

**GOT MATAR
COMMUNITY DEVELOPMENT GROUP**

**GOT MATAR
INSTITUTE
of
TECHNOLOGY
(IoT)**

PROSPECTUS

October 2012

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Institute of Technology

Prospectus

Summary

Over the past ten years, we, members of the Got Matar Community Development Group (GMCDG), have improved the condition of 10 primary and pre-primary schools and constructed a thriving 600-place secondary school.

Our aim has been to improve educational opportunities for the children of our rural community which has been decimated by HIV/AIDS, that has left a society with few bread-winners and with at least one third of its children orphaned. AIDS has also deprived the community of practical skills, interrupting the traditional ways of passing of skills from parents to children.

Two years ago we began testing approaches to vocational education for teenagers and adults, opening training opportunities in sewing and tailoring, woodwork, metalwork, catering, and computers. We started all these courses in rented buildings, but the experience has been so positive that we have decided to create an Institute of Technology (IoT), with permanent facilities that will offer practical skills training in at least 10 subjects.

The IoT has been registered by the Ministry of Education and will be run as a sustainable private venture by the GMCDG. Land, adjacent to the secondary school, on which the IoT facilities will be built, has been donated by the community. The cost of developing permanent facilities that would bring the IoT capacity up to 200 pupils within 3 years is about Euro 270,000. Part of this will be met by the group of donors who have funded the secondary school, but the Community seeks Euro 200,000 from trusts or foundations, committed to education and rural development and to responding to the social issues created by HIV/AIDS.

The construction and furnishing of the Institute, as well as a girls' dormitory at the secondary school, will be undertaken under skilled supervision largely by IoT students who will be able gain practical experience and use the income to offset part of their tuition fees, making IoT attendance accessible to pupils from poor families.

Given our strong track record and the business model that we are adopting, the construction of the Got Matar Institute of Technology provides an excellent opportunity for making a very sound and sustainable investment in a rural African society, hit hard by HIV/AIDS.

Born out of the idea that the Community has "lost a generation" to HIV/AIDS (Bondo is the District with the highest HIV incidence in Kenya), GMCDG focuses on creating high quality but financially accessible educational opportunities for children and adults (especially orphans and girls) in a very low income rural area dependent on small-scale farming and inland fisheries.

Detailed Proposal

Background

In the language of the Luo people who live on the shores of Lake Victoria in Western Kenya, Got Matar means *bare hill-top*. Bondo District, in which Got Matar is located, has the highest incidence of HIV infection amongst all of Kenya's Districts, largely because of benign cultural traditions. The adult population has been decimated by AIDS-induced mortality. At least one third of the children are orphans, who have been taken into the already overstretched families of their relatives. Because of the lack of 'bread-winners' and of young people who have acquired skills from their parents, the local rural economy, in which there has always been a high incidence of poverty, is in very bad shape. Bondo is ranked as the second most poor district in the whole country.

In January 2002, under the leadership of Mrs. Grace Ochieng Andiki, members of the local community came together to form the Got Matar Community Development Group (GMCDG). It was registered as a Self-Help Organization by the Ministry of Social Development. Recognizing that they had "lost a generation", they decided that they must invest in the education of their children, especially the orphans, so that they would be equipped with the learning and life skills that they would desperately need in future, without which they would be condemned to live on the fringes of Kenyan society.

Their first goal was to improve conditions in the 10 primary schools that served the community. With very modest funds, some raised locally and others from well-wishers, they improved classrooms, built rainwater collection tanks, created school gardens and began to provide school lunches.

In September 2006, they decided to shift their main focus to building a secondary school. This would enable well qualified boys and girls to continue their studies without having to leave their homes to attend more distant schools. Many of the few who could afford the high cost of going away to attend secondary schools never returned to the community to apply their skills, becoming part of a *brain drain* of the best and brightest young people.

Within 3 months of this decision, the Community had set aside land, fenced it, built the first block of 3 classrooms and a teachers' room/office, and recruited staff. Over 100 Form 1 pupils began their studies in February 2007. Over the next 4 years, the capacity of the school was increased to 600 students, enabling a new batch of 150 children to be enrolled each year. In November 2010, the first group of 94 children successfully graduated with passes in the Kenya Certificate of Secondary Education (KCSE) exams. Some of these are now attending universities!

