PDAAN 335

ACTION MEMORANDUM FOR THE AID REPRESENTATIVE TO MALAWI

FROM: Murl R. Baker, Projects Officer USAID/Malawi

SUBJECT: Authorization of Malawi Management Assistance to Rural Traders Grant (612-0219).

Problem: Your approval is required for an Operational Program Grant (OPG) of $2,828,000 from the Section 103 (Agricultural, Rural Development and Nutrition) Appropriation, to the Partnership for Productivity, International (PfP), a registered U.S. private voluntary organization. The OPG will continue assistance provided by PfP to the Development of Malawi Traders' Trust (DEMATT). The total amount of this grant will be obligated in FY 1983.

Discussion: The Grant to the Partnership for Productivity, International will be utilized to expand the types of training and business management advisory services provided by DEMATT and enlarge the geographical coverage within which these services are provided. The assistance provided by the Grant to PfP will be used to develop an institutional arrangement for the provision of business advisory services to small and medium sized Malawian businessmen on a commercial basis.

PfP has provided technical assistance and financial support to help establish DEMATT since 1978. An evaluation of this initial effort has concluded that DEMATT, with PfP assistance, is (a) providing services which are needed and much appreciated by small Malawian businessmen, (b) that the delivery system for these services is effective, and (c) that additional support is justified, especially to strengthen the long-term institutional base which provides these services. Under the proposed grant, PfP and DEMATT will develop an institutional arrangement which will continue the provision of business management advisory services at the end of the grant on a commercial basis and progressing toward financial independence as rapidly as possible. This process may require some curtailment of services presently provided and a reduction of the level of services provided to the smallest and poorest segment of their present clientele. PfP will explore with DEMATT and the Government of Malawi, ways and means of continuing the provision of services which cannot be made financially self-supporting but on a reduced and more cost efficient manner.

Malawi, since independence, has pursued a development strategy which relies considerably on the fuctioning of a free market

and largely unrestricted private sector. The Government's policies have been to promote, as much as possible, Malawian entrepreneurs. The USAID/Malawi recognizes the importance of private sector growth for the nation's development and considers private sector development as one of its two major program objectives. The objectives of this grant are also very much in line with the emphasis placed, by the Africa Bureau and by the Agency as a whole on private sector development and creating self-sustaining development institutions.

DEMATT, currently, has about three hundred clients. Over the five-year-life of this project this number is expected to increase to several thousand clients because of the greater focus on services which are most in demand by small Malawian businessmen and improved services' delivery systems.

AID's grant to PfP will be for $2,828,000. The Government of Malawi, DEMATT and PfP will provide approximately $820,000 dollars in financial assistance and approximately $125,000 equivalent in in-kind-contributions.

Project Budget Summary

A. AID Grant to PfP

Grant Category	Total Budget Amount
Technical Assistance	$729,000
Training	81,000
Commodities, Supplies and Equipment	246,000
Other Direct Costs	174,000
Financial Support for DEMATT/CAAS	900,000
Overhead	515,000
Contingency	183,000
Total	$2,828,000

B. Non AID sources of Project Assistance

Government of Malawi Contribution	$516,500
DEMATT/CAAS fee income, etc.	283,500
PfP Contributions	20,000
In-kind Contributions	125,500
Total	945,500

The Government of Malawi's contribution is a continuation of the budget support which they have been providing to DEMATT

over the past several years. The DEMATT/CAAS contribution is income gained primarily through the collection of fees on services provided to clients. PfP's contribution is primarily for costs borne by PfP which will be incurred in evaluations and management supervision activities by top level PfP personnel. The in-kind contributions are primarily for housing and other benefits given to project staff by the Government of Malawi.

The social and technical feasibility of the project, which is explained in some detail in the attached grant proposal prepared by PfP and DEMATT, is confirmed by (a) the implementation experience acquired during the initial phase of assistance to DEMATT and by (b) the evaluation of the Phase I effort completed in 1982. The evaluation notes several improvements which would strengthen DEMATT's training program and which will be incorporated in this grant. The feasibility of developing a self-supporting advisory service has not been tested but detailed plans will be prepared in a manner to insure sound financial design. Thereafter, the establishment of an institution providing advisory services on a commercial basis, will be tested during the life-of-project. An IEE recommending a negative determination was submitted and approved at the PID-level review of the grant proposal. (See attachment B).

The grant agreement established between AID and PfP will contain a condition prohibiting the disbursement of funds under the grant until an agreement, satisfactory to AID, is concluded between PfP and the Government of Malawi, which defines the major roles and responsibilities of each of these parties in relationship to the implementation of this grant. The detailed grant implementation and administration plan, contained in Annex F, has been reviewed in terms of efficiency and propriety by USAID/Malawi and REDSO/ESA and has been accepted. Plans, expected outputs cost estimates and budgets have been reviewed and are adequate to satisfy the requirements of Section 611(a) of the FAA.

PfP intends to purchase the vehicles and motorcycles needed for grant implementation under the existing blanket waiver for Southern Africa countries. USAID/Malawi will be responsible for maintaining current records of the utilization of this waiver authority under this grant.

The officer responsible for backstopping this Grant in AID/W is Mr. Al Harding, AFR/PD/SAP. The USAID/ Malawi Project Officer, Murl Baker, will supervise and monitor the Grant implementation in Malawi.

<u>Recommendation</u>: That you sign the attached Grant Authorization thereby authorizing this Operational Program Grant to the Partnership for Productivity, International.

Clearances:

REDSO/ESA: PBloom _____ Date 11 Aug 83
REDSO/PAD:JGraham _____ Date Aug 11, 83
REDSO/PAD:THarris _____ Date Aug 11, 1983
REDSO/RSO:DCowles _____ Date 8/11/83
RFMC/Nairobi:LEidet _____ Date 8/11/83
REDSO/RCO:JAnderson _____ Date 8/11/83
REDSO/RLA:KHansen _____ Date 8/11

Grant Authorization

Name of Grantee: Partnership for Productivity, International
2441 18th Street, Northwest
Washington, D.C., 20009

Name of Project: Malawi Management Assistance to Rural Traders Operational Program Grant

Number of Project: 612-0219

1. Pursuant to Section 103 of the Foreign Assistance Act of 1961, as amended ("the Act"), I hereby authorize a Grant to the Partnership for Productivity, International, a U.S. registered private voluntary organization, for the Management Assistance to Rural Traders Operational Program Grant, involving planned obligations of not to exceed $2,828,000 in grant funds over a five year period from the date of authorization, subject to the availability of funds in accordance with the AID OYB/allotment process, to help finance the foreign exchange and local currency costs of the project.

2. The operational program grant to the Partnership for Productivity, International will be utilized to expand the types of training and business management advisory services provided by the "Development of Malawi Traders' Trust (DEMATT) and will expand the geographical coverage within which these services are provided. The assistance provided by this grant will be used to develop an institutional arrangement for the provision of training and business advisory services to small and medium sized Malawian businesses on a financially self-sustaining basis. The Grant to PfP will finance the provision of technical assistance, training, commodity support and, on a decreasing basis, will provide funds for DEMATT operations.

3. The Grant Agreement which may be negotiated and executed by the officer to whom such authority is delegated in accordance with AID regulations and Delegations of Authority, shall be subject to the following essential terms and covenants and major conditions, together with such other terms and conditions as AID may deem appropriate.

   (A) Source and Origin of Goods and Services

   Goods and services financed by AID under the Grant shall have their source and origin in AID Geographic Code 941 (U.S. and Selected Developing Countries). The Cooperating Country (Malawi) is the authorized source and origin for local currency costs.

   (B) Conditions Precedent

   Prior to any disbursement, or the issuance of any commitment documents under the Grant Agreement, PfP will provide evidence

of its agreement with the Government of Malawi which defines the major roles and responsibilities of each signatory in relationship to the implementation of this grant.

Date: August 16, 1983

Sheldon W. Cole
AID Representative to Malawi

Concurrence
John W. Koehring
Director, REDSO/ESA

CLEARANCE:

REDSO/ESA: KHansen, RLA

AID 1550-1 (10-79)

PIO/T

UNITED STATES INTERNATIONAL DEVELOPMENT COOPERATION AGENCY
AGENCY FOR INTERNATIONAL DEVELOPMENT

PROJECT IMPLEMENTATION ORDER/TECHNICAL SERVICES

1. Cooperating Country: MALAWI

2. PIO/T No.: 612-0219-3-30003

3. ☒ Obligation / Amendment No.

4. Project/Activity No. and Title: Rural Entrepreneurial trg. OPG 612-0219

Page 1 of 5 Pages

DISTRIBUTION

5. Appropriation Symbol: (See 14a below)

6. Allotment Symbol and Charge: (see 14a below)

7. Obligation Status: ☐ Administrative Reservation ☐ Implementing Document

8. Project Assistance Completion Date (Mo. Day. Yr.): 6 30 88

9. Authorized Agent: REDSO/ESA

10. This PIO/T is in full conformance with PRO/AG: NA Date

11a. Type of Action and Governing AID Handbook: ☐ AID Contract (HB 14) ☐ PASA/RSSA (HB 12) ☒ AID Grant (HB 13) ☐ Other

11b. Contract/Grant/PASA/RSSA Reference Number (If this is an Amendment): NA

12. Estimated Financing (A detailed budget in support of column (2) is attached as attachment no. B)

		(1) Previous Total	(2) Increase	(3) Decrease	(4) Total to Date
Maximum AID Financing	A. Dollars	- 0 -	2,828,000		2,828,000
	B. U.S. Owned Local Currency				

13. Mission References

14a. Instructions to Authorized Agent

REDSO/ESA is requested to finalize an OPG with Partnership for Productivity for the activity described in the attached grant proposal.

Appropriation: 72-1131021
Budget Plan Code: GDAA-83-21612-AG13
Project: 612-0219
PIOT No. 612-0219-3-30003
Reservation Control No: M330008
Earmark Control No: M300227
Dols: 2,828,000

14b. Address of Voucher Paying Office

RFMC/Nairobi

15. Clearances—Include typed name, office symbol, telephone number and date for all clearances.

A. The project officer certifies that the specifications in the statement of work are technically adequate: M. Baker — Phone No. — Date

B. The statement of work lies within the purview of the initiating and approved agency programs: D. Garms — Date

C. — Date

D. Funds for the services requested are available: RFMC: [illegible] 5/11/83

E. — Date

Concurrence: REDSO/ESA: J. Koehring, Director

16. For the cooperating country. The terms and conditions set forth herein are hereby agreed to

Signature _____ Date _____

Title

17. For the Agency for International Development

Signature _____ Date _____

Title Sheldon W. Cole, AID Representative

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AID 1150-1 (10-79) PIO/T	1. Cooperating Country MALAWI	3. PIO/T No. 612-0219-1-30003	Page 2 of 4 Pages
	4. Project/Activity No. and Title Rural Enterprises Training 612-0219		

SCOPE OF WORK

18. THE SCOPE OF TECHNICAL SERVICES REQUIRED FOR THIS PROJECT ARE DESCRIBED IN ATTACHMENT NUMBER _____ HERETO ENTITLED "STATEMENT OF WORK". See Attached OPG Proposal

19. SPECIAL PROVISIONS

A. ☐ LANGUAGE REQUIREMENTS (SPECIFY) None Required
(IF MARKED, TESTING MUST BE ACCOMPLISHED BY AID TO ASSURE DESIRED LEVEL OF PROFICIENCY)

B. ☐ ACCESS TO CLASSIFIED INFORMATION ☐ WILL ☒ WILL NOT BE REQUIRED BY TECHNICIAN(S).

C. ☐ DUTY POST(S) AND DURATION OF TECHNICIANS' SERVICES AT POST(S) (MONTHS) Blantyre, Malawi 5 years

D. (S DEPENDENTS ☒ WILL ☐ WILL NOT BE PERMITTED TO ACCOMPANY TECHNICIAN.

E. ☐ WAIVER(S) HAVE BEEN APPROVED TO ALLOW THE PURCHASE OF THE FOLLOWING ITEM(S) (COPY OF APPROVED WAIVER IS ATTACHED) (vehicles) see Attachment C

F. ☐ COOPERATING COUNTRY ACCEPTANCE OF THIS PROJECT (APPLICABLE TO AID/W PROJECTS ONLY)
☒ HAS BEEN OBTAINED ☐ HAS NOT BEEN OBTAINED
☐ IS NOT APPLICABLE TO SERVICES REQUIRED BY PIO/T

G. ☐ OTHER (SPECIFY)
(1) The Grant Agreement will contain a condition precedent requiring that the agreement concluded between PfP and the Cooperating Country be submitted to AID, in satisfactory form and substance, prior to making disbursements under the grant.

SEE CONTINUATION SHEET

20. BACKGROUND INFORMATION (ADDITIONAL INFORMATION USEFUL TO AUTHORIZED AGENT)

The Rural Enterprises Training and Advisory Support Operational Program Grant (OPG) was approved and authorized on August 1983. The proposal as approved is attachment A.

21. SUMMARY OF ATTACHMENTS ACCOMPANY THE PIO/T (INDICATE ATTACHMENT NUMBER IN BLANK)

☒ B DETAILED BUDGET IN SUPPORT OF INCREASED FUNDING (BLOCK 12)

☐ _____ EVALUATION CRITERIA FOR COMPETITIVE PROCUREMENT (BLOCK 14)

☐ _____ JUSTIFICATION FOR NON-COMPETITIVE PROCUREMENT (BLOCK 14)

☒ A STATEMENT OF WORK (BLOCK 18)

☒ C WAIVER(S) (BLOCK 19) (SPECIFY NUMBER)

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AID 1150-1 (10-79) PIO/T	1. Cooperating Country MALAWI	2. PIO/T No. 612-0219-3-30003	Page 3 of 4 Pages
	4. Project/Activity No. and Title Rural Entrepreneurial Training 612-0219		

22. Relationship of Contractor or Participating Agency to Cooperating Country and to AID

A. Relationships and Responsibilities Relationship and Responsibilities between the Grantee and the Cooperating Country are specified in the PfP/Malawi Country Agreement. PfP will establish a close counterpart relationship with DEMATT.

B. Cooperating Country Liaison Official Counterpart relationships with DEMATT. Cooperating relationships with the Ministry of Trade, Industry and Tourism.

C. AID Liaison Officials AID Representative to Malawi or designated Project Officer the Contract Officer for this Grant is the Regional Contract Officer, REDSO/ESA Nairobi, Kenya.

LOGISTIC SUPPORT

23. Provisions for Logistic Support	IN KIND SUPPLIED BY		FROM LOCAL CURRENCY SUPPLIED BY		TO BE PROVIDED OR ARRANGED BY SUPPLIER
A. Specific Items (Insert "X" in applicable column at right. If entry needs qualification, insert asterisk and explain below in C. "Comments")	AID	COOPERATING COUNTRY	AID	COOPERATING COUNTRY	
(1) Office Space					X
(2) Office Equipment		X			
(3) Housing and Utilities		X			
(4) Furniture		X			X
(5) Household Equipment (Stoves, Refrig., etc.)		X			X
(6) Transportation in Cooperating Country					X
(7) Transportation To and From Country					X
(8) Interpreter Services/Secretarial		X			X
(9) Medical Facilities		X			
(10) Vehicles (official)					X
(11) Travel Arrangements/Tickets					X
(OTHER SPECIFY) (12) Duty Free Previleges		X			
(13)					
(14)					
(15)					

B. Additional Facilities Available From Other Sources

☐ APO/FPO ☐ PX ☒ COMMISSARY

☐ OTHER (Specify, e.g., duty free entry, tax exemption)

Grantee personnel assigned to Malawi will enjoy unclassified Mail. Pouch privelegen and use of the Embassy Medical facilities as is normally provided to USAID Contractor in accordance with Embassy Policy and may be modified or withdrawn without prior notice as the U.S. Embassy so chooses.

CAUTION: Remove protector sheet before typing - replace when typed

AID 1330-1 (7-80) CONTINUATION SHEET	DEPARTMENT OF STATE AGENCY FOR INTERNATIONAL DEVELOPMENT	☐ Worksheet ☐ Issuance	PAGE 4 OF 4 PAGES
		1. Cooperating Country MALAWI	2.a. Code No. PIO/T No. 612-0219-
FORM SYMBOL	TITLE OF FORM PIO/T	2.b. Effective Date	2.c. ☐ Original OR Amendment No.
	PIO/T # 612-0219-3-30003	3. Project/Activity No. and Title Rural Enterprises Training 612-0219	

Indicate block numbers. Use this form to complete the information required in any block of a PIO or PA/PR form.

