



Lions Clubs International
FOUNDATION

LCIF Microenterprise Development Pilot Program

Introduction and why Microenterprise is a new priority for LCIF

The LCIF Core 4 Program funds high-impact and hands-on Lions' service projects in four areas: preserving sights, combating disability, promoting health, and serving youth. A guiding aim of Core 4 is to focus a larger portion of LCIF's grant making on projects that address critical needs and take advantage of new opportunities for service that align with LCIF's key humanitarian commitments to help society's most vulnerable populations.

These vulnerable populations include the poor, the underserved, the disabled, and those lacking access to critical resources that would improve their overall quality of life. Those living in poverty are disproportionately impacted by the lack of resources. The current, severe economic crisis has made addressing poverty much more urgent. Poverty reduction strategies must take into account the multi-dimensional needs of the poor if the goal is to reduce the number of people that will enter poverty and help low-income individuals and families improve their financial status. Many of these individuals are working, but continue struggling to make ends meet.

LCIF believes that **Microenterprise** is an important conduit and opportunity to support and promote economic well-being for men and women who:

- Live at or below the poverty level or are classified as working and low-income
- Have limited skills and education to compete for formal sector jobs
- Lack sufficient capital to start a small business and have limited access to financial resources (i.e. assets, collateral, etc.) and business education services
- Have an aspiration to establish their own means of income and improve their financial situation
- Have potential and viable talents and ideas for a small business venture
- Have the desire, time and energy to commit to business ownership

- Currently have a small business that they are seeking to expand; or create new jobs in the community

Goals and Objectives of the program

Through the new Microenterprise Development Program (MEDP), funding will be provided to small business entrepreneurs for working capital, the purchase of inventory, supplies, furniture, fixtures, machinery or equipment needed to establish or expand their business. Examples of Microenterprises are: street vendors, carpenters, machine shop operators, seamstresses, jewelry and craft makers; and farmers. Micro-entrepreneurs come in all types, and their businesses in many sizes. This program will seek to support the micro entrepreneur needs of the poor and other vulnerable groups, as there is a greater disparity in resources available to these populations. Priority consideration will be given to women and the disabled.

Lions will have the opportunity to partner with local non-governmental organizations specializing in micro-lending operations to capitalize on the combined strengths of each partner to ensure that the greatest number of people can achieve both the dream of business ownership and the independence and economic security that results from owning a small business. In addition to expanding business ownership opportunities for the disabled and women, Lions will have an exciting and new opportunity to raise the global awareness about microenterprise and increase their involvement in poverty reduction activities.

Pilot Program Timeline

This pilot program is slated to run for a two-year period; after which an evaluation of the activities and outcomes will be assessed to determine future programming.

Who can apply for funding?

Microenterprise projects tend to be large-scale activities, involving numerous clients (beneficiaries) with individual small business operations that must be strategically managed over an extended time period. Given the scale and scope of operations, funding requests will be accepted from Lions at the Multiple District or District level. Preference will be given to grant applications that have strong Lions identity and the involvement of multiple Lions clubs.

The development of a grant application should only commence after discussion between the micro-lending partner and Lions Multiple District/District confirm that: 1) both groups are ready to move forward, 2) eligible clients exist in the community, and 3) the basic elements are in place for developing a project plan under the grant eligibility guidelines. Funding awards are made directly to the applicant Multiple District/District, who would reissue the funds to the partner for project implementation.

Applications must be jointly prepared by both the Lions and the micro-lending partner, and submitted to LCIF by the applicant Lions Multiple Districts/District.

What is the geographic scope of the program?

Globally, the extent of poverty in developing and lesser developed countries far exceeds the level in developed countries. This pilot program will be available to Lions Multiple District/Districts in developing countries and regions. Regions with large indigenous populations may be considered also.

Multiple District/Districts in developed countries may apply to support projects in developing countries, where the local Lions have agreed to be actively involved with the project. In this case, the applicant Lions must have the local Lions document and verify their involvement.

What types of projects or businesses are eligible for funding?

Various projects would be eligible for funding consideration, including, but not limited to:

- Farming (crops and livestock)
- Street vendors
- Small retail operations
- Food production and sales
- Craft making
- Seamstress/tailoring
- Carpentry/handyman services
- Auto repair services
- Cleaning services
- Computer consulting
- Transportation and moving services
- Pet grooming

- Courier services
- Hairdresser services
- Tutoring services

Who qualifies as a potential client or funding recipient?

For this initiative, priority funding will be given to micro-lending activities for women and the disabled. However, other vulnerable populations may be considered. The potential client or participant must meet all the standard requirements outlined by the micro-lending organization. Potential clients may be selected from a wide variety of sources, including social service agencies, churches, employment training programs, vocational assistance programs, and other places frequented by people who fall into this same socio-economic category.

Funding Parameters

The Multiple District or District applying for a grant must raise local funding equivalent to 25% of the project budget. The grant may be requested for up to 75% of the total project budget, not to exceed \$100,000. The minimum grant award is \$10,000 and the maximum grant award is \$100,000. Grant funds from LCIF will be released in increments depending on the project timeline.