The work of the GMCDG, the funding arrangements and the development of the secondary school are described in detail on the website at www.gotmatar.org

The secondary school has been built by the Community but is run by the Ministry of Education. It still needs additional facilities, with the priorities being a girls' dormitory (180 places), teachers' housing, additional laboratories and an assembly hall. Part of the resources needed for construction of the dormitory has been committed by the Australian NGO, *Bricks and Cartwheels*

(<http://www.bricksandcartwheels.org/bricks+cartwheels.html>) whose members have led the process of designing the building in collaboration with staff and students: construction is expected to begin soon. The District Education Office is funding badly needed on-site teachers' housing. There is also a need for substantial funding each year for bursaries to enable the poorest children in the area to attend the school.

At the time when the secondary school project was planned, it was decided to construct a multi-purpose workshop for practical skills training. However, mainly because there was no room for this training in the already very full official curriculum, but also because of funding constraints, no action was taken on this.

The Community's commitment to opening opportunities for young people and adults to acquire training in practical skills that would be valuable to the community and broaden employment opportunities remained strong. And so in June 2010, a class for 20 adults was started in sewing and tailoring in a rented building with sewing machines supplied by the UK charity, *The Besom* (www.thebesom.com).



Since then, courses have been successfully launched in carpentry and furniture manufacture, cooking and catering, welding and metal work, masonry and computer use.

Members of the cooking and catering class in the Women's Centre. Chairs were made by IoT students.



A Women's Centre has also been built, with funding from *The Chave Collison Trust*, and it is used for computer training and internet services, short courses and counselling. A group of women uses the Centre for weaving shopping bags from plastic materials, which are now being marketed on a trial basis in Norway.

Over 100 members of the community have benefitted from the skills training courses, which, during this trial period, have been offered free of cost, with equipment and operating costs being met from a combination of donor funding and sales of goods and services. Building on this positive experience, the GMCDG has decided to create the Got Matar Institute of Technology (IoT), with permanent purpose-built facilities on a site adjacent to the secondary school.

Institute of Technology – Future Directions

The IoT has been formally registered with the Ministry of Education, enabling it to offer officially recognized diploma courses and to benefit from professional advice and monitoring by the Ministry's vocational education staff. It is also a member of KEFAT – the Kenya Federation of Alternative Trade - which provides advice and training for enterprises seeking to enter the Fair Trade market.

Filling a Gap

The formal schooling system in Kenya provides only academic education. Rural areas such as Got Matar, however, have a growing need for people with practical skills who can provide the goods and services required to improve livelihoods locally and to produce articles for sale outside the area, thereby diversifying sources of income. The on-going trial skills training programme, as well as a survey conducted by the Group, shows that there is a strong demand from both women and men of all ages for training in a wide range of practical skills. The IoT is intended to respond to this felt need. It will also welcome students from beyond the boundaries of the Community.

Run as a Business

The Institute is owned by the GMCDG and will be operated by the Group as a non-profit but financially sustainable business venture run on private sector lines, eventually covering its operating costs from student fees and from the sale of goods and services produced by pupils. It will raise funds locally and from donors to cover the capital costs of buildings, additional equipment and initial deficits during the build-up period.

Environmental Focus

The approach to building design will maximize the use of local materials and natural resources (especially solar energy, water collection and waste disposal). Training courses will have an environmentally sustainable focus, and thereby influence the future directions of development in the Got Matar area.

A Strong Track Record

Over the past 10 years, the GMCDG has displayed extraordinary competence in managing its programmes for improving the primary schools and getting the secondary school up and running in record time. It did this within budget, investing an average of about Euro 100,000 per year between 2007 and 2010 in facilities and equipment as well as in funding bursaries.

Within four years of the decision to go ahead with its construction, the school had the essential infrastructure in place for 600 pupils, and the first students took their final exams in November 2010. The performance of the school in the KCSE exams was above the average for schools in the District in 2010, and rose still higher in 2011.

This experience confirms that the GMCDG has the vision and competence to create and manage the IoT efficiently.

A Going Concern

The IoT enjoys the benefit of starting as a *going concern* with an existing provision of basic equipment (e.g. 5 computers, 20 sewing machines, woodworking tools etc.) for the 5 courses that it now offers. It has access to rented buildings, and already employs well-qualified management and training staff, backed by a Board of Directors. However, as it now operates, it remains unduly dependent on donors for meeting its operating costs and hence is not sustainable. The dilemma that it now faces is that, until it has



better equipment and permanent facilities, it is unlikely to be able to retain well-qualified staff, produce top quality articles for sale, and attract fee-paying students in the numbers required to meet its full operating costs and eventually generate profits from which to pay bursary costs and invest in other community projects.

The existence of the facilities that it is now using, will enable it to continue to operate effectively without interruption while the new buildings are under construction, and give it some resilience to any changes in phasing of construction induced by potential funding shortages.