19.6

(2) The Grant Agreement should specify that PfP will be paid over-head at the established audited rate determined by AID on all expenditures made under this grant. Presently PfP audited over-head rate is 24.2% and the grant budget reflects that figure.

(3) The Grant Agreement should specify that PfP may request a FRLC based on annual financial and work plan projections as agreed upon by USAID/Malawi and PfP. Reports on utilization of these funds will be made on a quarterly basis.

(4) The Grant Agreement should specify that the Effective Date of the Grant is September 1, 1983 and the Project Activity Completion Date of the Grant is August 30, 1988.

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Appendix A

Grant Proposal

ATTACHMENT B

Grant Budget

AID Grant Budget

Grant Category	Total Budget Amount
A. Technical Assistance	$729,000
(Long-term-10py, short term-7.5 pm, and cost directly related to providing these services (is travel, transport furniture allowance etc.).	
B. Training	$ 81,000
(Short-term off shore training for approximately 14 Malawians, training supplies, documentation and related direct costs of providing project training).	
C. Commodities	$246,000
(Vehicles (10), Motorcycles (6), and bicycles (26), office furniture, equipment, supplies and project computer).	
D. Other Direct Costs	$174,000
(Publicity costs for small entrepreneur promotion, Internation travel for MIP/DEMATT personnel in seeking collorating partnerships; preparation of business plans and feasibility studies).	
E. Financial Support for DEMATT/CAAS	$900,000
(The grant will provide financing for DEMATT operations on a decreasing basis over the life of project).	
F. Overhead	$515,000
(24.2% of the above cost categories)	
G. Contingency (6.5%)	$183,000
	$2,820,000

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Attachment C

Commodit' Procurement Plans
and Waivers

PROCUREMENT PLAN

A. General

Following is the suggested procurement plan which will be followed during the implementation of this project. In making each of the indicated purchases good commercial practice will be followed.

All four-wheel vehicles and motorcycles purchased for the program (See attached listing) will be placed under the existing blanket/origin waiver approved by the USAID Acting Administrator on Februay 3, 1981 and extended through fiscal year on January 21, 1983. It should be noted that the 1983 extension included light-weight motorcycles. All four-wheel vehicles purchased will be right-hand drive.

All procurements will be made by DEMATT management staff with technical assistance by PfP/I in-country staff. USAID Handbook #11, Chapter 3 will be adhered in the instance of all procurements.

PROCUREMENT PLAN (BY YEAR)

o Year-I

Vehicles (four-wheel)	5
Photo-copy machine	1
Typewriters	5
Bicycles	10

Office furniture,supplies,expendables,printing,maintenance costs, petrol,insurance,guard services,etc.

o Year-II

Program computer	1
Vehicles (four-wheel)	5
Motorcycles	6
Bicycles	16

Office furniture,supplies,expendables,printing, maintenance costs, petrol,insurance,guard services, etc.

o Year-III

Bicycles

Office furntiure,supplies,expendables,printing, maintenance costs, petrol,insurance,guard services,etc.

o Year IV

Same as Year-III w/o bicycles

o Year V

None

The authorized Geographic Code for procurement of all goods and services financed with the foreign exchange provided by the grant is Code 941 (U.S. and Selected LDC's). The Republic of Malawi is the authorized source and origin for local currency costs.

Notwithstanding the above, and on the basis of the attached waiver, PfP is authorized to procure the following:

(a) 10 light-weight, righthand drive vehicles from 935 sources and origins for use by the technical assistance team and DEMATT.

(b) 6 motorcycles from Code 935 sources and origins for use by the technical assistance team and DEMATT.

The estimated value of the procurement of these vechiles and motorcycles (including spare parts) is $117,250

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ACTION MEMORANDUM FOR THE ASSISTANT ADMINISTRATOR FOR AFRICA

FROM: AFR/PD, Norman Cohen

SUBJECT: Blanket Source/Origin Waiver for Procurement of Right Hand Drive Vehicles and Light-Weight Motorcycles in Southern Africa

Problem: You are requested to authorize a blanket source/origin waiver from Code 000 (U.S. only) to Code 935 (Special Free World) for the procurement of right hand drive vehicles and light-weight motorcycles in Southern Africa for Calendar Year 1983.

(a)	Cooperating Countries:	Botswana, Lesotho, Malawi, Swaziland, Zambia and Zimbabwe
(b)	Nature of Funding:	Loans or grants for specific projects
(c)	Description of Goods:	Light-weight vehicles (e.g., sedans, station wagons, utility vehicles, mini-buses, pick-up trucks, etc., including spare parts) and light-weight motorcycles (including spare parts)
(d)	Approximate Value:	Undetermined
(e)	Origin:	Geographic Code 935 (Special Free World)
(f)	Probable Source:	Japan, United Kingdom, or from local dealer stocks in the designated cooperating countries.

Discussion: On February 3, 1981, the Acting Administrator approved a blanket source/origin waiver from Code 000 to Code 935 for the procurement of right-hand drive (RHD) light-weight vehicles in Southern Africa for calendar year 1981 (Tab A). He also delegated to the Assistant Administrator for Africa the authority to exercise the blanket waiver authority for ensuing years provided that it is determined that the circumstances which justified the original waiver still exist. On February 18, 1982, you authorized a blanket source/origin waiver for procurement of right-hand drive vehicles in Southern Africa for calendar year 1982 (Tab B).

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The original waiver was justified on the grounds that motor vehicle regulations which require vehicles to be driven on the left side of the road, combined with weather conditions, excessive speed, driver carelessness and low proficiency, made left hand drive vehicles a serious safety hazard in the six cooperating countries. All light-weight vehicles manufactured in the United States are left-hand drive with the single exception of the American Motors Corporation's Jeep which comes in only one RHD configuration. Moreover, adequate facilities for parts and service for U.S. manufactured vehicles do not exist in the six countries. Thus, it was determined that light-weight RHD vehicles are unavailable from the authorized source (Code 000) and that a blanket source-origin waiver to permit vehicle procurement from Code 935 countries was the most effective way to deal with this situation.

Because of very limited use of motorcycles in AID projects in Southern Africa at the time, light-weight motorcycles were not included in the original waiver or renewal for calendar year 1982. However, there is now an increasing and continuing demand for light weight motorcycles in AID projects in the Southern African countries, especially in agricultural extension, rural development and family planning projects. Since suitable smaller motorcycles are not manufactured in the U.S., separate source-origin waivers must be prepared and approved each time motorcycles are procured. To reduce the volume of repetitive and duplicative administrative work, it is proposed that the current blanket source-origin waiver be expanded to cover both vehicles and light-weight motorcycles.

As part of the annual renewal process for the blanket waiver, field posts in the six cooperating countries have been instructed to submit appraisal reports at the beginning of each fiscal year on the availability of U.S. manufactured RHD vehicles in their respective countries and on their project vehicle requirements for the following calendar year. These appraisal reports are to be reviewed by AFR/PD which is to determine, in consultation with SER/COM, whether U.S. manufactured RHD vehicles continue to be unavailable. The field appraisal reports for this year indicated the following requirements for project-funded light-weight vehicles:

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Estimated 1983 Requirement for RHD Vehicles and Motorcycles

	Vehicles	Motorcycles
Botswana	5	0
Lesotho	16	0
Malawi	4	22
Swaziland	20	16
Zambia	2	0
Zimbabwe	48	42

All of the appraisal reports indicated that adequate facilities for the maintenance of U.S. manufactured vehicles remain unavailable. Moreover, there are still no light-weight RHD vehicles manufactured in the U.S. with the exception of the Jeep. Some motorcycles are produced in certain Code 941 countries (e.g., India). However, component parts for these motorcycles are manufactured in Code 935 countries and assembled in-country. Secondly the type, size, and quality of motorcycles produced in Code 941 countries do not meet the required specifications or needs for USAID projects in Southern Africa. In addition there are no distributors or maintainance service of either U.S. or Code 941 motorcycles in Southern Africa. Thus it is concluded that light-weight motorcycles are unavailable from the authorized sources (Code 000) or from Code 941 countries and a blanket source and origin/waiver for light-weight motorcycles is justified.

Recommendation: Based on the above justification, it is recommended that:

1 You sign this memorandum and thereby indicate that you: (a) determine that special circumstances exist which justify a waiver of the provisions of Section 636(i) of the Foreign Assistance Act of 1961, as amended, permitting the procurement of non-U.S. manufactured RHD light-weight vehicles and light-weight motorcycles necessary for the development, implementation and monitoring of A.I.D. projects in the six cooperating countries; and (b) certify that exclusion of procurement from Free World sources other than the cooperating countries and countries included in Code 941 would seriously impede attainment of U.S. foreign policy objectives and the objectives of the Foreign Assistance program.

2. You sign the attached Information Memorandum for the Administrator (Tab C) informing him of your action on this waiver as is provided in the Action Memorandum by which you were delegated this authority.

Approved: _____

Disapproved: _____

Date: _____

Attachments:

Tab A. - Blanket Source/Origin Waiver for Procurement of RHD Vehicles signed February 3, 1981.

Tab B. - Calendar Year 1982 Waiver signed February 18, 1982.

Tab C. - Information Memorandum for the Administrator

Clearance:

DAA/AFR: ARLove		Date:	
DAA/AFR: GPatterson		Date:	
AFR/SA: LPompa	(phone)	Date:	12/21/82
SER/COM/ALI: PHagan	(phone)	Date:	12/23/82
GC/AFR: TBork		Date:	[illegible]
AFR/PD/SA: MGilbert	(draft)	Date:	12/30/82

AFR/PD/SA: JSchulman:agb:1/14/83: X 28818

Partnership for Productivity
International

18 July 1983

Mr. Sheldon Cole
Mission Director
United States Agency for International Development
P.O. Box 30455
Capital City,
LILONGWE 3.

Dear Mr. Cole,

We are pleased to submit the Partnership for Productivity's amended Proposal for Implementation of the Development of Malawian Traders Trust - Phase II. Our original proposal dated January 12, 1983 has been amended to include all items recommended at the ECPR meeting held in Washington, D.C. on June 7, 1983.

Partnership for Productivity looks forward to participation with the Development of Malawian Traders Trust in further development of Malawi's private sector.

Sincerely,

Ernest V. Yancey
TECHNICAL ADVISOR

2441 18th St., N.W. Washington, D.C. 20009 (202) 234-0340/483-0067 Cable PfPINATL Telex 197663/892790

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Section I
PROPOSAL FOR IMPLEMENTATION
OF
THE DEVELOPMENT OF MALAWIAN TRADERS TRUST
PHASE II

Submitted by
PARTNERSHIP FOR PRODUCTIVITY/INTERNATIONAL

Submitted to:

Mr. Sheldon Cole
Director
The United States Agency for
International Development
Blantyre, Malawi

Submitted by:

Mr. Andrew Oerke
President
Partnership for Productivity/International
2441 18th Street, N.W.
Washington, D.C. 20009
(202) 234-0340

January 15, 1983
(Amended July 18, 1983)

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Appendix A: DEMATT Implementation Documents

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2. First Consulting Session
3. Training Course Outline
4. PfP/I Approach to Small-scale Enterprise
5. Socioeconoimc Profile
6. Planning and Reporting Forms
7. Creditworthiness Scheme
8. Sample Loan Procedure
9. Job Descriptions - PfP/I Technical Assistance Advisor
10. Resumes: Senior Advisor
Technical Advisor (Training)

Appendix B: Environmental Impact Statement

Appendix C: GOM Request for Assistance

Appendix D: DEMATT Institutional Analysis

Appendix E: Procurement Plan

Appendix F: Grant Implementation and Administration Plan

Appendix G: Project Implementation Plan

Appendix H: Logical Framework

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PROPOSAL ACRONYMS

ACRONYM	MEANING
ABA	African Businessmen Association
BAS	Business Advisory Service
CAAS	Commercial Accounting and Advisory Service
CWS	Credit Worthiness Scheme
DEMATT	Development of Malawian Traders Trust
EEC	European Economic Community
GOM	Government of Malawi
ILO	International Labour Organization
INDEBANK	Investment and Development Bank of Malawi
MAS	Mobile Advisory Service
MCH	Malawi Council for the Handicapped
MCP	Malawi Congress Party
MUSCO	Malawi Union of Savings and Credit Cooperatives
NRDP	National Rural Development Programme
PACT	Private Agencies Collaborating Together
PC/M	Peace Corps/Malawi
PFP	Partnership for Productivity/International
RGC	Rural Growth Centers
UNCDF	United Nations Capital Development Fund
UNDP	United Nations Development Programme
UNIDO	United Nations Industrial Development Organization
USAID	United States Agency for International Development

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EXECUTIVE SUMMARY

1. This "Proposal for Implementation of the Development of Malawian Traders Trust - Phase II" is submitted to the U.S. Agency for International Development by the Partnership for Productivity/ International.

2. DEMATT is a Malawian agency formed in 1978 with the assistance of PfP. Its purpose is to work towards GOM's development goals through provision of business and management training to small and medium scale business persons. (The bulk of the businesses served are located in Malawi's rural areas. Training assistance is usually provided on a one-to-one basis.)

3. After a highly successful Pilot Phase conducted during 1978-81, Phase II of the program is being expanded to include provision of business and management training to the country's small business producers and to the identification and support of new, qualified and potential entrepreneurs.

4. Phase II is a five-year program to which PfP will provide Technical Assistance. Its program elements are the following:

   - Business Advisory Service
   - Creditworthiness Scheme
   - Mobile Advisory Service (on a limited basis to test feasibility)
   - Identification of alternative funding sources
   - Specialized Economic Development
   - DEMATT Program of National Acceptance and Understanding
   - Commercial Accounting and Advisory Service

5. Upon conclusion of Year-5, DEMATT will become an institutionalized national entity capable of generating its own operational capital through fee assessments, fund raising, ecumenical and other external financial assistance and public financial intervention.

6. During the program's implementation, linkages with the following and other related Malawian development organizations will be fostered.

   - ABA
   - In-country financial institutions and major producers of goods and services
   - International donor agencies
   - MCP
   - MCH
   - MUSCO
   - NRDP
   - PC/M
   - Rural Growth Center Program
   - Traditional authorities

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I. INTRODUCTION

A small but active entrepreneurial class functions in Malawi's private sector. Sustained and dynamic growth of this element, however, has been constrained due to several factors:

- A national economy based almost exclusively on agricultural production and
- Relatively limited involvement in the economy's growth on the part of indigenous entrepreneurs.

The GOM in endeavoring to encourage a turn around on the part of local business initiative, has adopted the following two-part national policy:

- Restricting non-Malawian business activity to the nation's major urban centers (Blantyre, Lilongwe and Zomba).
- Provision of governmental assistance to citizens interested in involving themselves in cash crop agricultural activities, small-scale industrial production and a broad spectrum of wholesale, retail and service industries.

In pursuit of the above policy objectives, the GOM has launched several assistance programmes to provide:

- Ongoing agricultural extension services to small-holder farmers through the nation's National Rural Development Programme (NRDP).
- Extension and advisory services to small-scale industry by ILO and EEC; the business extension/advisory services by DEMATT with the assistance of PfP. (PfP initially established and [illegible]plemented DEMATT's two-year pilot phase. The pilot was funde[illegible] jointly by the GOM, Malawi's private b[illegible]ines[illegible]tor and Private Agen[illegible]es Collaborating Together.)

Direct beneficiaries of the above programs are the estimated 21,000 small- to medium-scale businesses in or near Malawi's major trading and urban centers.

In the period leading to establishment of the above programs the GOM learned that the limited business experience possessed by the majority of its entrepreneurs was causing some disruption in commercial activity, especially in rural areas. Some of the specific problems identified were:

- Lack of diversity in available goods and services at the country's various trading centers,
- An uneven supply of commodities needed to satisfy consumer demand,

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- Shop closures during planting seasons when commodities were still in demand, and

- Lack of additional employment generation on the part of rural entrepreneurs.

II. DEMATT - ITS BACKGROUND AND FORMATION

A. Government and Private Assistance

Prior to the establishment of DEMATT, a number of government and private-sector initiatives were introduced to provide assistance directly to indigenous small businesspersons. These were:

1. Immediately following GOM's decision to confine the Asian business community to Malawi's urban areas, funds were made available through the Government Loan Board to local businessmen for the purchase of rural Asian enterprises. However, due to a general lack of business skills these funds were often poorly utilized. (Presently these funds are no longer available.)

2. The GOM sponsored formation of the African Businessmen Association (ABA). ABA is a dues-paying organization of local businesspersons which fosters professional activity on the part of its membership and represents their interests to government.

3. The Rural Trade, Educational and Training Committee was established in 1979. This organization functions under the auspices of Malawi's Chamber of Commerce and Industry and represents the interests of small-scale business in the commercial sector.

