities and in 2012, Faraja organized a consultative forum with the prison service management to discuss future collaboration of how to align Faraja's initiatives to strategies of the prison service. During the forum it was agreed that Faraja would intensify its counselling services in prisons, continue with and expand the training workshops for prison officers to more prisons in Kenya, since officers are regularly transferred to different institutions in the country.



Cows at Latia Farm



Pigs at the Livestock Unit

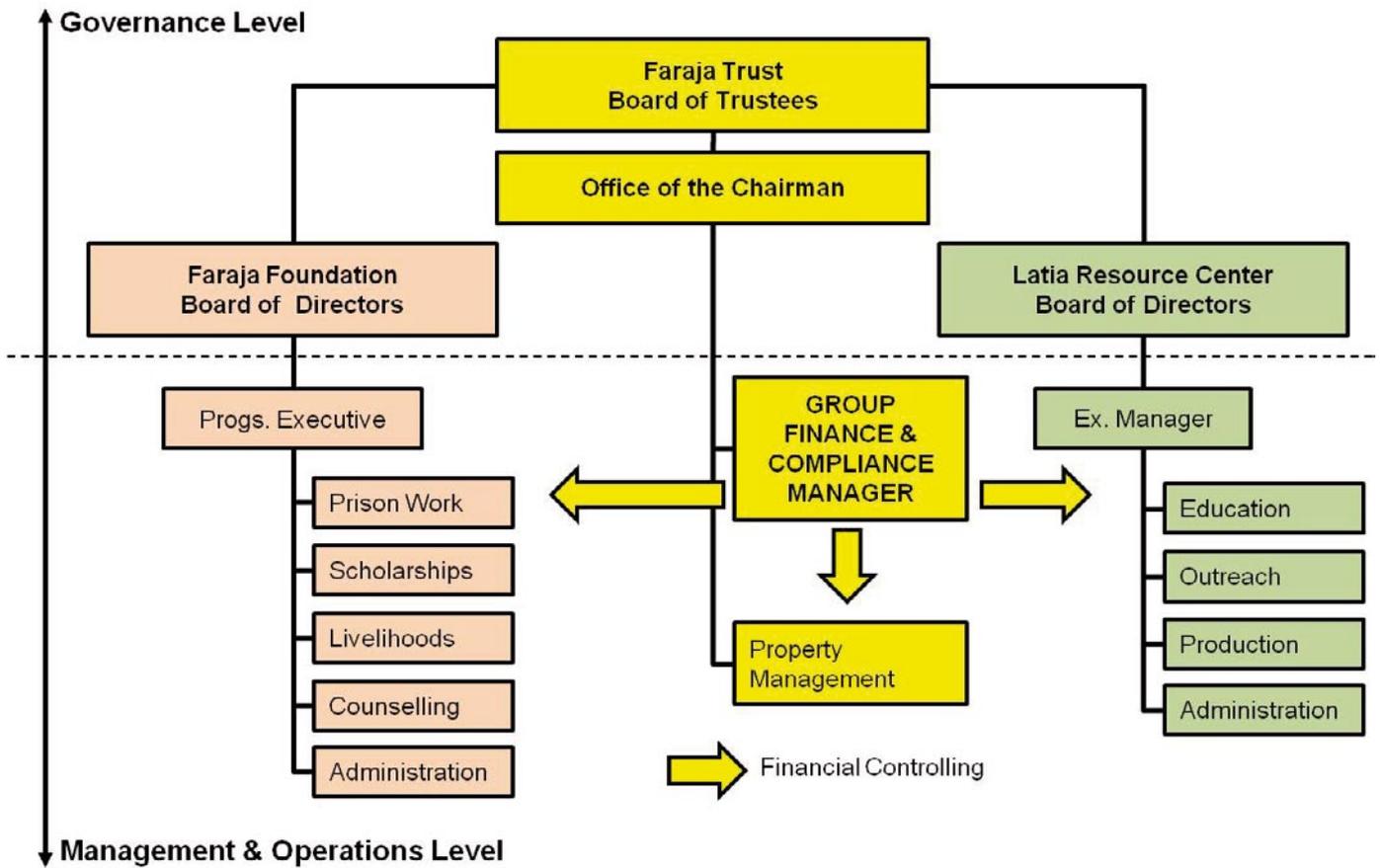
LATIA RESOURCE CENTER

At the Latia Resource Center, Faraja's agricultural training and mentoring project, two groups of 30 farming apprentices graduated in 2012 after having been trained in a practical and entrepreneurial course in agriculture. This brings the total number of graduates since the inception of the programme in 2008 to over 120. Most of these trainees have found employment or have gone into self-employment after the completion of their training. The high absorption rate of these graduates in the job market confirms that Faraja's approach of offering practical training rather than academic education in agriculture is indeed working.

The Latia Resource Center is however not just geared towards developing a young farmers generation, but also to improve the welfare of existing farmers from the local population which is mainly made up of traditional livestock-keepers from the Maasai community. In this pastoralist community, it is mainly the women who bear the responsibility of water management and food preparation in the household. For this reason, the Latia Resource Center is running an outreach programme targeting mainly these women. The programme benefits every month groups of 20 participants involved in small-scale farming at the community level. It includes an element of technical and entrepreneurial training, the provision of a small start up kits well as continuous technical support and follow-ups through Latia's outreach staff. The main focus is on food security and increased production for the local market, more sustainable and integrated forms of livestock keeping and the conservation of water, which is becoming even more critical with climate change, making rainfall patterns extremely unpredictable.