Build and Learn

In constructing the IoT, the Community will apply what it terms a ***Build and Learn*** business development model.

The IoT will serve as the contractor for the construction of the girls' dormitory and its own facilities, thereby providing employment and practical experience opportunities for its students. All pupils over the age of 16, will have the option of off-setting up to half of the costs of their tuition

fees by participating as labourers or skilled workers in the construction and furnishing of the buildings and facilities, or by serving as labourers for site maintenance and as cleaners in the IoT buildings, should they wish. Once IoT facilities are complete, the IoT would seek contracts for other building works, including those for the secondary school. Bursaries will be provided to cover the remaining half of the costs of fees payable by the poorest 30% of the pupils, who will have priority access to opportunities for paid work.

These arrangements will mean that the capital investment funds committed for construction and equipment of the IoT will effectively also meet part of its operating costs during the build-up phase. At the same time, by off-setting up to half of the costs of students' tuition fees, they will enable a faster build-up of pupil numbers than would otherwise be possible in a social environment in which many potential pupils would be excluded by their inability to pay the fees at a level that covers operating costs.

Make and Save

The IoT will meet part of its operating costs – including all the costs of inputs for practical training – from the sale of goods and services produced by pupils. It has opened a sales outlet in Bondo town and may open others in bigger Kenyan centres. It also intends to engage in manufacture of articles for sale internationally through fair trade outlets. In order to provide a strong incentive for students to produce high quality saleable goods and services, a part of the value of each product at time of sale will be credited to individually held savings accounts. The accrued savings will be transferred to students when they leave the IoT, so that they have some capital to invest in buying equipment for home or business use.

Leave and Link

The IoT aims eventually to create an outreach programme for graduates, under which it will provide design assistance, input supply and marketing services for its graduates. This is very important if the IoT and its graduates are to succeed in developing fair trade markets for their products.

Development Programme

Facilities

The initial aim for the IoT is to create nucleus facilities for a 200-place school over a 3-year period (2013-2015). With courses lasting for 2 years on average, this would imply building up to an intake of 100 new students per year. For planning purposes, it is assumed that ten different courses would be on offer by 2015, with an average attendance of 20 pupils each. As the new facilities become available, existing equipment will be transferred to them and rented buildings will be relinquished.

The IoT will be located on land, donated by the Community, adjacent to the secondary school. The most urgent capital investments include fencing the site, building washrooms and installing water and electricity supplies. Each course will have a suitable workshop – or work-room - combined with a store-room and classroom for theoretical work. Other buildings include an office/teachers' room, and a kitchen-cum-canteen. To the extent possible, buildings will be made of local materials, including local stone. Water will be collected from all roofs and stored in underground tanks.

The immediate budget also includes provision for additional tools and equipment, as required for each course, for the initial purchase of raw materials as well as for teaching materials and manuals.

Total costs for the 3 year initial construction phase are estimated at Euro 260,000 or £210,000 (see Table 1, below).

Further investments in more workshops, tools and equipment, a dormitory and a bus (to be shared with Got Matar Secondary School), are planned for a second phase and are tentatively estimated to cost a further Euro 210,000 (£170,000).

Buildings will be constructed using labour-intensive methods, with a large part of the labour being provided by pupils, their earnings being used to offset their tuition fees. Furniture (e.g. desks, chairs, tables), and furnishings (e.g. curtains) will also be made by students in the relevant IoT classes.

Operating Income and Expenditure (Table 2, below)

The main source of income will be from tuition fees. The IoT management is very conscious of the poor state of the local economy and therefore has set fees at as low a level as possible but sufficient to cover its normal operating costs. Fees for most courses are set at Euro 150 (£120) equivalent per year, but are increased to Euro 250 (£200) per year for computer training because of the associated high O&M costs. In order to increase initial enrolment quickly, pupils would be able to offset up to 50% of their fees through engaging in the construction and operation of the facilities. About 30% of the pupils would be eligible for bursaries to meet the remaining half of tuition fees, with funding in the initial years from donors, but subsequently financed out of IoT profits.

It is assumed that pupil numbers would rise from 60 in 2013 to 160 in 2014 and to 200 in 2015 respectively (i.e. arriving, from the second year, at an intake of 100 new students each year for courses averaging 2 years).

Other income would be earned from the sale of goods and services produced by pupils. It is assumed that profits on these sales would amount to 20% of the cost of raw materials. These profits would be reinvested in the Institute for the improvement of facilities and to expand working capital.