4. Certain larger Malawian businesses have initiated a variety of skill training programs for small businesses. These programs, however, have generally been limited in scope and are restricted to individuals involved in the production and distribution of commodities generated by the companies sponsoring these programs.

5. In 1974 an important and substantive contribution was made to Malawi's small business community by the Import and Export Company of Malawi. This involved that company hiring training supervisors to train small business-persons in bookeeping and to monitor the credit extended to them by Chipiku Stores, the company's wholesale division.

B. Formation of the Trust

Despite the well-directed efforts discussed above, it became apparent that Malawi's commercial sector could not effectively finance a comprehensive program of assistance. Contact was established with PfP, an American private voluntary organization, already established on the African continent and providing business management assistance to small-scale entrepreneurs. In 1977-78, following meetings with GOM officials and representatives of Malawi's Import and Export Company, PfP's Executive Director recommended a comprenhensive training model which was subsequently adopted.

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A proposal to fund the recommended program was prepared and submitted to PACT, of which PfP is a member. In November 1978, the proposal for a Pilot Phase of the program was accepted. Funds were made available on the understanding that there would be an equal local contribution.

C. The Pilot Phase (1978-1981)

1. Purpose and Objectives

The purpose of the Pilot Phase was to adapt the PfP program developed and implemented in Kenya, so as to meet the unique and specialized needs of small businesses in Malawi, and to gain experience to subsequently formulate an effective Phase II program. Pilot Phase objectives were to:

- Finalize the program's institutional and organizational framework.
- Obtain adequate funding.
- Research local requirements and adapt the Kenyan program accordingly.
- Provide a business management advisory service designed to assist entrepreneurs nationwide in improving their respective businesses and services.
- Accumulate data and experience for appropriate program revisions.
- Field test modified program elements.
- Evaluate new program elements.

2. Administration Activities

PfP personnel, designated as DEMATT General Manager and Training Officer, arrived in Malawi respectively in December 1978 and February 1979. After their arrival, the following programmatic elements were accomplished:

- DEMATT's Board of Trustees was established.
- A plan for local funding was designed and approved. (The bulk of local funds were to be from the private commercial and industrial sector, with the GOM guaranteeing any deficit.)
- DEMATT was officially registered under the Malawi's Trustee Incorporation Act in December 1979.
- Approval of the program implementation plan from the Board of Directors was received in August 1979.
- A plan for recruitment, training and employment of staff was drawn up and approved.

- A field staff of eight business advisors and two area supervisors was recruited and hired in January and February 1980.

- Staff training began March 1980.

- All field staff were deployed in eight major trading centers in May 1980.

3. Program Methodology

The major thrust of the DEMATT program is the Business Advisory Service (BAS). BAS provides extension services to local businessmen at their places of business on a one-to-one relationship. Supplementary training classes are also held with all of the businesspersons at a Trading Center when there is shared need for training in a particular area.

During the actual extension service process, DEMATT advisor and client:

- Develop a community profile (see Appendix A).

- Develop a personal profile of the client and of his/her business (see Appendix A).

- Identify major business related problems the client is experiencing.

- Identify solutions, formulate appropriate business objectives and design a plan for achieving agreed-upon objectives.

- Review progress, teach new skills and update plan for achieving objectives.

Active client participation in these activities fosters development of client skills in preparation and maintenance of business records, stock displays, salesmanship, inventory control, stock selection, purchasing, pricing, and financial analysis.

In addition to assisting individual businesspersons improve their skills, business advisors also assist the total local business community in identifying and developing solutions for common problems. Most of these problems relate to transport and wholesale supply, and business advisors encourage group action as the most effective means of resolution.

4. Program Implementation

DEMATT staff, working through the Ministry of Trade and Industry, hold exploratory discussions with local officials of the District Government, Malawi Congress Party (MCP) and ABA. In these meetings the program's methodology and objectives are explained, and acceptance and understanding are sought. Once this is accomplished, the DEMATT staff along with assigned field staff, are introduced to the local businesspersons and the program's methods of operation are explained.

Two to five business advisors are assigned to a small geographic area. They report directly to an area supervisor. Both the advisor and supervisor monitor and report on client progress.

5. Field Staff Training

Training received by business advisors and area supervisors is based on the training design developed by Dr. Malcolm Harper, Cranfield School of Management. The design appears in the book Consultancy for Small Business, Intermediate Technology Publications Ltd., London, 1977. This approach has been successfully adapted by PfP for its programs in the countries of Kenya, Botswana, Haiti and Malawi.

In Malawi, the training program of the field staff is designed to enable its participants to assist local entrepreneurs in improving:

- Intermediate accounting skills,
- Business skills and knowledge appropriate to small-scale entreprises, and
- Understanding of the social, cultural and economic conditions as they affect small-scale businesses. The training consists of six weeks of classroom instruction and two weeks of on-the-job training. (See Appendix A, Training Course Outline.) In-service training is periodically provided, and DEMATT management staff procedurally review all monthly and quarterly reports to identify areas requiring further skill training.

Cognizant of the June, 1982 Evaluation Team's comments concerning the need for modification and codification of DEMATT's training techniques in Phase II, the following actions are being implemented:

- DEMATT is creating the position in its staff structure of a Personnel/Training Manager. Responsibilities of this position will include training, codification of past activities and improvement modifications.
- The PfP/I Technical Advisor (Training) will relate to the above position on a counterpart basis so as to improve DEMATT's overall training delivery.

6. Pilot Phase Accomplishments

During the Pilot Phase DEMATT made significant achievements in the following areas.

- Developed an effective locally managed organization capable of providing business advisory services to indigenous business people.

- Designed and implemented an efficient advisory service to meet the specific requirements of Malawi's small-scale business sector.

- Developed a pool of research data and a reliable system upon which program modification can be based as the need is indicated.

- Improved entrepreneurial skills which benefit the nation, as well as the entrepreneurs' immediate family and community.

- Marshalled the cooperative, financial and training involvement of Malawi's large-scale commerce in DEMATT's program, thereby improving its service delivery capacity.

- Achieved close coordination between DEMATT and other development organizations and agencies involved in assisting Malawi achieve its development goals.

DEMATT's project activities are designed to encourage the development of a strong local economy with the availability goods, services, jobs and skills. Improved business skills and experience on the part of small-scale entrepreneurs positively effect their capacity to serve the wider community. In this vein, DEMATT's extension efforts not only transfer sound business management techniques but also encourage an awareness of the relationship between the individual business and the local economy. As the entrepreneur gains improved control of his/her business, he/she becomes more capable of both satisfying consumer demands and increasing business opportunities in the community.

The relationship between skill achievement and community impact is shown below:

SKILL ACHIEVEMENT	COMMUNITY IMPACT
• Stock management, eliminating dead stock and reinvesting in fast-moving items.	• Regular supply of those commodities most in demand by consumers.
• Customer credit management (credit extended to customers).	• Development of business-like relationship between client and customer resulting in improved flow of capital at the local level.
• Basic business record maintenance (analytical tool for use in decision-making process).	• Expansion of existing enterprises and development of new business opportunities to better serve the community.
• Profit reinvestment.	• Creation of business opportunities and wage employment.
• Collective action.	• Greater opportunity to work together to achieve common objectives.

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SKILL ACHIEVEMENT	COMMUNITY IMPACT
• Cooperative alliance between businessperson and consumer community and improved use of local capital generated by crop sales, business and profits, etc.	• Creation of a viable business.

7. Evaluation of DEMATT's Pilot Phase

An evaluation team consisting of three members was assigned to assess DEMATT's Pilot Phase activities by the GOM and USAID. The evaluation took place in June 1982. The team spent four weeks in Malawi and conducted over 400 interviews with DEMATT advisors, rural traders (both clients and nonclients of DEMATT), local officials, and others familiar with or associated with DEMATT. Although the evaluation team placed few negative criticisms of the program, which will be spoken to subsequently, in general their final report was highly positive.

Representative of their positive findings are the following:

- "DEMATT has developed a sound rural extension service in Malawi with a highly motivated staff. The training program is effective. Business advisors have been able to build productive one-to-one relationships with client traders and producers, resulting in better management of shops and increased opportunities for profit making."
- "In short, the evaluation team was very impressed by the program.
- "The focus of DEMATT fits well into the plans of the GOM for accelerated rural development and ties closely with the USAID's efforts to assist small-scale private enterprise."
- "DEMATT's organization and administration serve as admirable models for similar development efforts in other sectors. Overall, as a component of a larger effort, it has great potential for helping revitalize the rural commercial sector in Malawi."
- "The team recommends that USAID enter into a funding agreement with the GOM for support of a five-year second phase of DEMATT."

III. MALAWI'S DEVELOPMENT SETTING

Prior to an effective discussion of DEMATT's Phase II activities, it is necessary to present information relative to the socioeconomic setting in which the program is to function. Selected elements characterizing Malawi's development setting are:

A. Malawi has an international reputation for pragmatic development. GOM's development pursues the goals of:

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1. Increasing:

   - balanced development activities,
   - agricultural production,
   - rural family incomes,
   - self-reliance of its rural population, and
   - tax revenues.

2. Decreasing:

   - rural/urban migration,
   - discrepancies in income and resource allocations, between rural and urban areas,
   - reliance on governmental services, and
   - illiteracy and incidence of health problems.

3. Preserving natural resources and conservation of soil and key watershed areas.

B. Malawi is rapidly institutionalizing the concept of self-help ctivities among all facets of its population. This provides opportunities or:

1. Widespread participation in both planning and implementing local development activities, and

2. Reduced development expenditures.

C. The small but active entrepreneurial class functioning in the country's rivate sector is constrained by:

1. Scarcity of investment and operating capital,

2. Inadequate distribution networks and advanced entrepreneurial skills,

3. Shortage of trained employees, and

4. Limited access to needed professional skills, i.e., accountants, lawyers, etc.

D. Lack of sufficient trained manpower hampers the country's rate of development in all areas of the economy. GOM's concerted efforts towards expansion of training institutions and services are experiencing difficulty in keeping pace with trained manpower requirements.

E. Malawi lacks diversification in export items and depends heavily on exportation of agricultural produce for its accumulation of foreign exchange (see chart below):

Domestic Exports by Main Commodities*

	1977	1978	1979	1980	1981	1977/81 (mean)
Tobacco	50	58	56	47	43	51
Tea	25	20	17	13	12	17
Sugar	9	9	9	16	26	14
Groundnuts	6	4	5	7	4	5
Rice	2	2	1	1	2	2
Cotton	6	6	11	14	13	10

*Budget Document No. 4, Malawi Government Economic Report, 1982, PC/Economic

F. The GOM has launched a move towards the creation of import substitution industries so as to lessen its output of foreign exchange.

G. Governmental revenues are being outstripped by increasing recurrent cost expenditures. In 1977 these costs were MK101.89 million. Projections for 1982/83 are for MK233.11 million. (Source: Budget Document No. 4) To address this factor a variety of budgetary constraints are being instituted.

H. Malawi is a landlocked country, which adversely impacts its development process due to:

1. Lack of adequate transportation links to the sea for its imports/exports,

2. Current rail links through precarious, politically unstable areas to the ports of Beira and Nacala, and

3. The Ports of Beira and Nacala, are inefficient, causing delays in shipment of exports and receipt of needed import commodities.

I. Selected demographic data follow:*

1.	Life expectancy (1975-80)	46 years
2.	Population growth rate (1975-80)	3.2%
3.	Infant mortality (1978-79)	42/1000
4.	Per capita GNP (1979)	$200
5.	Adult literacy rate (1976)	25%
6.	Persons per square mile of arable land (1981)	150

*United Nations Food and Agriculture Organization, World Bank Reference Bureau.

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Thorough examination reveals close linkages among each of the above elements. DEMATT's close involvement with indigenous businesspersons holds great potential for beneficially impacting the country's present economic setting. Following paragraphs, therefore, consider:

1. DEMATT's current organizational status,
2. In what status DEMATT would best impact Malawi's development,
3. DEMATT's Phase II programmatic directions, and
4. Phase II's effect upon the various elements outlined above in Section III.

IV. DEMATT'S STRUCTURE: PRIVATE ORGANIZATION VS. PARASTATAL

DEMATT began operations as a private organization and has now progressed to parastatal status, functioning under GOM's Comptroller of Statutory Bodies. There has been discussion the merits of having DEMATT revert to its former private organization status. PfP, during in-country discussions with GOM officials, has learned the government is willing to move in either direction. However, based upon recent assessments PfP recommends that DEMATT retain its present parastatal status. This recommendation is based upon PfP's strong belief that DEMATT's current status substantially contributes to its further growth and subsequent institutionalization. PfP's rationale is based upon the following:

1. Malawi's current economic conditions are such that fund-raising efforts with the country's private business sector in support of DEMATT's operations are all but fruitless.

2. Reversal to private organization status would deny DEMATT substantial annual GOM subvention funds. Donor assistance in the amount of GOM's subvention can thus be profitably utilized for other development assistance programs.

3. Despite its parastatal status, DEMATT receives no GOM interference in its program activities and is free to move in directions set by its Board of Directors.

4. Parastatal status offers DEMATT the programmatically beneficial prestige of a quasi-governmental entity, resulting in greater private-sector cooperation.

As stated earlier, however, the GOM is willing to cooperate with DEMATT either as a private organization or as a parastatal. It is desirous that DEMATT continue its contribution to the country's development. Specifically, the request has been made that DEMATT:

- Expand the number of small- to medium-scale businesses serviced and broaden its activities to include

- The identification and support of new and potential entrepreneurs.

V. PHASE II PURPOSE AND DESCRIPTION

During Phase II, PFP's technical assistance activities will focus upon assisting DEMATT to strengthen and expand its present number of clients and to improve its service delivery system. These services are designed to meet the experientially established needs of Malawi's small- to medium-scale businesses. Among these needs are the following:

- Transportation,
- Purchasing and inventory replenishment,
- Identification of funding and credit sources,
- Planning for timely loan repayment,
- Training in appropriate personnel procedures,
- Basic business management training,
- Marketing/Customer relations,
- Production control, and
- Credit worthiness preparation.

DEMATT, in its current status, is a not-for-profit parastatal institution providing business advisory services primarily to small- to medium-scale businesses in the rural areas of Malawi. Plans during Phase II are to create an ongoing institution capable of generating its own operating capital. The possible sources of this operating capital will be assessment of fees for services, fund raising activities, ecumenical and other external financial assistance, public financial intervention, etc. (For more detail see sections V and VI-G.)

Small- to medium-scale businesses make a substantial contribution to Malawi's general economic development. In addition to providing essential goods and services to the rural population, these businesses provide employment opportunities for much of the rural population. Such employment generation assists in abating rural-to-urban migration and its attendant social and economic problems. Potential employment opportunities are numerous when considering the estimated 21,000 small-to medium-scale businesses in Malawi. DEMATT is fully aware of these long-term rural development benefits and is anxious to continue its assistance to small entrepreneurs in rural areas.

Despite its emphasis on rural areas, where it is felt the most urgent need exists, DEMATT is also mindful of similar needs on the part of some urban entrepreneurs. They face high competition from long-established businesses with wide experience. DEMATT will continue to assist them when requested.

DEMATT, therefore, has a national focus in its service delivery system. The number of clients and scale of enterprises are not limited by DEMATT charter; the program is presently available to all interested businesses.

During its Pilot Phase, DEMATT assisted a total of 272 active and semiactive entrepreneurs with its program. The business clients range from small rural traders (shopkeepers) to craftsmen and small-scale producers. Among these, 65 percent are retailers, 14 percent in the service industry, and 21 percent small-scale producers. Specifically, these clients are traders (shopkeepers), wholesalers, blacksmiths, welders, carpenters, ox-cart fabricators, butchers, hawkers, fish meal producers, tailors and farm implement producers.

As DEMATT is national in its scope, its clients are geographically dispersed throughout Malawi. With an emphasis in Phase II of expanding its program coverage, the numbers of DEMATT clients will increase. The goal is to provide service to 5,000 entrepreneurs during Phase II or approximately one-fourth of the nation's estimated small- to medium-scale businesses.

DEMATT's client enterprises are small, with an average net worth of approximately MK 4,000 (an increase of approximately 30 percent after DEMATT program participation). Pilot Phase data indicate 35 percent of clients assisted were above the average and 65 percent below. Anticipation for Phase II is that growth in client net worth will continue at Pilot Phase levels.

DEMATT's services are also extended to clients entering and expanding businesses. DEMATT provides to these clients assistance in business planning, feasibility studies, marketing, location of funding sources and other actions precedent to business start-up and expansion.