An important element in this regard is that in 2012, the Latia Resource Center was equipped with a new upgraded livestock unit which demonstrates well-managed small scale livestock-keeping to local farmers. The livestock unit has several demonstration enterprise units which include a zero-grazed dairy unit, a pig unit, a sheep and goat unit, a rabbit unit, chicken and duck farming and fish farming in small ponds. This increased focus on livestock keeping is critical on one side in terms of achieving a better farming system, where fodder as well as fertilizer can be produced in an integrated manner on the farm. On the other side, the outreach programme has benefitted largely from the new livestock facilities as small livestock keeping is extremely relevant for the small farmers of the surrounding communities. Hence, most packages offered in the outreach programme revolve around keeping of small animals such as sheep, goats, rabbits or chicken, or the production of fodder and the use of water saving techniques in small integrated farm systems.

Finally, the Latia Resource Center has also created a lot of interest from third parties. Several groups and individuals attended different short courses offered by the center. Moreover, the ITC packages were frequently booked by paying clients. This is part of the strategy of the Latia Resource Center to expand its training programmes to all sorts of interested parties, from NGO-sponsored small farmer groups to self-sponsoring farmers, larger agricultural enterprises but also schools and other groups. This will help to make the Latia Resource Center in the medium run a self-sustainable enterprise.



Faraja Trust Organization Chart

STRUCTURE AND MANAGEMENT

Faraja is organized in a group structure where the overall body controlling the different programmes, but also holding all immovable assets is Faraja Trust. Faraja Trust is governed by a Board of Trustees consisting of the following members:

- Mr. Peter Muthee, Chairman
- Mr. Fabian Waldmeier, Vice-Chairman
- Fr. Peter Meienberg (Founder of Faraja)
- Mr. Urs Bohlen
- Mr. Christoph Meienberg

The overall administration of the Trust's operations is carried out by M/S Kimutai Bett & Company CPA who also act as the Trust's finance and compliance managers. The management of Faraja's properties is carried out by a team of locally employed staff.

The affiliated entities Faraja Foundation and the Latia Resource Center are legally independent non-profit oriented organizations, incorporated as companies limited by guarantee with Faraja Trust being the controlling member of each company. The governance of these two entities lies with a sub-committee of of the Trustees – Fr. Peter Meienberg and Peter Muthee in the case of "Faraja Foundation", and Urs Boehlen and Fabian Waldmeier in the case of the "Faraja Latia Resource Center".