What are the requirements for micro-lending partners/organizations?

The partnering organization should have a proven track record in delivering effective micro-lending programs and be recognized among the community as a reputable business. The partnering organization should have at minimum five years of operating history. The applicant Lions are responsible for vetting the potential micro-lending partner or organization.

What are the responsibilities of Lions as partners and co-funders?

As partners in this initiative, the Lions' roles and responsibilities include the following:

- Research and selection of a suitable micro-lending organization to partner with
- Contribute their share of the required local matching funding

- Mobilize sufficient Lions resources to volunteer in a capacity as agreed upon with partner
- Assist with the identification of potential clients, if requested by the partnering organization
- Endorsement at the Multiple District/District level to formally enter the partnership and commit to project requirements
- Appoint a partnership committee responsible to the Lions Multiple District/District to ensure successful project implementation and relations with the partnering organization.
- Work closely with the partnering organization and client through all phases of the partnership, as appropriate
- Establish an MOU with the partnering micro-lending organization outlining the agreed upon roles and responsibilities of partners, as well as the reinvestment strategy and plan of action.
- Provide quarterly reporting and updates to LCIF, based on monthly reporting received from the micro-lending partner.

What are the responsibilities of the Micro-Lending partner?

Micro-lending organization that has partnered with the local Lions will be responsible for all activities typically associated with client-lending operations. This partner is required to:

- Client and project selection and assessment; welcome and encourage Lions involvement in selection process.
- Provide the staffing, training and technical expertise to manage the financial aspects of the project
- Acquaint, orient and build enthusiasm among Lions partners for the project
- Educate Lions about the micro-lending process and identify suitable volunteer opportunities to engage Lions
- Appoint a partnership coordinator, responsible for ongoing coordination with partnering Lions Clubs International
- Sign a MOU with the Lions outlining the agreed upon roles and responsibilities of partners, as well as the reinvestment strategy and plan of action.
- Work closely with Lions partners through all phases of the partnership project
- Provide regular monthly reporting and updates to the Lions, who will provide LCIF with quarterly reports.

The partnering organization will outline and manage the activity to be funded, the amount of the loan, the interest and processing fees, loan repayment timeline, installment amounts, etc. with the client.

What are the responsibilities of the micro-entrepreneur (i.e. client/participant)?

- Agrees to follow rules and policies governing agreement with micro-lending organization
- Accepts responsibility to repay the loan(s) per the content of the agreement
- Agrees to participate in any additional training and education resources offered by the micro-lending organization (i.e. financial literacy and mentoring, business and assets management, etc.)
- Agrees to be photographed/filmed/interviewed and provide testimonials for the promotion of projects by Lions and LCIF.

Developing a project plan of action (development of plan, budget and grant application)

The project and plan of action developed by the partners should include the following key components as required for a successful microenterprise project:

- Involvement of a reputable MF lender/partner with a proven track record
- Lions hands-on involvement
- Clearly defined objectives, including the goals and tactics that will be used to achieve the objectives
- A plan that explains how clients/projects are chosen, financing/repayment plans, compliance and non-compliance procedures, etc.
- Demonstration that LCIF funding will have impact on increasing numbers served
- Sustainability plan for continuing the project beyond LCIF grant
- A specific timeline for implementation, fund collection and reporting

Reinvestment strategy for loan repayments

Clients receiving loans are expected to agree to the repayment terms as outlined in the contract agreement with the micro-lending partner. These loan repayments will be the responsibility of the micro-lender to collect and monitor. These loan repayments will be small, individual amounts that collectively are ideal for reinvestment. These funds shall be retained locally for

reinvestment in future and ongoing micro-entrepreneur projects, as determined and agreed upon by the local partners (local Lions and micro-lender) and outlined in the MOU between the Lions and the micro-lending partner.

Pilot Criteria and Application Requirements

1. Grant funding is available to Lions Multiple Districts and Districts. Individual clubs may not apply. Only one grant may be awarded per Lionistic year (July 1 – June 30).
2. Grants are available to support micro-lending activities for projects where micro-entrepreneurs require seed funding to establish or expand their small businesses.
3. Vulnerable populations are the target beneficiaries for this program. Priority consideration will be given to projects for women and the disabled.
4. Grants may only be requested up to 75% of the project budget. The applicant Lions are responsible for contributing local matching funding in the amount of 25%.
5. The minimum grant that may be requested is US\$10,000. The maximum grant that may be requested is US\$100,000. The grant funds may be released in increments based upon the project timeline.
6. Applications submitted by the Multiple District, require the endorsement of the Multiple District Council prior to the application being submitted to LCIF. Applications submitted by the District, require the endorsement of the District Cabinet prior to the application being submitted to LCIF. The Council Chairperson/District Governor in office at the time the grant is approved is considered the Grant Administrator.
7. The maximum length of any project or loan agreement shall not exceed 24 months (2 years).
8. Grant funds are not available to establish new micro-lending organizations/companies, purchase land or property; or pay for the ongoing operating costs of the micro-lending organization.
9. Applications must be received at LCIF at minimum 60 days before a scheduled board meeting. These meetings are typically held in March/April, June, September/October. Contact LCIF for exact application deadline dates.
10. Incomplete applications or those needing extensive additional information or further clarification may be postponed and carried over for consideration at a later Trustees' meeting.
11. Lions and/or their families should not receive direct or professional benefit or have proprietary interest in projects receiving LCIF assistance.
12. LCIF and the local Lions have no ownership or rights to the business, collateral, equipment or goods owned or produced by the client.