The specific goals of Phase II, therefore, will be to:

- Increase the number and type of businesspersons assisted;
- Assist indigenous businesses solve problems of transportation, wholesale supply, purchasing, creditworthiness, etc.;
- Improve access to loans and credit sources;
- Expand DEMATT's other services, both quantitatively and qualitatively;
- Assist DEMATT to further institutionalize itself as a self-supporting organization fully staffed by Malawian personnel;
- Provide Malawian business owners/operators with an inclusive and structured learning process, having a positive impact not only on the individual business person, but on their community as well; and
- Place the services on a fee basis.

The above purposes and goals will be pursued through implementation of the following projects:

- Expansion and refinement of the existing BAS program to include additional trading centers having sizable business populations.

- Introduction of a MAS on a limited basis to test its effectiveness and feasibility.

- Application of the CWS to both new and existing business entrepreneurs.

- Investigation and development of optional sources of funding for small entrepreneurs, producers, etc.

- Specialized economic development. (Identification/development/ expansion of new business opportunities and entrepreneurs.)

- DEMATT program of national acceptance and understanding.

- Commercial Accounting and Advisory Service (CAAS).

Phase II will extend from 1983-88 and will be financed through USAID funds and GOM in-country contributions (subvention). Technical assistance for the project will be provided by PfP (see Section XI for PfP Capability Statement). PfP will provide two resident advisors to assist DEMATT during this phase of the program.

A. Business Advisory Service (BAS)

BAS is the core service of the DEMATT delivery system. It is designed to build and upgrade the business and management skills of small business owners/ operators. BAS operates in geographic areas of sufficient population density where it is cost-effective to have its business advisors permanently located. As is the hallmark of DEMATT's services, BAS operates on the basis of a one-to-one relationship between advisor and client.

Through BAS, DEMATT also will concentrate its efforts on exploring solutions to commonly shared small-scale business problems, i.e., transportation, inventory replenishment, pricing, new business start-ups and new business purchases. Possible solutions such as the following will be pursued:

- Cooperative buying and transport of inventory replenishment by merchants in given trading centers;

- Identification, recruitment and hiring by rural merchants of purchasing agents in Lilongwe and Blantyre to make bulk purchases for them;

- Special classes on pricing procedures; and

- Cooperative ownership or hire of vehicles for transportation of goods by merchants in rural trading centers.

- Introduction of such business start-up services as:

  - design of feasibility studies
  - profitability analyses
  - identification of business opportunities (new and/or existing).

B. Creditworthiness Scheme (CWS)

Access to and efficient use of capital are vital to the life of any viable business enterprise. In light of this understanding, DEMATT's CWS program takes on particular importance as a financial tool to leverage available capital resources and assist Malawian business persons.

CWS is a program designed to:

- Improve utilization of existing capital in rural areas and
- Increase the flow of new capital to small-scale rural enterprises by the preparation and "prescreening" of applicants for loans and credit.

CWS clients will be drawn from small-scale businesses and in special cases individuals interested in starting or purchasing businesses who are willing to participate in BAS and receive its ongoing managerial assistance, consultation and training. Through CWS, DEMATT's business advisors assist clients to:

- Assess their individual loan and/or credit needs,
- Prepare credit and loan applications,
- Effectively plan for and use loan proceeds and extended credit,
- Properly schedule loan repayments, and
- Understand proper financial management.

Possible credit and loan sources for which CWS will assist clients by "prescreening" them for successful application are:

- Existing loan institutions,
- Wholesalers,
- Suppliers, and
- Alternative loan sources as identified.

Through effective use of CWS both lender and applicant risk and cost will be reduced, thereby encouraging capital flow into rural communities. This access to capital will trigger additional commercial growth and expansion and benefit the entire community. (For information on CWS, its procedures and process, see Appendix A: Creditworthiness Scheme.)

C. Mobile Advisory Service (MAS)

MAS offers both the services of BAS and CWS to clients located in remote rural areas. Teams of advisors will visit clients in remote areas on a regularly scheduled basis, and as clusters of entrepreneurs dictate will meet with both individuals and/or groups. MAS, on a test basis, will also provide follow-on service to those clients in established Trading Centers who have reached a professional level not requiring intensive BAS involvement.

In proposing a limited introduction of MAS on a pilot basis, PfP is congnizant of the June, 1982 Evaluation Team's comments concerning this project venture. However, given the relatively remote rural locations of many of this nation's potential clients, it is felt that MAS must be tested to determine an effective service delivery system which can not only reach them but also provide them with needed service to improve their business operations. Of the estimated 21,000 small- to medium-scale businesses in Malawi, over half are estimated to be located in areas removed from traditional trading centers. BAS, DEMATT's traditional training methodology, is designed to reach clients located in or immediately contiguous to established trading centers. MAS is the method of service delivery designed to reach those potential clients in the more remote areas. Unless this large segment of business people are effectively reached with needed training services, their present unimproved business operations will continue and cause a drag on the economies of their respective communities.

If DEMATT's Phase II is to be successful in bringing about a profitability improvement in the Malawian private sector the largest number of potential business clients possible must be reached. PfP, therefore, recommends introduction of MAS on a limited test basis (one year) to determine the pragmatic benefits and cost-effectiveness of the approach. (For further discussion of MAS implementation see VI-C.)

D. Alternative Funding Sources

One of the major constraints to small-scale entrepreneurs and to business development in general is the scarcity of investment and operating capital. A major goal to be sought in Phase II will be the search for alternative funding sources. Once established, these funds will be utilized under the same rigid standards and procedures outlined in Sections V and VI-B (CWS). DEMATT through its CWS project will work closely with its clients to insure that they fully understand their responsibilities. With respect to the development of new business, funding sources also hold great potential for supplying needed investment capital.

The following inst' ..ons will be contacted for discussions concerning the identification of alternative funding sources:

- National Bank of Malawi,
- Commercial Bank of Malawi,
- INDEBANK,
- MUSCO,

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- EEC,
- UNCDF,
- UNDP,
- Ecumenical Church Loan Fund -- Geneva, Switzerland,
- Christian Council Malawi,
- Ecumenical Development Cooperative Society, Amersfoot, Holland,
- The World Bank, and
- Others.

E. Specialized Economic Development

A major role in Malawi's continued economic development can be performed by DEMATT through its involvement in activities directed at specialized economic development. The GOM has requested that DEMATT expand its services during Phase II to identification and support of new and potential entrepreneurs. Prior to any actual work beginning in this area, DEMATT will hold extensive discussions with appropriate ministries and others governmental bodies to insure an agreed-upon and coordinated approach. PfP's opinion concerning this area is that emphasis should be placed on individuals with entrepreneurial potential and skills and directing them towards business opportunities capable of utilizing local labor sources. Realizing the need and value of an integrated approach, DEMATT will continue its collaborative efforts with other Malawian development projects which are similarly oriented. These efforts will be focused upon an exchange of information, program ideas, possible funding sources, integrated programming, training skills, transference, etc.

Examples of possible business areas falling within this project and which need further investigation appear in the following chart:

Business Area	Domestic Use	Export
Purchase and/or expansion of existing businesses	X	
Macadamia nuts (expanded production)	X	X
Cotton seeds (nutritional consumption)	X	
Canning industry (improvement)	X	X
Vegetable production	X	X
Fresh flowers		X

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Business Areas	Domestic Use	Export
Sisal production	X	X
Soybean production	X	X

An additional area in which DEMATT can focus its services in this project is to work with the Malawi Council for the Handicapped. MCH, with the assistance of UNCDF, recently has completed its new Vocational Rehabilitation Training Center, located at Magomero. At the Center handicapped persons will be taught vocational skills, and those with entrepreneurial aptitudes will be prepared for entry into business either on their own or in groups. This is an obvious opportunity for DEMATT to utilize its business management skills in assisting Malawi's handicapped population and at the same time encourage and accelerate their contribution to the nation's economy.

F. DEMATT Program of National Acceptance and Understanding

DEMATT is in a growth posture as it begins Phase II. Imperative to its continued growth and success is that as an organization it have national recognition as an integral part of Malawi's business community. Towards achieving this goal, DEMATT will launch an ongoing program to obtain national acceptance and understanding. Elements of this program will include:

- Newspaper articles concerning the organization and its work,
- Similar exposure via the Malawi Broadcasting Company,
- Educational forums,
- An active program of visitation by DEMATT Board of Directors and Staff with members of Malawi's business, donor and diplomatic communities,
- Preparation and selective distribution of hand-outs describing the DEMATT program, and
- Participation by members of the Board of Directors and staff at social occasions
- Etc.

This program will:

- Result in DEMATT's national recognition as a full-fledged member of the nation's business community,
- Increased cooperation from Malawi's business and development agencies,

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- Create greater appeal for its services by potential clients, and

- Assist in the institutionalization of CAAS at the end of Phase II.

G. Commercial Accounting and Advisory Service (CAAS)

CAAS is the commercial, self-supporting organization which will emerge from DEMATT's efforts at the end of Phase II. It will be formed through integrating the personnel and services of BAS, MAS and CWS into a single institution offering professional advisory and auditing services for former DEMATT clients and other business persons in Malawi.

CAAS will be an attempt to fill an existing void which seriously impacts the nation's business community, i.e., access to professional accounting and auditing services.

As part of its activities outlined in Section V-D, identification of alternative funding sources, Phase II activities will also investigate potential sources of operational funds for CAAS during its institutionalization phase subsequent to Phase II. Heavy program emphasis will be placed on achieving this objective by the end of program year-2.

Beginning in Year III, DEMATT's program activities will be implemented to begin testing the CAAS concept. Funds accrued in Years I and II from accessed fees will be utilized to bear operational costs on an increasing basis. Phase II objectives are, in program Years II and III to have identified and begun to use in DEMATT operational expenditures, funds identified in the program's Identification of Alternative Funding Sources project. (See Section XI: Financial Plan.)

Further, in its activities, CAAS will focus on the country's development priorities and, to the best of its capability, will collaborate with other ongoing development programs. This emphasis will play an important part in the development of CAAS as an important link in Malawi's development process.

VI. PROJECT IMPLEMENTATION AND OBJECTIVES

The organizational structure of DEMATT will remain essentially the same in Phase II. Staffing changes below the regional manager level will reflect shifts from one project to another and the expanded thrust of the overall program. As the limited MAS and CAAS projects envolve, staff members will be shifted where possible from BAS and CWS. (See DEMATT Institutional Analysis and 5-year Staffing Schedule appearing in Appendix D.) Close attention will be given to staff performance and production to determine when and where alterations are needed so as to strengthen DEMATT's total impact. Special attention will be given during staff in-service training programs to the areas of logistics, pricing, management systems and banking procedures.

The following paragraphs discuss project methodology, implementation plans and projected results.

A. Business Advisory Service (BAS)

The basic methodology of BAS has been previously outlined in Section V-A. During Phase II, however, BAS will be extended to 51 trading centers located throughout Malawi's three regions: Northern, Central and Southern. Staff requirements appear in the five-year staffing schedule in Appendix D. Where feasible, existing staff will be reassigned or promoted to work in the new additional trading centres and new staff assigned to replace them. Plans are for new staff members to be hired in two separate groups: in the first half of 1983 and the fourth quarter of 1984. Program implementation will be an extension of DEMATT's Pilot Phase activities. Specific implementation steps include:

1. A thorough review and evaluation of Pilot Phase program data to determine needed refinements.

2. Performance of in-depth survey of all major Malawian trading centers for the purpose of gathering data to identify areas for BAS concentration.

3. Utilizing above data, develop plan for delivering BAS to identified areas. During initial two years of this program, plans will be developed to modify the structure of DEMATT and establish the CAAS on a largely self-financing basis. Current and former clients and other small businesses will be surveyed to determine the types of service for which they would be willing to pay. An organizational, financial operational plan will be developed for launching the CAAS on an experimental basis during year three of the project. All fees collected from the services presently provided by DEMATT and those collected from the CAAS during its operation on an experimental basis will be placed in an interest-bearing account to create a capital fund for the future operations of CAAS. In the latter three years of the project, at least a portion of the fees collected will be used to finance the operations of the CAAS on a gradually increasing basis.

A major objective of this grant will be to establish the CAAS to provide the bulk of the business advisory services provided by DEMATT to established entrepreneurs and businessmen on a cost-reimbursable basis. Plans will be developed for launching the CAAS in the first two years of the project. It is intended that years 3 and 4 will be used to test CAAS operations at the end of which, the effort will be evaluated and modifications made as needed for the final year's operation under project sponsorship.

4. Recruit, hire and train new business advisors and area supervisors.

5. Conduct program orientation seminars for local MCP officials and business owners in new areas to introduce DEMATT program and staff.

6. Deploy DEMATT staff in new areas.

7. Conduct regular in-service training for all field staff, including Business Promotion Officers assigned to work with the Rural Growth Centers.

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8. Assist other Malawian development efforts requiring BAS inputs.

9. Prepare semiannual reports on progress, status and project effectiveness.

B. Creditworthiness Scheme (CWS)

CWS and BAS will integrate their efforts so as to expand the viable credit base of the small business community. Anticipated credit sources for this project include:

- National Bank of Malawi,
- Commercial Bank of Malawi,
- MUSCO,
- Malawi Small Scale Enterprises Development Programme,
- Wholesalers and suppliers
- Manufacturers,
- Distributors, and
- Identified alternative loan and credit sources.

Although granting credit is subject to the policies and legal constraints of each credit and loan institution, CWS assistance in prescreening and processing applications will reduce the institution's risk and costs. This reduction in costs will hopefully expand access to credit and loan sources.

CWS, in its implementation, will utilize the following criteria in working with its clients:

- First-time credit/loan applications will be limited to 50 percent of the potential borrowing business' liquid assets. The credit application will be assessed through use of cash flow projections, of debt servicing capability and potential earnings.
- With subsequent credit/loan applications, higher limits will be considered. After a minimum of three successful loan experiences, the applicant will be considered creditworthy and will be allowed to apply for loans/credit without DEMATT assistance.
- DEMATT will work with loan and credit institutions to jointly develop a policy for handling defaults and will cooperate whenever necessary to resolve such situations in an equitable manner.
- Nominal charges will be collected for CWS services, and these will be allocated to DEMATT's general account for later use as CAAS venture capital. (Fees will be small with the intent of encouraging responsibility in loan and credit application procedures.)

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Cooperation between DEMATT and several of the local financial institutions is excellent. Through CWS, in recent months DEMATT has secured five client loans ranging from MK40,000 to MK2,500. In addition, two of the major financial institutions have adopted a policy of not making loans to local businesses unless they have participated in CWS activities. These institutions are INDEBANK and the National Bank of Malawi. During Phase II, DEMATT will begin exploring with local financial institutions the assessment of a fee for its CWS activities.

Implementation plans include:

1. Introduce CWS to all areas covered by BAS and later by MAS after it has been fully tested and found feasible.

2. Train area supervisors in CWS delivery system.

3. Meet with financial institutions to introduce CWS and develop policies for handling defaults.

4. Increase the number of CWS beneficiaries from the original 40 anticipated by the end of the Pilot Phase, to an additional 10 percent total of the active clients during Phase II.

5. Prepare semiannual reports on progress, status and project effectiveness.

6. Review methodology utilized on a quarterly basis to insure maximum effectiveness and compatability with creditor policies.

C. Mobile Advisory Service (MAS)

In its initial, limited phase, MAS will operate only in selected market areas chosen after extensive feasibility studies have been completed. MAS is designed to supplement the BAS project and will focus on the following two populations:

- Business owners and operators operating from small trading centers located in remote rural areas, and

- High-response BAS clients whose management skills have progressed to a point where regular involvement in BAS is no longer required. MAS will provide these clients with follow-on advisory services to further refine their business skills.

In general, services offered through MAS will be the same as those in the BAS project, the only difference being in type of service delivery and not content.

Testing and evaluation of the limited MAS project will take place during Year 1 of the second phase. During that time DEMATT's services as described herein will be provided to clients in remote rural locations utilizing the delivery services of the MAS. If resulting from the period in which MAS is tested, the project, if proven feasible, will be offered to clients on

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an ongoing basis beginning early in Year II. If, however, feasibility of the project is not indicated, those funds earmarked for this project will be used to hire additional staff and to expand DEMATT in accordance with its traditional delivery system.

In testing the project's feasibility the following optional methods of delivery will be employed for later objective comparison as to effectiveness:

- Traditional System - DEMATT will conduct a thorough examination of those rural areas to receive services by MAS to insure that potential clients so located cannot be efficiently reached through its traditional delivery system. Limited tests involving the already-set delivery system will be employed, and the accumulated data generated will be used subsequently on a comparative basis when making the final feasibility determination.