The main operating costs relate to staff. Staff would include one full-time trainer per course. It would also include a master builder to be responsible for overseeing construction work undertaken by the IoT, for managing the engagement of pupils in construction work and for providing training in masonry and related building skills. In addition there would be a secretary, an accountant and the IoT manager. The number of trainers would increase in line with the foreseen rise in the number of courses.

Our estimates indicate a probable operating loss of Euro 6,200 in 2013, with operating profits being attained thereafter. With the proposed fee structure, the IoT would break even in 2014 with a student enrolment of 140 pupils.

Table 1. Capital Investment - Components and Costs

| <i>Nucleus Facilities (1st Phase)</i> | Cost (Euros) |
|---|----------------|
| Fencing, landscaping | 9,000 |
| Washrooms | 6,000 |
| Water and electricity | 20,000 |
| Purpose-built workshops, classrooms and stores | 150,000 |
| Office | 10,000 |
| Kitchen/canteen | 10,000 |
| Furnishings (chairs, desks etc) | 20,000 |
| Tools and equipment | 20,000 |
| Teaching materials and manuals | 5,000 |
| Initial materials stock | 10,000 |
| Sub-Total | 260,000 |
| <i>Additional Facilities (2nd Phase)</i> | |
| Dormitory | 70,000 |
| Bus | 70,000 |
| Additional workshops | 50,000 |
| Additional tools and equipment | 20,000 |
| Sub-Total | 210,000 |
| TOTAL | 470,000 |

Table 2. Operating Budget

| | 2013 | 2014 | 2015 |
|---|---------------|---------------|---------------|
| A. <u>Income</u> | | | |
| Students (no) (<i>no. of bursaries in brackets</i>) | | | |
| Skills courses | 50 (15) | 135 (40) | 170 (51) |
| Computer diploma | 10 (3) | 25 (8) | 30 (9) |
| Total | 60 (18) | 160 (48) | 200 (60) |
| Income from fees (<i>Euro</i>) | | | |
| Skills courses (150/yr) | 7,500 | 20,250 | 25,650 |
| Computer diploma (250/yr) | 2,500 | 6,250 | 7,500 |
| Total | <u>10,000</u> | <u>26,500</u> | <u>33,150</u> |
| Target fees offset income (50%) | 5,000 | 13,250 | 16,575 |
| Net bursary costs | | | |
| Skills courses (75/yr) | 1,125 | 3,000 | 3,825 |
| Computer diploma (125/yr) | 375 | 1,000 | 1,125 |
| Total | 1,500 | 4,000 | 4,950 |
| B. <u>Expenditure</u> (<i>Euro</i>) | | | |
| Salaries | | | |
| Trainers (1,200/yr) | 7,200 (6) | 9,600 (8) | 12,000 (12) |
| Master builder (1,500/yr) | 1,500 | 1,500 | 1,500 |
| Accountant (1,000/yr) | 1,000 | 1,000 | 1,000 |
| Secretary (1,000/yr) | 1,000 | 1,000 | 1,000 |
| Manager (2,000/yr) | 2,000 | 2,000 | 2,000 |
| Labour | 1,000 | 1,500 | 2,000 |
| Total | 13,700 | 16,600 | 19,500 |
| Maintenance & Utilities | 1,000 | 1,500 | 2,000 |
| Increase in Working Capital | | 1,000 | 2,000 |
| Total | <u>14,700</u> | <u>19,100</u> | <u>23,500</u> |

C. Net Balance (Euro)

| | | | |
|--|------------|------------|------------|
| Net operating deficit/surplus | (4,700) | 7,400 | 9,500 |
| +/- Net bursary costs | 1,500 | 4,000 | 4,950 |
| Net loss/profit | (6,200) | 3,000 | 4,550 |
| <i>No. of students needed</i> | <i>101</i> | <i>140</i> | <i>170</i> |
| <i>for break-even(at Euro 150 each)</i> | | | |

Financing

The GMCDG is seeking donor funding to meet the capital costs of the above plan, as well as the first year operating loss. For the first phase (2013-15), this would imply a financing commitment of almost Euro 270,000. A part of this will be financed by the group of friends who have funded the construction of the secondary school and the trial operations of the IoT, coordinated on behalf of the GMCDG by Andrew MacMillan (for list of donors, see www.gotmatar.org) . However, if the programme is to be implemented as envisaged, this will require some Euro 200,000 beyond what the existing group of donors is likely to be able to provide.

The purpose of this prospectus is to draw this excellent funding opportunity to the attention of trusts and foundations committed to education and particularly to vocational training in Africa.

For further information, please contact Grace Ochieng (ochienggrace2012@gmail.com) or Andrew MacMillan (andrew.macmillan@alice.it).