13. Projects that commence prior to LCIF approval may not be considered for funding. LCIF will not consider funding projects on a reimbursement basis.
 14. LCIF retains the authority to rescind grants that are either not initiated or not making sufficient progress within this two-year timeframe. Any disbursed funds not adequately documented shall be returned to LCIF if the grant is rescinded.
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Application Questions

Please review the grant criteria before completing this application. Each of the questions outlined below must be completed before the LCIF Board of Trustees can consider this application. The completed grant application and all supporting or requested documentation should be sent to the Humanitarian Programs Department at LCIF. Applications must be received 60 days before a scheduled board meeting.

1. Date:
2. Grant Applicants:
 - Lions Multiple District/District
 - Partnering Micro-Lending Organization/company
3. Amount of grant funds requested from LCIF (minimum US\$10,000; maximum US\$100,000):
4. Total project cost:
5. Amount of local matching funding being contributed by the Lions:
6. Provide background information on the partnering organization/company, including details on:
 - How long the organization or company has been in existence, the management structure, areas of operation and annual operating budget
 - Current portfolio (the number of current clients/loans being managed; socio-economic status, etc.)
 - The types of activities or businesses funded
 - The types of outreach, training and other educational resources available to clients
 - The client/project assessment and selection process
 - Disbursement and collection procedures
 - Monitoring and supervision practices
 - Compliance and non-compliance procedures
 - Rate of loan repayment default and collection

If available, please include a copy of the organization’s annual report, operation manual, and most recent audited financial statement with the application submission.

7. Information on the clients and projects selected to receive funding:

- How many clients will be receiving loans?
- Client names and business objectives
- Activities to be funded and implementation timeframe
- Amount of loans; including interest and processing fees (if applicable)
- Repayment time frame and installment amounts
- Any other pertinent information

8. Detail the project plan of action and strategy. Indicate the project schedule and timeline; clearly define the objectives, including the goals and tactics that will be used to achieve the objectives.

9. Describe how this project will benefit women/disabled and the local community.

10. Explain how the project will be sustained in future years beyond the LCIF grant.

11. Explain how the Lions will be involved in the project beyond providing funding support.

12. Indicate how the project will be identified and promoted as a Lions and LCIF supported project.

13. Include an itemized budget for the entire project using the chart format below.

- Indicate which currency is being used and the exchange rate to US dollars
- Income must equal expenses
- The expense side of the budget should show actual expenses and give an itemization of any large amounts.
- The local matching funding must be in the form of cash. Donated services and in-kind support for projects are welcome, but such support cannot be used as an income source in meeting the 25% matching fund requirement.

Budget Format: Please submit in US dollars

INCOME SOURCES	AMOUNT	EXPENSES	AMOUNT
Lions Contribution			
LCIF grant			
TOTAL:		TOTAL:	

14. Please submit a copy of the signed MOU between the Lions and the partnering organization.
15. Please provide the names and titles of the Lions appointed to serve on the partnership committee for this project.
16. Applications submitted at the Multiple District level require the Council Chairperson's signature. Applications submitted at the District level require the District Governor's signature. (See Criteria #6 regarding local endorsements needed to submit an application).

Please mail the completed application with supporting documentation to:

Lions Clubs International Foundation
Attn: Humanitarian Programs Department
300 W. 22nd Street
Oak Brook, IL 60523-8894
lcif@lionsclubs.org
1-630-203-3819

Reporting Requirements

- The micro-lending partner must submit regular reports to the Lions Multiple District/District for the duration of the project, as requested by the Lions. Monthly reporting is recommended.
- The Lions Multiple/District or District shall submit regular reports to LCIF for the duration of the project, as requested by LCIF. Quarterly reporting is recommended.
- LCIF requires a final report be submitted at the conclusion of the project. This should include a financial reporting on the utilization of all grant funds and loan repayments, photos and testimonials from the clients. A final report form will be provided by LCIF.
- All reports are to be reviewed and approved by the Multiple District Council/District Cabinet prior to submission to LCIF.
- LCIF may require additional reporting beyond the project completion. This reporting is valuable to our data collection on beneficiaries served and project accomplishments. Reporting may be required bi-annually for up to three years beyond and up to five years beyond for projects supported by reinvestment funding.