- Motorcycles - The second delivery system employed in the feasibility test will utilize motorcycles. Strategically located business advisors, traveling on motorcycles, will provide services to clients in remote rural areas. Again, as in number 1 above, data will be developed for later comparative determinations.

- Vehicles - In the third option, four-wheel vehicles will be used in the delivery of services. Again, data developed will be considered in the final feasibility decision upon conclusion of Year I.

The specific criteria utilized in judging the economic feasibility of the above options will be the following:

- Cost of vehicle maintenance,
- Petrol requirements,
- Manpower utilized and associated costs,
- Extent of supervisory time involved,
- Number of clients reached and services provided,
- Quality of services delivered based on degree of client(s') improvement in business operations, and
- Overall acceptance by clients as a delivery system.

Project implementation in the feasibility phase will include the following:

1. A survey of Malawi's trading centers will be undertaken to choose the geographical location of the feasibility test. Included also will be the number of potential clients which could be serviced, the number of potential client customers and the existing road networks.

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2. A review of data already accumulated from BAS and CEW to refine project content as required.

3. Finalize projects' training content based on above.

4. Recruit and train staff (where possible, present DEMATT staff will be utilized).

5. Deploy staff for one-year period, reviewing results on a monthly basis. (After a region has been selected for the test it will be initiated using the optional delivery systems specified above. Personnel involved will report to DEMATT's Regional Manager in the selected area. After one year, accumulated data will be analyzed and an effective method of MAS delivery will be shaped and implemented nationwide.)

6. Each business owner/operation in the selected area will be invited to participate upon an agreed and fixed schedule.

7. Results will be finally reviewed and evaluated at the end of Year I and a decision made as to continuance and the method of delivery or to discontinue the effort.

8. If proven feasible and applied to the country's other two regions, MAS staff subsequently will be reassigned to CAAS activities at the end of Year V.

As stated earlier, where possible and feasible, existing staff will be reassigned to MAS activities so that prior training and experience can be utilized. Some supplementary training will be planned so as to accomplish a reorientation in such areas as job organization and planning, skill transferrence, use of training aids, etc.

D. Identification of Alternative Funding Sources

Identification of Alternative Funding Sources and Specialized Economic Development are two of the new major DEMATT programmatic elements. As their results can have profound impact upon the direction of Malawi's private sector, major staff time will be allocated to their development. BAS, CWS, MAS and CAAS are focused upon improving the small business owner's ability to compete successfully. The identification of alternative funding sources and specialized economic development will improve the business operator's capability, widen the business' potential areas of operation and further strengthen the nation's economy. As a result, if DEMATT's program efforts are to have optimal benefit, emphasis must be on an integrated approach in their application.

Major focus in this project will begin in Year 1 on the location of possible funding sources to be used in the institutionalization phase when CAAS becomes fully operational. In order to identify and obtain funds for business development and expansion will require at a minimum detailed and thorough discussions with and input from each of the country's existing financial institutions. Cooperation will be needed as well from Malawi's donor community. The following implementation steps will be utilized:

1. During the first quarter of Phase II and before, PfP Technical Assistance staff will begin to identify possible alternative funding sources both for local businesses and for CAAS.

2. Discussion relative to possible sources will be held with DEMATT management staff.

3. Contacts and discussions will be held with alternative funding sources agreed upon.

4. After funding has been located, loan procedures will be agreed upon and put into place. (See Appendix A: Sample Loan Procedures.)

5. Utilizing CWS staff inputs, the loan program will begin.

E. Specialized Economic Development

As stated above, an integrated approach is to be utilized in each of DEMATT's projects. This project will require staff inputs from each of the program's project elements. Ideas, new businesses to be initiated, identification of potential entreprensurs, feasibility studies and profitability analyses will require the entire staff to function in tandem for the project to be effectively mounted. As proven feasible, the following implementation sequence will be adhered to:

1. PfP Technical Assistance staff will meet with DEMATT management staff and discuss and agree upon a recommended implementation plan.

2. To achieve a coordinated approach, meetings then will be held with appropriate ministries to seek their cooperation.

3. Hold discussions with representatives of donor agencies for information exchange, full discussions of the project, identification of possible areas of joint programming, etc.

4. Meet with each of DEMATT's staff to explain project and request needed assistance during implementation.

5. Identify projects, existing businesses where expansion and/or purchase is feasible, etc.

6. Match potential entrepreneurs with identified business opportunities.

7. Assist in feasibility and/or profitability analyses.

8. Identify loan sources as required.

9. Provide management assistance through BAS, MAS and CWS.

10. Provide follow-on consultation and business assistance services.

F. DEMATT Program of National Acceptance and Understanding

This project has been discussed in Section V-F along with potential program activities to gain its achievement. However, for the project to be effective all components of DEMATT must be involved in its application from Board of Directors to field staff to office employees. Extensive discussions must therefore take place so that there is a broad concensus as to both the project's philosophy and implementation steps. To achieve this the following project implemetnation sequence is envisioned:

1. PfP Technical Assistance staff will, in conjunction with DEMATT management staff, agree upon a plan for the project's implementation.

2. The plan will be discussed with DEMATT's Board of Directors to obtain agreement and involvement.

3. The Board-approved plan will be disseminated to all DEMATT field and office staff and a full discussion will be held so as to achieve consensus.

4. Staff assignments for various project elements will be made and the project will be initiated.

G. Commercial Accounting and Advisory Service (CAAS)

Through implementation of its program DEMATT does not intend,or indeed have the capability of, making professional bookkeepers or accountants of its clients. The goal is to develop businessmen/women who can both profitably manage their businesses and simultaneously have a positive impact upon the communities they serve. It becomes extremely important, therefore, that DEMATT create an ongoing permanent institution to provide needed services to rural businesses at the end of Phase II on a reasonable-fee basis. Those services offered by CAAS would be the following: auditing, accounting, business consultation and identification of funding sources.

The type of services provided through CAAS have not been available to small, rural businesses in the past. Existing professional accounting firms have limited their services to major, more prosperous businesses, and their fees outstrip the financial capability of DEMATT's clients. With Malawi experiencing a lack of diversified and adequately trained manpower, it will be some years before a large enough pool of trained accountants exists. The need for CAAS is therefore both timely and apparent.

The experience, exposure and training received by DEMATT staff in the conduct of BAS, CWS and MAS will have provided them with the capability to effectively implement CAAS. Thus, through association with this self-supporting institution, the service needs of the rural business community can be met and a positive contribution to the nation can continue.

Initial financial support for establishing and testing CAAS will begin with Phase II. However, the fee schedule incorporated into the CAAS design will provide the nucleus for financial self-support. Therefore, funds

generated from the project during Phase II will be set aside for use as venture capital when CAAS is introduced on a limited basis in Year III. To insure that sufficient venture funds exist for CAAS' initial operating needs, during implementation of the identification of alternative funding sources project, efforts will be made to identify funding sources for CAAS as well.

CAAS will require in-depth study to determine its feasibility and methodology. However, it is anticipated that CAAS can offer the following services to rural businesses:

- Full accounting services, including income tax preparation and auditing,
- Financial evaluation and reports to clients on business accounting procedures,
- Periodic meetings with clients to assess their business' financial status,
- Assistance in loan and credit applications,
- Assistance in budget forecasting and planning for proposed business expansion,
- Small-scale business management training, and
- Feasibility studies and profitability analyses for business expansion and start-up.

We anticipate the following implementation steps in this project:

1. Evaluate legal requirements for the establishment of a commercial accounting and advisory firm and begin the formative actions indicated: Year I.
2. Perform market survey to determine market potential, specific services to be offered and establish fee schedule, etc.: Year II.
3. Develop operational plan: Years I and II.
4. Evaluate all accumulated data and make decision as to project's feasibility: Year II.
5. Begin staff training with qualified personnel selected from BAS and MAS: Year II.
6. Begin limited project test with experienced clients: Year III.
7. Conduct further, more extensive field tests: Year IV.
8. Develop full operational and marketing plans: Year V.

9. Begin training of all field personnel to be involved in full CAAS operational activities: Year V.

10. Phase in CAAS activities so as to have service fully operational by the end of Year V.

Funds generated from fee assessments during CAAS will be phased into use beginning in Year III.

VII. PROJECTED RESULTS FROM INTEGRATED PROJECTS

A. The following results are anticipated by the end of Year V.

1. A significant increase in the number of small business owners assisted by the total DEMATT program.

2. Small-scale entrepreneurs will gain further awareness as to how their businesses contribute to the nation's distribution of goods and services and its impact on local communities.

3. A more reliable and diversified supply of goods and services to meet local consumer needs/demands.

4. Increased income production and employment opportunities for rural inhabitants.

5. Improved credit/loan flow to nation's small- to medium-scale enterprises, enabling business expansion and growth.

6. Increased economic stability through better utilization of existing capital.

7. Increased number of stable and profitable businesses contributing to the nation's economic growth.

8. Expanded capacity for diversification in export items.

9. Greater economic security.

10. Increased tax contribution.

11. Reduced costs and risks to financial institutions in loan issuance, thereby stimulating flow of capital to rural areas.

12. Creation of a permanent professional organization to provide needed professional services to rural enterprises.

B. Project Justification

This section addresses the following areas of concern:

- Economic impact,
- Socio-cultural impact, and
- Impact on women.

1. Economic Impact

Major intended beneficiaries of this project are the small producers and entrepreneurs located in Malawi's rural areas. DEMATT targets a goal of working with an estimated 5,000 small- to medium-scale businesses during Phase II and assisting them in improving their profitability and the quality of their social contribution to the communities they serve. An additional goal is to increase the number of trained entrepreneurs, thereby increasing both the nation's employment and tax bases.

Another aspect of the project is its ability to provide secondary economic and social spin-offs. DEMATT assistance in solving entrepreneurs' transportation and inventory supply problems can mean further access by villagers to consumer commodities such as sugar, soap, beverages, salt, etc., and mechanical needs such as grease and oil for village millers.

Global elements of DEMATT's economic impact are described in the following paragraphs:

- Through the improvement of small-scale entrepreneurs' business management skills and capital resources a more effective system of goods distribution and services to rural consumers will be achieved.

- Through the expansion of small-scale, labor-intensive businesses, employment opportunities will be generated for those who are otherwise excluded from job opportunities.

- The flow of capital and credit will be accelerated through expansion of investment opportunities within rural areas.

- Individual families, local communities and the national economy will benefit from increased incomes generated through expanded business enterprises.

A discussion of early data accumulated by DEMATT during its Pilot Phase further places the program's economic impact into perspective:

a. Client Count - The number of clients who currently receive or have received DEMATT services.

Client	Retail	Service	Small-scale Producers
262	65%	14%	21%

Average client per business advisor: 18.7

b. Employment Generation - Net number of jobs added during nine-month period: 39.

The statistics from number of jobs added by clients were incorporated late in the Pilot Phase. However, despite this lateness, there are enough data to indicate that business growth does have a positive impact on local employment. It is apparent that a 'head count' of numbers of employees does not provide a complete analysis. Such methodology does not define the viability of the employment in respect to a comparative wage figure. Also, it does not take into account the substantial part-time employment offered for such tasks as loading and unloading trucks, periodic janitorial work and other unskilled labor tasks. A number of such laborers work at a number of shops to the extent that the total gain would be equivalent to full-time employment.

c. Net Worth - The aggregate of fixed and liquid assets.

DEMATT does not apply strict accounting principles, e.g., fixed assets are not depreciated. This method provides growth data that can more accurately measure the impact that DEMATT inputs are having on the business community.

Average of Clients for a Six-month Period

At Start	Current	Growth	Improvement
MK2,655	MK3,778	MK1,123	30%

- Net worth range: High - MK21,710; Low - MK110.
- 35% of clients above average, and 65% of clients below average.

Because of the wide variances in net worth figures, the averages are best used to determine growth trends. These trends can be compared to other communities and against national growth figures. The accumulation of assets would indicate that the community is becoming more economically dependent.

d. Gross Sales - Measures entrepreneurs' growth in sales

Average Client Sales Per Month for a Six-month Period

At Start	Current	Growth	Improvement
MK560	MK796	MK236	30%

- Gross sales range: High - MK4,253; Low - MK15.
- 24% of clients above average and 76% of clients below average.

Early data indicate that there is an increase in sales activity. However, long-term plotting will be the only way to separate seasonal fluctuations from real growth. Increases in sales show that the consumer is deploying more of their disposible income locally, which strengthens the local economy. The consumer has to travel less to find needed commodities, which in turn is a savings that can further improve local economic stability. The Pilot Phase has shown that DEMATT clients develop a greater awareness for selecting merchandise that is both wanted and needed by the customer. Most of

the goods purchased in the rural areas are essential commodities produced in Malawi; this has a multiplier effect on the national economy, inclusive of employment. Data trends indicate that when the gross sales benchmarks are established, the small business community will double and in some areas triple gross sales over the five-year period of Phase II.

e. Reinvested Profits - Is the first measure of the use of business profits.

Average Per Month Per Business

Current: MK272 (Statistics not available to compute growth)

- Reinvestment profit range: High - MK2,444; Low - MK14.
- 31% of clients above average and 69% below average.

The larger portion of profits is being reinvested back into the business. Of this share a greater percentage is invested in additional stocks and raw materials. Increased inventories will result in less commodity shortages and a wider selection of goods for sale as well as less travel for the consumer to purchase needed items. The other major distribution of reinvested profits is for business expansion. This is usually for enlarging or improving existing premises, constructing new premises or for new capital equipment. Most of the money used in expansion will purchase local building materials and to hire local tradesmen, i.e., brickmakers, masons, carpenters, etc. Reinvested profits have the greater economic growth impact upon both the local economy and throughout the distribution network.

f. Drawings on Profits - Is the second measure of the use of business profits.

Average Per Month Per Business

Current: MK37 (Statistics not available to compute % change)

- Withdrawal range: High - MK263; Low - MK6.
- 41% of clients above average, and 59½% below average.

Drawings are the earnings that the business owner receives from the business for his/her labor and investments made into the business. These earnings are used for the financial support of the immediate family and, in some cases, for the support of the extended family. The greater percentage of drawings will be from business inventory for food, clothing or other domestic needs. What is not available from the business will be purchased from fellow business persons. Other money will go to school fees, home improvements or building new homes and for farm inputs (the majority of business persons have subsistence farms). The data from drawings are also designed to calculate the money that is donated to self-help projects and other community activities.

An additional major economic benefit accruing from this project is the potential increase in net worth of DEMATT's program participants. A survey of clients in the Pilot Phase indicated an average net worth increase,

after program participation, of 42 percent, or MK1,123. By projecting this experience to Phase II activities, a conservative net worth improvement through program participation appears as indicated below.

Projected Phase II Clients	5,000
Multiplied by MK 1,123	MK 5,615,000
Multiplied by Dollar Conversion of MK1.00 = $1.18	$6,625,700

2. Sociocultural Impact

Phase I DEMATT experience, verified through evaluation, has established that its program has had no adverse effects on cultural traditions. Program activities operate within accepted beliefs and encourage the assimilation of new technology compatible with cultural mores. To further insure continuation of the above achievement, DEMATT staff will be completely Malawianized with the exception of two American Technical Advisors who will be phased out at the end of Year V[illegible] The program also is supported, at the present time, by one American Peace Corps Volunteer who is working with small-scale producers to assist them in improving their fabrication techniques.

In further support of DEMATT's neutral sociocultural impact, DEMATT's activities:

- Encourage the extended family through careful, family-oriented business management,
- Develop increased capability in business management skills and self-reliant decision making, and
- Stimulate an awareness of the impact of small business on the community and the country's development priorities.

3. Impact of Women

Phase I experience indicates that women are in the minority among the program's direct beneficiaries. They in general are not owners of small-scale businesses. Women (wives, daughters, relatives) do, however, play important roles in the day-to-day operations of businesses. DEMATT policy is therefore to encourage male owners to include their wives and other female family members in training programs to improve business management skills and decision-making abilities. Experience has indicated that when both husband and wife parti[illegible]e in training, the trust bond between them is strengthened, allo[illegible]ing for gre[illegible] family participation in business education.

As consumers, women are responsible for the bulk of purchases made from small-scale entrepreneurs. DEMATT's projects transfer skills in improving customer relations and support the family budgeting programs dispensed by "Farm Home Instructoresses" and Community Development Workers, who currently operate in the nation's rural areas.

VIII. INTERNATIONAL TECHNICAL ASSISTANCE

1. In-country Technical Assistance Advisors

During Phase II, PfP will provide two in-country advisors:

- Senior Advisor and
- Technical Advisor (Training).