The management of the Latia Resource Center is carried out by Superior Farming Solutions (East Africa) Ltd., a company specialized in the management of agricultural-based enterprises, by mandate from the company directors and the Board of Trustees of Faraja Trust. However, all the staff working at the Resource Center are employed directly by the Latia Resource Center. The Faraja Foundation, which is running Faraja's social and humanitarian programmes, is managed by Jane Kuria, a locally employed manager.

The graph on page 8 shows the organizational structure of Faraja Trust as per 31st December 2012. In total, Faraja employs approximately 45 permanent staff, all of whom are locally employed professionals. There are no expatriates working for Faraja Trust.

Profit & Loss Statement 2012 (in KSH)

| Income | 2012 | 2011 |
|-----------------------------------|-------------------|-------------------|
| Grants and Donations | 34'952'996 | 31'400'795 |
| Property Income | 35'826'541 | 32'965'750 |
| Other Income | 8'100'813 | 1'817'008 |
| Total Income | 78'880'350 | 66'183'553 |
| Expenses | 2012 | 2011 |
| Direct Project Expenses | 44'545'094 | 31'606'450 |
| Property Expenses | 20'537'897 | 20'198'229 |
| Administrative Expenses | 9'308'947 | 13'287'553 |
| Total Expenses | 74'391'937 | 65'092'232 |
| Profit / Loss for the Year | 4'488'413 | 1'091'321 |

Balance Sheet 2012 (in KSH)

| Assets | 2012 | 2011 |
|---------------------------------------|--------------------|--------------------|
| Current Assets | 76'226'766 | 67'196'101 |
| Non Current Assets | 163'938'122 | 167'849'886 |
| Total Assets | 240'164'888 | 235'045'987 |
| Liabilities | 2012 | 2011 |
| Current Liabilities | 5'755'490 | 5'125'002 |
| Capital Grants | 55'000'000 | 55'000'000 |
| Fund Balance | 179'409'398 | 174'920'985 |
| <i>At the beginning of the year</i> | <i>174'920'985</i> | <i>173'829'664</i> |
| <i>Profit & Loss for the Year</i> | <i>4'488'413</i> | <i>1'091'321</i> |
| Total Liabilities | 240'164'888 | 235'045'987 |

All assets are recognized at cost less depreciation/amortization.

These accounts have been audited by Erastus & Co., Certified Public Accountants, P.O. Box 55268, Nairobi. A full audit report containing no limitations whatsoever has been issued to the Board of Trustees.

FINANCIAL STATEMENTS

The financial report for the year 2012 shows a net surplus of some 4.5 Mio. KSH. However, this surplus is entirely caused by the extraordinary high interest income shown under other income. Yet, this interest income has only been earned in cash at the very end of the year and hence, operations during the year had to be financed with other sources of income. In that regard, a compensating effect is expected for the year 2013 when the interest income from 2012 will be used to finance a substantial portion of the Trust's operations.

Nevertheless, the 2012 financial results are quite positive even without the interest income. Both the income from the Trust's properties as well as the income from donations increased in 2012 as compared with the previous year.

On the side of programme expenses, there was an increase both in prison activities as well as in regard to the agricultural training programme "Faraja Latia Resource Center". While the former is driven by the construction of a child care center at the Langata Women's Prison, the latter is caused by the expansion of activities – especially in the outreach project – at Latia.

Administration costs have reduced as compared to 2011. If depreciation for the immovable assets at Latia (which are included in the administration costs) are removed, the overall administration costs account for approximately 9 % of total income. However, there is still an administrative cost element in the programme expenses as both entities Faraja Foundation and Faraja Latia Resource Center have their own administration departments.

As mentioned in earlier reports, the high cash and cash equivalents in the balance sheet (included in the current assets) reflect a special grant of 55 Mio. KSH. The condition of this grant was that the equivalent of the same must be accumulated in a special account to be used for future investments into income generating projects. Currently, these funds are invested in fixed-interest bearing deposits. 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 'Latia Resource Center'. On the other side, there are the 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 none of these investments were done on externally borrowed funds.

Faraja Trust, Nairobi

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