Although all management and training responsibilities are vested with the General Manager, ongoing technical assistance will be provided to him by the Senior Advisor in all program elements. The Technical Advisor will relate in a counterpart manner to DEMATT's Training Director and will assist and advise him/her in all program trainings activities, evaluations, etc. PfP Technical Assistance staff initially will take the lead in developing those new projects described in this proposal and will do so utilizing inputs from the General Manager. As soon as is practical after these projects are ready to go on-line and become operational, they will be turned over to the General Manager for implementation. At that time PfP advisors will assume a supportive, technical assistance posture. (For specific responsibilities of PfP's Technical Assistance staff see Appendix A: Job Descriptions.)

2. U.S.-based Technical Assistance

During Phase II, PfP's in-country advisors will be supported by PfP technical staff located in its Washington, D.C. headquarters. Technical staff will visit Malawi annually to review program progress and assist in the preparation of semiannual and/or annual reports. These technical advisors will provide support from the U.S. on an ongoing basis and in-country during their visits. This staff also will participate in scheduled external evaluations.

3. International Coordination

Through its affiliation with PfP, DEMATT staff will benefit from information exchange concerning PfP's other related programs in Africa Latin America and the Caribbean. At these scheduled international conferences attendees discuss problems, achievements, new ideas and trends relating to small-scale businesses. International development donor agency representatives also attend, allowing for identification of new program ideas, funding sources, etc.

IX. EVALUATION, MONITORING AND REPORTING

Regular assessment and evaluation of the project will include both qualitative and quantitative measurements. Periodic progress assessments will be based on the following (see Appendix F for reporting/evaluation requirements):

1. A semiannual report on progress achieved in terms of clients reached and staff trained based on the benchmarks determined in the implementation schedule.

2. A semiannual report on progress made in terms of the clients' ability to meet their stated business objectives.

3. For CWS, an analysis of clients reached and credit available through the program. For CAAS, especially in its feasibility stage, particular emphasis will be placed on cost-effectiveness, number of additional clients serviced, staff time utilized, results achieved, improvement in profitability, etc.

4. Quantitative assessment of the program involving changes in the level of gross sales, net profit, net worth, owner withdrawals, the rate of profit reinvestment and business failure.

It is recognized that the above variables may be affected by such factors as success of the harvest and degree of regularity in commodity supply and overall economic performance in the country. Nevertheless, it is expected, given the state of the local economy, that key quantitative indicators would be more favorable for assisted businesses, as opposed to nonassisted businesses.

5. A general report every six months as to DEMATT's collaboration with other programs and achievements in the larger business and social communities.

6. Evaluations of the project will take place on an annual basis -- during the five-year life of the project, as follows:

- Year I - Internal
- Year II - External
- Year III - Internal
- Year IV - Internal
- Year V - External

Internal evaluations will be accomplished by DEMATT staff and PfP/I Technical Advisors. Composition of external evaluation teams will be agreed upon by the GOM, USAID and PfP/I.

As an integral part of each of the evaluations, attention will be paid to the following among other categories:

1. Numbers, types and geographical location of entrepreneurs trained.

2. Measures of progress will include relative improvement in clients':

- Employment-generating capability,
- Net worth,
- Gross sales,
- Reinvested profits, and
- Drawings.

3. Effectiveness of MAS and CWS.

4. Relation with business, donor and social communities.

5. DEMATT's internal relationship between the Board of Directors and staff.

The major focus of the fourth- and fifth-year evaluations will be on CAAS activities and DEMATT's effort to become self-supporting. Major attention will be placed, if required, on spinning-off those services which cannot be self-supporting to other agencies receiving public support.

Program adjustments and changes will be made after each of the five evaluations if they are required to improve effectiveness.

X. INSTITUTIONALIZATION

Crucial to the effectiveness of Phase II is the successful establishment of the program as a permanent, ongoing, self-sustaining entity to be known as the Commercial Accounting and Advisory Service. During the entirety of Phase II, with particular attention in the latter program years, plans for creation of CAAS will be accomplished. The successful accomplishment of institutionalization involves, among other requirements, the following:

1. Feasibility Study

During Phase II an extensive feasibility study will be launched to determine the viability of CAAS as a permanent, self-sustaining body. Emphasis will be placed on determining the extent of need, potential numbers of clients, their geographical location and types of services required. During institutionalization the above data will place CAAS on a sound programmatic footing.

2. Fee Schedule

Included in the above studies also will be a determination made as to the Kwacha value which the market will be willing to pay for services rendered by CAAS. As the charging of fees by Dematt is understood and accepted, when CAAS is phased in continuation of fees will cause no problem.

3. Publicity

During Phase II the DEMATT program of National Acceptance and Understanding will be implemented. Great attention will be placed in this project on publicizing DEMATT, its services and objectives. Attention also will be given to its institutionalization phase as CAAS. Resulting from this project, CAAS, once it is phased in, will have community understanding and support. This will pave the way for CAAS' introduction, as well as be client-generating.

4. Additional Funding

During the implementation of the Phase II project, and identification of alternative funding sources, efforts also will be made to identify possible funding sources for CAAS. Conversations with international financial agency personnel have indicated CAAS as a development project might be favorably considered by the World Bank, and this will be pursued through appropriate channels.

5. Staff Reduction

DEMATT realizes and is prepared, should total funds not be available when CAAS is phased in, that staff reductions may be required. Such steps, of

course, will result in less CAAS operating funds being required and will ease the introduction process.

6. Mobile Advisory Service

This Phase II project will open new client markets for both DEMATT and CAAS and thus be of great assistance in institutionalization. New markets developed by this project will be fee-generating, thus providing CAAS with a larger financial base.

7. Integration

The entirety of Phase II activities will be integrated with other existing development programs in Malawi. These sponsoring donors and development agencies thereby will be cognizant of CAAS and able to be of assistance during its institutionalization.

8. GOM Subvention

In its institutionalization, CAAS will be providing valuable services in terms of developing Malawi's rural areas. During Phase II discussions will be held with appropriate GOM officials to determine the feasibility of it continuing its subvention, albeit at a lower level.

9. Fund Raising

An additional source of financial support for CAAS activities possibly can be generated from Malawi's private sector. Discussions with appropriate businesses and financial institutions will take place concerning this during Phase II.

Utilizing the above considerations, PfP is confident that adequate operational funds for CAAS can be generated.

XI. FINANCIAL PLAN

The funding for the Pilot Phase came from four sources: The GOM, Malawi private sector, Private Agencies Collaborating Together (PACT) and PfP AID Matching Grant funds. The trust also received substantial in-kind contributions from the GOM and the private sector.

During the period December 1979 to March 1982, the trust received a total income of $365,912. This was received from the following donors in the indicated amounts:

Government of Malawi	$171,462
Malawi private sector	103,928
PACT	64,805
PfP AID Matching Grant	25,717
TOTAL:	$365,912

The Pilot Phase has provided the opportunity to establish a complete financial accounting and reporting system that is in keeping with the laws under which the trust was formed.

The internationally registered auditing firm of Peat, Marwick and Mitchell has been appointed trust auditor, and the firm audited the trust books at the end of Fiscal Years 1979-80, 1980-81, and 1981-82.

Funds from the second phase will be from USAID and the GOM. Attached is PfP's estimated budget for Phase II, Implementation of the Development of Malawian Traders Trust, consisting of the following:

- Budget Summary,
- Non-USAID contributions, and
- CAAS funding report.

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DEVELOPMENT OF MALAWIAN TRADERS TRUST
PHASE II BUDGET SUMMARY

LINE ITEM	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	TOTAL
USAID						
Technical Assistance	149,532	141,065	159,507	131,217	147,679	729,000
Training	22,000	15,000	19,000	14,000	11,000	81,000
Commodities, Supplies, & Equipment	73,400	159,600	5,000	8,000	--	246,000
Other Direct Costs	30,000	42,000	35,000	37,000	30,000	174,000
Financial Support for DEMATT	250,000	225,000	200,000	135,000	90,000	900,000
SUB-TOTAL	524,932	582,665	418,507	352,217	278,679	2,130,000
OVERHEAD @ 24.2%	127,033	141,005	101,279	78,702	67,440	515,459
CONTINGENCY @ 6.5% OF OPERATING COSTS	45,144	50,109	35,991	27,969	23,328	182,541
SUB-TOTAL	697,109	773,779	555,777	431,888	369,447	2,828,000
OTHER CONTRIBUTIONS						
GOM						
Financial Support to DEMATT	100,000	104,000	104,160	104,166	104,167	516,493
CAAS (Fees, etc.)						
Financial Support to DEMATT	--	--	41,840	95,834	145,833	283,507
PFP/INTERNATIONAL						
Pre-Contract Costs & Evaluations	4,000	4,000	4,000	4,000	4,000	20,000
SUB-TOTAL	104,000	108,000	150,000	204,000	254,000	820,000
GRAND TOTAL (All Sources)	801,109	881,779	705,777	635,888	623,447	3,648,000

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NON-USAID CONTRIBUTIONS TO DEMATT PHASE II PROGRAM (YEARS 1-5)

A. GOM Contributions*	
1. PfP Staff Houses @ $24,000 Per Annum	120,000
2. In-country Medical Coverage For PfP/I TA Staff 2 @ $1,008 Per Annum X 5	5,040
3. Annual Subvention $100,000 plus .04% Per Annum	516,493
B. CAAS Contribution From Fees And Other Sources (5 Year Program)	283,507
C. Partnership for Productivity/International	
Pre-contract Costs And Evaluations	20,000
GRAND TOTAL	945,140

*Bridging funds were provided to DEMATT by the GOM, totalling $161,000 in 1982-83

DEMATT/CAAS OPERATIONAL COSTS AND FUNDING SOURCES FOR PHASE II AND CAAS OUT-YEARS

	PRESENT	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	OUT-YEARS
OPERATIONAL COSTS							
	161,000	350,000	350,000	350,000	350,000	350,000	250,000
FUNDING SOURCES							
USAID	--	250,000	250,000	200,000	150,000	100,000	--
GOM	161,000	100,000	104,000	104,160	104,166	104,167	75,000
CAAS & OTHERS	--	--	--	41,840	95,834	145,833	175,000
TOTAL	161,000	350,000	354,000	346,000	350,000	350,000	250,000

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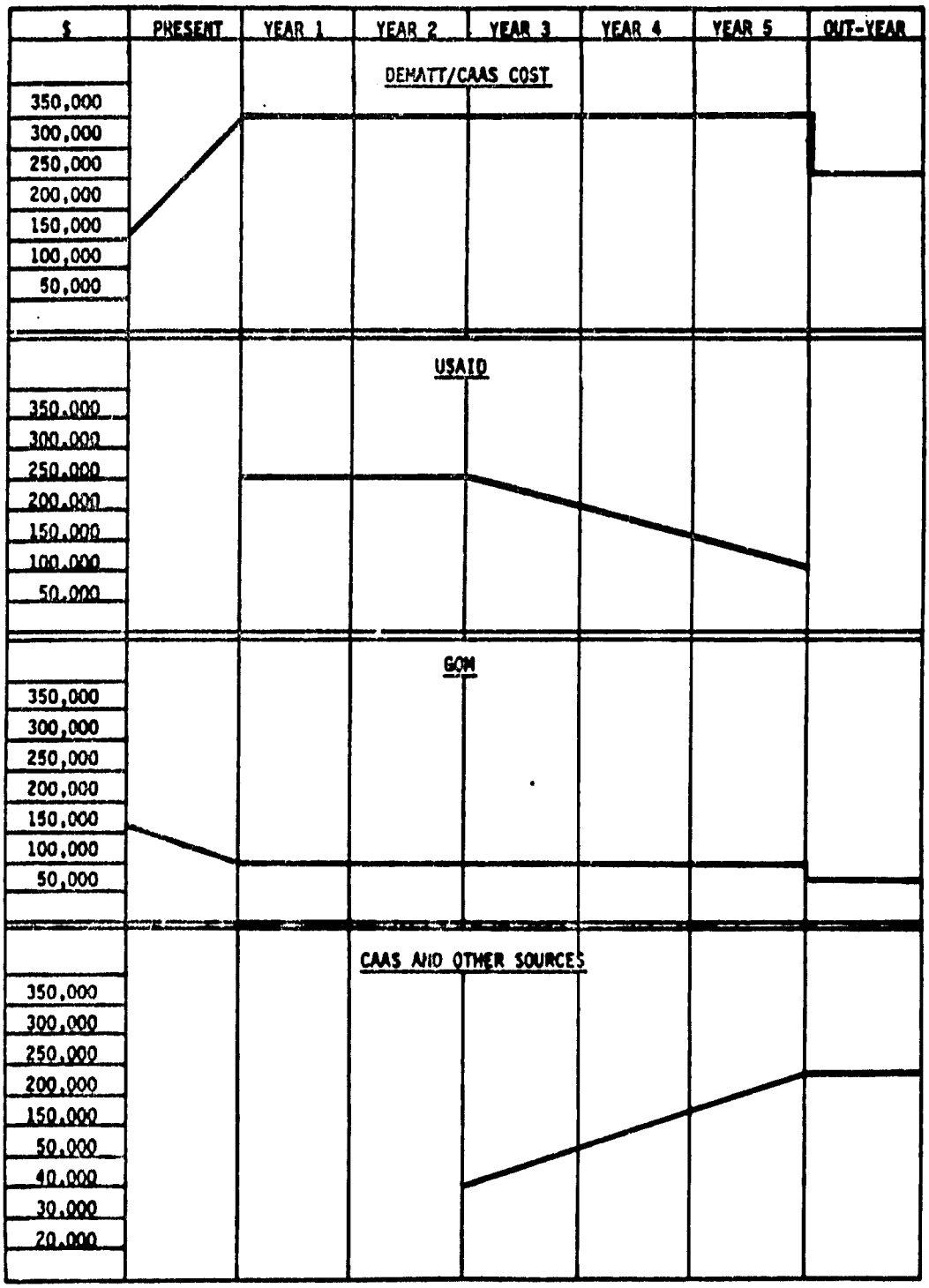
OPERATIONAL COST AND FUNDING SOURCES



XII. PfP CORPORATE CAPABILITY STATEMENT

XII. CORPORATE CAPABILITY STATEMENT

Partnership for Productivity/International is a non-profit organization founded in 1969 by David Scull, a U.S. businessman. Its policies are established by a Board of Directors located in the United States. In Kenya, Liberia, Botswana and Malawi projects undertaken by PfP/I are governed by local Boards of Directors comprised of local leadership. Thus, some projects are directly implemented by PfP/I, while others are governed by a local PfP affiliate. In the latter case, PfP/I maintains close contact, supplies technical assistance and may have representation on the local Board.

The Board of Directors of PfP/I meets quarterly to assure coordinated attention to policy guidance, fiscal management and overall operations. Local Boards provide the same guidance to individual programs and interface with the PfP/I Board. PfP/I operations are the responsibility of the President who is also the Chief Executive Officer. The organization maintains a core staff based in Washington and abroad. Core staff, part-time consulting associates and local hires include over 150 persons, approximately 80% of whom are non-U.S. nationals.

The core staff includes individuals with professional experience in business, government, academic and private organizations. Staff capabilities include management and systems analysis, small business, information systems, agricultural and development economics, accounting, financial analysis, international law and monetary policy, computer sciences, sociology, anthropology, cross-cultural communications, program administration, futures research and training. All professional staff have resident field experience in developing countries with organizations such as USAID, UNDP, Peace Corps, Ford Foundation, and various consulting firms and private organizations.

Financial support for PfP/I operations comes from a variety of sources. Principle means of support has been through the financing of field projects by such donors as USAID, World Bank, Rockefeller Brothers Fund, PACT, the Pan American Development Foundation, IBM Corporation, Ford Foundation, Swedish International Development Agency, Chase Manhattan Bank, IAF, Control Data Corporation, and various government entities in Kenya, Liberia, Malawi, Botswana, Dominica, Honduras and Upper Volta. Financial operations are centrally controlled in the PfP/I Washington office. The organization conducts its own annual audit, is independently audited by Arthur Anderson and Company and is also regularly audited by donors such as USAID.

Over the last three years PfP/I has experienced a steady growth in the magnitude of its financial resources. This growth is directly attributable to the expansion of the number of projects and technical assistance contracts which it has undertaken.

The annual budget in 1979 totaled $579,830 inclusive of projects in Kenya (23%), Botswana (10%), Liberia (7%), Upper Volta (28%), and Malawi (3%), contracts comprising 2% of the budget and General and Administrative costs amounting to 27%.

The total annual budget in FY 1980 was $628,474. This figure is

inclusive of projects in Kenya (19%), Botswana (3%), Liberia (10%), Upper Volta (13%), Malawi (6%), Dominica (1%), Haiti (4%), the PISCES contract (6%), the first Matching Grant (15%), and General and Administrative costs (23%).

The 1981 annual budget increased by 104% to a total of $1,280,854. Included in this are projects in Botswana (2%), Liberia (43%), Upper Volta (8%), Malawi (7%), Dominica (3%), Haiti (2%), the PISCES contract (2%), Matching Grant funds (16%), additional activities in Honduras (1%), and General and Administrative Costs (16%).

These figures do not include funds that go directly to PfP branch programs in the field. Such figures would add considerably to the total budget.

PfP/I areas of experience fall under two broad categories:

1. Direct Project Implementation.

PfP/I designs, secures financing for and implements projects which are staffed and financially monitored by the Washington office.

2. Technical Assistance

Affiliate organizations such as PfP/Kenya finance and implement projects approved by their Board of Directors. PfP/I offers technical assistance, management inputs and other resources as requested and contracted for by these semi-independent organizations.

PfP/I is increasingly involved in technical assistance to other organizations, USAID missions and host country governments. Assistance in training, project design, feasibility studies, sectoral assessment and evaluations are undertaken on a contract basis. A brief list of PfP/I projects follows.

1. PFP/KENYA: SSE SECTORAL DEVELOPMENT AND INTEGRATED RURAL DEVELOPMENT PROJECT (agriculture, small business and credit).

Implementation of strategies designed to enhance the effectiveness of small scale enterprise nationwide and integrate this sector with broader economic activities of rural Kenya. The project includes components on agriculture, appropriate technology, small business extension, provision of loans and training in the use of credit, advisory services to banks and other credit institutions to improve coverage to small enterprise, planning and needs assessments for rural markets, vocational training and technical assistance to small scale producers and retailers, assistance to cooperative enterprises, SSE marketing and product development

advisement and legal aspects of SSE devlopment.

2. PFP/LIBERIA: MULTI-NATIONAL JOINT VENTURE INTERMEDIATION (agriculture, small business and credit)

Assistance as a development intermediary providing extensive development planning and management in conjunction with the Government of Liberia and the Liberian-American Mining Corporation (LAMCO). This multi-phased project deals with the opportunities and problems surrounding a large-scale iron ore concessionary activity in northern Liberia. The project focuses on the diffusion of economic opportunity generated by the needs of the mining operation while creating long-term economic viability in the rural area surrounding the mine. The principal vehicle for these objectives is the intensive development of small and medium scale enterprises, technical assistance in agriculture and organization of small farmers into cooperatives, combined with ancillary services such as extension, credit, management training and infrastructural development. PfP/Liberia has assisted in the start-up or advisement of over 50 enterprises and provided extension services and credit mechanisms on a province-wide basis. The program includes components such as: an appropriate technology development and marketing center, demonstration and training farms, low-cost housing center, multi-purpose farmers cooperatives, business start-up services, agricultural development extension services and business training programs. The project is now under review by several multinational firms and host governments to provide a model for similar situations in other countries.

3. MALAWI: SMALL AND MEDIUM SCALE ENTERPRISE DEVELOPMENT AND MANAGEMENT ASSISTANCE (small business training and credit)

Assistance in the development and management of the Development of Malawian Traders Trust, an innovative locally controlled joint effort by government and private interests to rapidly develop the SSE sector of Malawi. The project includes ambitious efforts to implement a national business extension service, the creation and administration of a revolving credit fund specifically aimed at small enterprises usually excluded from standard sources of credit, integration of Malawian commercial banks into credit assistance to the SSE sector and institutionalization of linkages between this sector and major commercial and governmental institutions. The project involves the identification of active and potential enterprises, assessment of key multipliers in SSE development strategy, and evaluation of impacts of

various SSE sectoral programs.

4. BOTSWANA: SSE NATIONAL ASSISTANCE PROGRAM (small business training and credit)

Operations in ten project locales to increase the managerial skills applicable to small enterprise development in Botswana. The project involves extensive training programs for Botswana small enterprise extension agents, integration of the SSE sector with larger, national institutions, and institutionalization of the program with Botswanan agencies.

5. UPPER VOLTA: EASTERN REGION RURAL DEVELOPMENT PROJECT (agriculture, small business and credit)

Implementation of a comprehensive rural development program based on micro level enterprise development, integration of economic linkages in a severely depressed region, and process oriented assistance to subsistence and near-subsistence rural poor. This program is a highly innovative approach to a relatively typical problem faced by developing nations: the absence or extreme restriction of an operational monetized economy within which enterprise development can be catalyzed. The program involves a combination of technical assistance and credit applied to farmers and business persons within the context of a subsistence economic framework. PfP/Upper Volta is providing management of both SSE sectoral development strategies and broad-based rural development efforts.

6. HAITI: URBAN SSE SECTORAL DEVELOPMENT PROJECT (credit and business management)

Assistance to the Haitian Development Foundation as a subcontractor to the Pan American Development Foundation. PfP/I provides needs assessment, training, training material development, recruitment and evaluation to an indigenously sponsored project focusing on the urban poor in Port-au-Prince, Haiti. The project involves credit and technical assistance with PfP/I specifically training business extension agents working in the area.

7. DOMINICA: ECONOMIC RECONSTRUCTION PROJECT (small business, agriculture, fisheries)

Survey analysis, project design and implementation of strategies focusing on the reconstruction of the Dominican economy in the aftermath of Hurricane David. The project involved a comprehensive survey and

evaluation of the impact of this event on the island economy — an economy consisting almost entirely of small scale enterprises and subsistence activities. The project further requires the delineation of recommendations for reconstruction and implementation of basic strategies to enable economic recovery in the SSE sector. PfP provides direct management assistance, organizational assistance in agriculture and fisheries, business skills training for field agents of government ministries, operation of small revolving loan funds, and assistance in coordinating strategic planning among various government ministries. The Dominican project has recently been turned over to the National Development Foundation of Dominica. PfP/I will continue to provide technical assistance.

8. HONDURAS: RURAL TECHNOLOGIES PROJECT (management, small business, organizational training)

PfP/I, in conjunction with the Overseas Education Fund, is developing a training and credit advisory program for the Center for Industrial Development. The project consists of the design and instruction of SSE sector extension agents, assisting in developing a strategy for improvement of the sector and advisement on rural technologies applications.

9. ADDITIONAL SELECTED EXPERIENCE

a. PROGRAM FOR INVESTMENT IN THE SMALL CAPITAL ENTERPRISE SECTOR (PISCES STUDY)

Survey and analysis of small scale business and credit programs in several Asian countries to assess problems and propose new strategies for redirection of current AID assistance in this area. Follow-up assistance to selected AID missions in SSE sector program design.

b. TECHNICAL ASSISTANCE TO SELECTED PRIVATE AGENCIES

PfP/I has provided its technical and managerial expertise on issues relating to small scale enterprise to the following organizations on a contract basis:

— The Panamanian Association of Businessmen (Panama)

— Transcentury (Morocco)

— Save the Children (Lebanon, Upper Volta)

— National Christian Council of Kenya (Kenya)

PfP/I MANAGEMENT

The PfP/I head office located in Washington, D.C. is structured into three basic divisions:

**Programs

**Operations

**Research and Design

Each division is staffed by a Director, an associate and support staff. Finances are a fourth major activity that work with each division according to need. The Finance Office consists of the Financial Officer, an accountant and the contracted services of Arthur Anderson and Company. The President of PfP/I assumes overall management responsibility of these divisions and for field project operations. The President coordinates the activities of the organization, reviews and approves major activities and is primarily responsible for funding, new program development and PfP/I Board of Directors relations.

1. Programs

The Program Division has basic responsibility for ongoing management of field projects. This staff responds to requests for assistance arising from the field, oversees PfP/I internal evaluation and monitoring activities, works closely with the Finance Office to monitor grants and prepare donor reports, provides technical assistance staffed from either the division itself or through a small cadre of PfP/I "consulting associates", and maintains the historical records relating to field projects. Overall responsibility for program management is located in this division. While staff members in other divisions may have direct "desk management" responsibility for a particular program or phase of activities, it is the Program Division which coordinates this work. (A complete Contract List of PfP/I for the past three years is included in Appendix A)

2. Operations

The Operations Division is responsible for general operations of PfP/I including systems organizational management, ongoing management of the Washington office, marketing and program development, personnel, general administration and planning. The Operations Division

works closely with the President, particularly during the early phase of new program development and in representing the organization on various committees, with donors and foreign governments. The Operations staff manages the personnel-related aspects of ongoing programs including contracts, medical insurance, pension planning and personal requests of U.S. based field staff. Strategic planning for the organization is the general responsibility of Operations. This function involves the entire staff (field and head office) of PfP/I with Operations developing systems and methodologies for planning on an ongoing basis.

3. Research and Design

Research and Design is the newest division within PfP/I. This group was created to meet the pressing need for a system to document, articulate and disseminate PfP/I learning, to establish an ongoing training, evaluation and information system within the organization and to coordinate the overall development of PfP/I methodologies into replicable formats. The Division principally backs up Programs by researching and/or developing information relating to field activities. The staff responds to requests from Programs and directly from the field to supply information on a variety of subjects, and to inform programs of approaches developed elsewhere (both within PfP/I projects and among similar projects sponsored by other organizations). The Division is also developing an extensive computer-based information system, manages interns and volunteers and assists the Program Division in evaluation activities.

4. Financial Office

The Finance Office has responsibility for monitoring, recording and reporting field project and head office financial data. This office supervises grants, compiles donor reports and assists with audits. Finance related primarily to Programs (field expenses) and Operations (head office and general development expenses). This office is currently developing a computer based system for all PfP/I accounts including field projects. The system will greatly improve tracking of complex grants, contracts and other expenses while streamlining internal decision-making and strategic planning.

TRAINING AND TECHNICAL SERVICES

Partnership for Productivity/International has over 30 project years of design, management and training experience in the matching of consultants to small business people and to group/community enterprises in the

Developing Countries. The business consultants PfP has trained have worked in urban areas, low-income para-urban areas, and in rural areas with agricultural producers and processors.

In addition to business consultants of a para-professional nature, PfP has trained program management personnel, trainers, program evaluators and loan and investment officers. PfP is also experienced in working directly with many kinds of entrepreneurs, including retailers, manufacturers, artisans and farmers. We have developed training packages for both literate and non-literate entrepreneurs, including accounting systems, tools for feasibility studies and business planning devices.

The training materials and experiences of all Partnership for Productivity projects and technical assistance contracts are combined in a master training file containing the following major components:

1. CREDIT:

—Lending policies
—Loan application forms and procedures
—How to use credit
—Credit Delivery mechanisms
—Credit fund administration

2. BUSINESS MANAGEMENT:

—Personnel
—Buying, pricing, selling
—Work and time standards
—Basic records and accounting
—Planning for growth
—Inventory

3. ENTERPRISE DEVELOPMENT:

—Research and development
—Feasibility studies
—Business start up

4. AREA ECONOMIC DEVELOPMENT ANALYSIS:

—Economic linkages
—Micro-planning
—Interelationship of local economic activities (economic chain)
—Community and market surveys

5. EXTENSION SERVICES:

—Client files
—Monitoring system
—Adding, dropping and graduating clients
—Portfolio selection
—Use of model enterprises and entrepreneurs

6. DEVELOPMENT PHILOSOPHY:

—What is development?
—Ethical issues
—Technological change in traditional societies
—Changing basic relationships

7. GIVING BUSINESS CONSULTANCY:

—Communications skills
—Motivating clients
—Developing client decision-making
—Taking responsibility for achieving objectives

8. ENTREPRENEURSHIP:

—Developing a service orientation
—Creative risk-taking
—Profiles of successful business persons

9. CULTURE AND COMMUNITY DEVELOPMENT:

—Group dynamics
—Sharing wealth—creating activities
—What is "Community" in the development sense
—Community Development tools
—Community surveys

10. HUMAN POTENTIAL DEVLOPMENT:

—Goal setting
—Character building and personal integrity
—Contextual issues

11. INFORMATION AND COMMUNICATIONS:

—Management information systems
—Micro-computers
—Documentation systems
—Media approaches to information dissemination

12. TRAINING:

—Curriculum plans
—Philosophy
—Forms

APPENDIX A

DEMATT IMPLEMENTATION DOCUMENTS

DEMATT IMPLEMENTATION DOCUMENTS

1. Market Survey
2. First Consulting Session
3. Training Course Outline
4. PfP Approach to Small-scale Enterprise Development
5. Socioeconomic Profile
6. Planning and Reporting Forms
7. Creditworthiness Scheme
8. Sample Loan Procedures
9. PfP Technical Advisors' Job Descriptions
10. Resumes
    - Senior Advisor
    - Technical Advisor (Training)

APPENDIX - A

DEMATT Implementation Documents

1. Market survey
2. First consulting session
3. Training course outline
4. PfP approach to small-scale enterprise development
5. Socio-economic profile
6. Planning and reporting forms
7. Credit worthiness scheme
8. Sample loan procedures
9. PfP Technical Advisors' Job Descriptions
10. Resumes
    * Senior Advisor
    * Technical Advisor (Training)

THE DEVELOPMENT OF MALAWIAN TRADERS TRUST
MARKET SURVEY

Region _____ Date _____

Trading Centre _____ Taken By _____

PUBLIC SERVICES

Water service
Borehole
Telephone Booth
Electricity
Post Office
Health Clinic
Banks
Schools

D.C.'s Office
District Council
Police
Produce Market
Dry Goods in stalls
Market
Public Transport
Train
_____

GENERAL

Admarc _____
Local Crops _____
_____
_____

Estates _____
Large Scale Manuf. _____

No. of Closed Shops ___
No. of Bldgs under Construction _____
Evidence of Self Help _____
Chipiku Wholesale ____

TYPES OF BUSINESS

TRADE

Groceries
Wholesale
Textile/Clothing
Hardware
Butchery
Bookshop
Shoe Dealer
Bottle Store
Record Store _____
_____
_____
_____
_____

Total: _____

SERVICES

Hotel
Resthouse
Restaurant
Tea Shop
Bar
Chibuku
Filling Stations
Garage
Photo Studio
Dry Cleaners
Shoe Repair
Radio Repair
Watch Repair
Bicycle Repair
Grinding Mill
_____

Total: _____

SM-SCALE PRODUCERS

Tailoring Shop
Tinsmith
Blacksmith
Carpenter
Brickmaker
Baker
Building/Contractors
Crafts
_____
_____
_____

Total: _____

Total Businesses: _____

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THE DEVELOPMENT OF MALAWIAN TRADERS TRUST

FIRST CONSULTING SESSION

Date: _____

Trading Centre: _____ Advisor: _____

Name of Business: _____

Type of Business: _____

Location: _____

INFORMATION ABOUT THE CLIENT/OWNER

1. Name of Client: _____
(Person with whom the Advisor will be working)
If the client is not the sole owner and principal operator of the business, complete the following:

A. Name of the owner: _____

B. Is the business:
a partnership? _____ No. of partners: _____
operated by the wife? _____
operated by a relative? _____
operated by a paid manager? _____

C. If the business is not operated by the owner, will the advisor be able to meet periodically with the owner to review the status of the business? _____ How often? _____
How can the owner be contacted? _____

2. Client's age: _____ Marital status: _____

3. Number of dependent children: _____

4. Number of years business experience: _____
A. Working for others: _____
B. Operating a business: _____

5. Client's educational background:
A. Primary school years completed: _____
B. Secondary school years completed: _____
C. Other formal education attained: _____
_____

D. List any special training courses:
Title of course: _____
Institution: _____
Months attended: _____
Certificate achieved: _____

Title of course: _____
Institution: _____
Months attended: _____
Certificate achieved: _____

INFORMATION ABOUT THE BUSINESS

1. Is the business licensed? Yes No Type of license(s)? _____

2. What year was the business started? _____

3. What business records are being kept? _____
   A. Stock invoices? _____
   B. Cash Book? _____
   C. Debtors Book? _____
   D. Creditors Book? _____
   E. P & L/Balance Sheet? _____
   F. Other? _____

4. When was the last stock inventory made? _____

5. When was the last audit or full accounting record made? _____
   By whom? _____

6. What improvements does the client feel have been made since the business was started? (or other period of time) _____

7. What have been the major business problems since the business started (or other period of time) _____

8. How does the client hope to solve the above problems? _____

9. From the attached Achievement Indicators list, ask the client to select (3) items that he feels will help him most to better manage his business and on which he is willing to devote time to improve his skills.
   1. _____
   2. _____
   3. _____

THE DEVELOPMENT OF MALAWIAN TRADERS TRUST

TRAINING COURSE OUTLINE

Week 1:

Orientation

- Current Status of Trust Programme and Expansion Plans
- Role of Business Advisor in the Trust
- Social, Economic and Cultural Background in Malawi

Week 2:

Basic Business Controls

- Cash Book and Expense Record
- Debtors and Creditors Record
- Stock Management
- Using Basic Controls

Week 3:

Management Accounts and Decisions

- First Consulting Session
- Starting Balance Sheet, Balance Sheet and Profit and Loss Statement
- Short Term Business Decisions
- Demand, Distribution, and Salesmanship

Week 4 and 5:

Field Work

- The trainee will work with an established Business Advisor for two weeks, observing him at work with clients at first and then practising the skills while the Business Advisor watches and coaches.

- The trainee will also complete an assignment in observing the trading centre and assessing various situations such as local demand and, supply, production, transport, literacy, and other matters having a direct bearing on business strength. A written report will be submitted.

Week 6:

Review of Field Experiences

- Problem Analysis and Helping Clients Identify Business Objectives

Advising Small-Scale Producers

- Introduction to Small Scale Production
- Consultancy for Small-Scale Producers
- Cost Accounting

Week 7:

Marketing

- Demand in the Market Place
- Distribution and Pricing
- Promotion
- Linkages between Large and Small-Scale businesses

Making Effective Presentations

- Theory and Practice in Making Public Addresses

Week 8:

Business Planning

- Banking in Malawi
- Objectives and Budgets
- Loans
- Long - term Planning

Trust Administrative Procedures

Developing Plans for your Trading Centre

The PfP Approach to Small Enterprise Development in the Third World

Partnership for Productivity is a non-profit private voluntary organization whose goal is to contribute to the human and economic development of the Third World. Its aim is to increase productivity: to create economic value in goods and services. Productivity -- as opposed to production -- also implies the creation of social value. PfP's programs are therefore intended to bring people goods and services they need and want to consume, and to generate greater income and employment as well. Founded in 1968, PfP provides management and credit training; group/individual business start-up; investment loans; technical assistance; and vocational training in diverse areas of commercial activity, including agriculture. PfP has programs in Africa and the Caribbean and is working on project designs for Central American and Middle Eastern countries as well.

Andrew H. Oerke, President
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Washington, D.C., 20009
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THE DEVELOPMENT OF MALAWIAN TRADERS TRUST

SOCIO-ECONOMIC PROFILE OF CURRENT TRUST CLIENTS

The business advisors and supervisors have been able to accumulate summary data on Trust clients after five months in the field. The Socio-Economic profile will be repeated and analysed during Phase II. The following represents a first attempt at data presentation and interpretation. For most purposes the sample size was 295, though this number varied with the degree of response to particular questions in the survey.

Age and sex profile

Age group	15-26	26-40	41-55	56-
% of total	4	36	43	17

	Male	Female
% of total	93	7

It is clear that women play a minor role in owning small businesses, though casual evidence supports the view that wives and other female family members often play an important part in business operations during the absence of the male business owner. The high proportion of business owners over the age of 40 (60%) is thought to be due, in part, to the importance of retired Government employees in the sample.

Education Profile

	None	Primary 1-2	Primary 3-4	Primary 5-6	Primary 7-8	Secondary 1-2	Secondary 3-4	Further Education
% of total Group:	3	7	21	17	41	7	3	1
% of males:	2	7	19	18	42	7	3	2
% of females:	17	8	17	0	33	17	8	0

The relatively low level of educational attainment is explained by the fact that the age groups concerned had, in most cases, passed the usual school-leaving age by the time educational opportunities became widely available in Malawi. It is thought the rising ratio of females to males in the school population will eventually help redress the imbalance of educational achievement towards males which is currently evident in the business community.

Literary Profile

	Numbers and Reading	Numbers only	Illiterate
% of total group:	93	5	2
% of females :	95	4	0
% of males :	93	4	3

It is evident the literacy rate is very high in the business community. The complete absence of illiteracy among business women is probably explained by their higher propensity to accept "informal" education through literary classes.

Business Classification

41%, General trade and service: grocery store, bottle store, restaurant.
35%, Special trader: textile shop, hardware, clothing, notions.

21%, Small-scale producers: furniture and cabinet maker, tinsmith, brickmaker, tailor.

31%, Miscellaneous: wholesaler, photo shop, dry cleaner.

This categorisation is rendered somewhat arbitrary by the fact that many small businesses carry out several functions. There are estimated 20,000 small businesses in Malawi with a business turn-over of about 700 each year. Hawkers and other informal traders often graduate to established business premises at a Trading Centre.

Numbers of years in business

	Less than 1	1-5	6-10	11-20	Over 21
% of total:	11	33	27	19	10

This is the total number of years which a given businessperson has been operating and includes failed and re-started businesses experience. A greater business longevity is noted in the Northern Region where there has been little expatriate and Asian competition.

Origin of business

Usually businesses start from scratch, e.g., with only a premise and no stock. Previous owners tend to run down the stocks before selling their business. Venture capital is usually derived from some or all of crop sales, retirement benefits, contract work abroad or accumulated savings. It is often the case that purchase of business premises absorbs nearly all the starting capital, an inadequate level of initial stocks is a frequ : cause of business failure.

Monthly drawings

	Less than $12	$13-32	$33-62	$63-125	$126-245	More than $245
% of total businesses:	4	27	32	20	9	8

This figure is the amount the owner takes from the business each month for his/her personal use. Usually the owner will draw on profit, but during slow selling periods cash and stock assets may also be withdrawn. Apart from such personal needs as food, clothing and school fees, drawings may be used for gifts or loans to the extended family. Excessive and uncontrolled drawings, lack of adequate stock, and inadequate cash control are frequent causes of business failure.

Net Worth

Persons not owning own premises (16% of total group)	% of sub-group	Persons owning own premises (84% of total group)	% of sub-group
Less than $620	36	Less than $1240	19
$621 - 930	14	$1241 - 2480	21
$931 - 1240	4	$2481 - 3720	7
$1241- 6200	36	$3721 - 6200	17
More than $6200	10	$6200 - 12400	17
		$12401- 24800	12
		$24801- 37200	3
		More than $200	4

The high rate of premise ownership (84%) is partially explained by a cultural tendency towards real estate property ownership; profits are often reinvested in further buildings even when this is not the most profitable investment opportunity available.

Sales per month

Less than $62	$63 -124	$125 -310	$311 -620	$621 -1240	$1241 -2480	More than $2480
% of total group 2	2	20	12	16	22	26

Low turnover (usually less than 4 times annually), poor management, excessive competition, low consumer income levels and price control of essential commodities limit the profitability of small business in Malawi.

Organisations businesspeople belong to *

Farm Co-operative.....4%

African Businessmen Association.....32%

Self-help committee.....35%

A church.. .....62%

Savings and loan cooperative..... 5%

* An individual may belong to one or more of these organisations.

BUSINESS ADVISORS

FORM NO.

PBA - 1a	-	MONTHLY PLANNING SCHEDULE
RBA - 1b	-	MONTHLY USE OF TIME
PBA - 2a,b	-	CLIENT LOG
RBA - 2a,b	-	MONTHLY REPORT
RBA - 3a,b	-	QUARTERLY REPORT
RBA - 4	-	REPORT TO THE CLIENT
RBA - 5a,b	-	REINVESTMENTS AND DRAWINGS DISTRIBUTION

AREA SUPERVISORS

FORM NO.

PS - 1	-	MONTHLY PLANNING SCHEDULE
RS - 1	-	MONTHLY USE OF TIME
RS - 2a,b	-	MONTHLY REPORT
RS - 3a	-	QUARTERLY STAFF REPORT
RS - 3b	-	OBJECTIVES AND ACHIEVEMENTS
RS - 4a	-	QUARTERLY STATISTICAL REPORT
RS - 4b	-	QUARTERLY STATISTICAL ANALYSIS

THE DEVELOPMENT OF MALAWIAN TRADERS TRUST

BUSINESS ADVISOR'S MONTHLY PLANNING SCHEDULE

BUSINESS ADVISOR _____ AREA _____ MONTH _____ YEAR _____

DAY	NAME OF CLIENT, OR DETAILS	WEEK - 1	WEEK - 2	WEEK - 3	WEEK - 4	WEEK - 5
MON.						
TUE.						
WED.						
THU.						
FRI.						
SAT.						

BA - 1a

THE DEVELOPMENT OF MALAWIAN TRADERS TRUST

BUSINESS ADVISOR'S USE OF TIME RECORD

Business Advisor _____ Month _____ Year _____

Trading Centre _____ Area _____

Insert hours per day - exclude Sundays & Holidays

DATE	OFFICE	TRAVEL	CLIENT SITE	CLIENT OFFICE	SICK	OTHER
Total						

Noted : _____
AREA SUPERVISOR

RBA - 1b

DEVELOPMENT OF MALAWIAN TRADERS TRUST

CLIENT LOG

CLIENT _____ BUSINESS ADVISOR _____

DATE OF START _____ TRADING CENTRE _____

CALLING DATE	TRAINING REQUESTED	PROBLEMS ENCOUNTERED	FOLLOWUP ACTION	FOLLOWUP DATE

PBL - 2a

CALLING DATE	TRAINING REPORTED	PROBLEMS ENCOUNTERED	FOLLOWUP ACTION	FOLLOWUP DATE

PS' - 2b

THE DEVELOPMENT OF MALAWIAN TRADERS TRUST

BUSINESS ADVISOR'S MONTHLY REPORT

CLIENT ACHIEVEMENT RECORD

Business Advisor _____ Trading Centre _____ Month _____ Year _____

NAME & TYPE OF BUSINESS	CURRENT OBJECTIVE(S) & SKILLS BEING LEARNED	PROGRESS & REMARKS

RBA - 2a

Total Clients	Total Objectives	Total Objectives Completed

RBA - 2b

THE DEVELOPMENT OF MALAWIAN TRADERS TRUST

BUSINESS ADVISOR QUARTERLY REPORT

Business Advisor _____ Quarter _____ Year _____

Trading Centre _____

Client Information Summary

1. Active Clients B/F From Previous Quarter _____
2. New Clients _____
3. Total of 1 and 2 _____
4. Clients Dropped _____
5. Current Active Clients _____
6. Potential New Clients Contacted _____
7. Total Clients Since Start (with Trust min. 3 mos.) _____
8. Total Months All Clients Active _____
9. Average Months All Clients Active _____

Client Employment Summary

1. Net Employment B/F From Previous Quarter _____
2. Employees Added:

Type Business	Type Position Created	No.
	Sub - Total	
	Total 1-2	_____

3. Employees Dropped _____
4. Net Employment Added Since Start(Subtract 3 from 2) _____

Client Financial Summary

1. Number of Client Financial Reports _____
2. Average Monthly Gross Sales _____
3. Average Monthly Net Profit (Loss) _____
4. Average Monthly Reinvested Profits (Losses) _____
5. Average Stock on Hand _____
6. Average Net Worth _____
7. Average Monthly Drawings _____

Types and Numbers of Businesses Represented

Types	Number

Noted: _____
AREA SUPERVISOR

RBA - 3a

Major Business Problems Affecting Performance of Business Community

Client Achievements which had most positive Impact on Community/Consumer

General Comments

RBA - 3b

THE DEVELOPMENT OF MALAWIAN TRADERS TRUST

BOX 1540 - BLANTYRE - MALAWI TELEPHONE 635466

MEMORANDUM

TO :

FROM :

DATE :

SUBJECT : REPORT TO CLIENT

Comments on status of the business:

Comments on Progress of Objectives:

Comments on Community Impact:

BUSINESS ADVISOR

SUPERVISOR

RA - 4

DEVELOPMENT OF MALAWIAN TRADERS TRUST

DISTRIBUTION OF PROFITS - QUARTERLY SURVEY

REINVESTED PROFITS

Business Advisor _____ Area _____ Quarter _____ Year _____

CLIENT	TYPE BUSINESS	INCREASE STOCK	EQUIPMENT FURNISHING	CONSTRUCTION IMPROVEMENT	AMOUNT	OTHER DESCRIPTION	TOTAL
Total							

RBM - 5a

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DEVELOPMENT OF MALAWIAN TRADERS TRUST

DRAWINGS AND DONATIONS

CLIENT	FOOD CLOTHING	SCHOOL FEES	HOME IMPROVEMENTS	FARM INPUTS	OTHER	TAXES	DONATIONS	TOTAL
TOTAL								

RB: -5b

THE DEVELOPMENT OF MALAYAN TRADERS TRUST

SUPERVISORS MONTHLY PLANNING SCHEDULE

SUPERVISOR _____ AREA _____ MONTH _____ YEAR _____

DAY	ADVISOR VISITED OR ACTIVITY	WEEK - 1	WEEK - 2	WEEK - 3	WEEK - 4	WEEK - 5
MONDAY						
TUESDAY						
WEDNESDAY						
THURSDAY						
FRIDAY						
SATURDAY						

PS -1

THE DEVELOPMENT OF MALAWIAN TRADERS TRUST

SUPERVISORS USE OF TIME RECORD

Supervisor_____ Month_____ Year_____

Area _____ _____

Insert hours per day - exclude Sundays and Holidays

DATE	OFFICE	TRAVEL	WITH ADVISORS	WITH CLIENTS	SICK	HR	OTHER
Total Hours							

NOTED: _____
REGIONAL MANAGER

RS - 1

THE DEVELOPMENT OF MALAWIAN TRADERS TRUST

SUPERVISORS MONTHLY REPORT

SUPERVISOR ____________ AREA ____________ MONTH ____________ YEAR ____________

Advisor and Market	Advisors Report Analysis and Action

MS - 2a

MONTHLY USE OF TIME SUMMARY

ADVISOR	OFFICE	TRAVEL	CLIENTS - SITE	CLIENTS - OFFICE	SICK	OTHER

RS-2b

THE DEVELOPMENT OF HALIFAX TRADERS TRUST

SUPERVISORS QUARTERLY STAFF REPORT

Business Advisor _____ Area _____ Quarter _____ Year _____

Special Achievements made with clients:

Special Achievements and impact made in community:

Problems Business Advisor is having and corrective action:

Need for additional training:

RS - 3a

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Community Objectives and Achievements

Objectives and Plans	Progress and Remarks

Personal Objectives and Achievements

Objectives and Plans	Progress and Remarks

THE DEVELOPMENT MALAYAN TRADERS TRUST

SUPERVISORS QUARTERLY REPORT

Supervisor Area Quarter YEAR

Statistical Data Summary	SUPERVISOR						Total
Clients Active							
Clients since Start							
Employment added This Quarter							
Employment added Net Since Start							
Gross Sales Client Average							
Net Profits Client Average							
Net Worth Client Average							
Reinvested Profits Client Average							
Drawings Client Average							
Clients with Credit							
Total in Credit This Quarter							
Clients with Loans							
Total in Loans This Quarter							

MS - 4

SUPERVISORS ANALYSIS

Accounts: _____

Employment: _____

Business Data: _____

Credit: _____

Loans: _____

Noted:

Regional Manager _____ RS -

7. THE DEVELOPMENT OF MALAWIAN TRADERS TRUST

CREDIT WORTHINESS SCHEME

PROJECT DESCRIPTION

Background of the Development of Malawian Traders Trust - DEMATT

It is well known throughout the world that small businesses play an important role in local and national economics. They provide most rural people with the goods and services that they consume, and they are also important sources of income and employment. In Malawi, the small business sector has recently moved rapidly towards Africanization. The government created opportunities for Malawians to enter small business but the small business community has not been able to fully take advantage of these opportunities. This has had a negative impact on the flow of goods and services to the rural areas. The Malawian small business person is failing to meet the demands of an increasing consumer population because of not being in tune with the demands of an increasing consumer population because of not being in tune with the markets being served, and not fully understanding the distribution network of which (s)he is an integral part.

A major problem for many of these proprietors is the lack of knowledge and experience in business management; inadequate accounts, little knowledge of how to respond to market demand, little experience with how and when to reorder materials, other general business practices, and inadequate knowledge of the responsibilities associated with credit.

The DEMATT has been established to develop a country-wide programme aimed at improving the business management skills of the small business operators in Malawi. At present DEMATT has, in addition to the administrative and management staff, business advisors and supervisors working with a substantial number of clients in the three regions of the country. DEMATT is an expanding programme with plans to provide a wider range of business advisory services throughout Malawi.

The DEMATT extension service programme is proving to be an effective means for improving the viability of the small business community. However, the staff recognizes that improving business management skills is not the only assistance needed to ensure this viability. If the small business persons are to effectively contribute to the economic development of Malawi they must also develop the skills for obtaining and properly utilizing the varieties of credit which is a key component in business development.

Credit Worthiness Scheme Description

The DEMATT has designed and put into operation a "Credit Worthiness Scheme" (CWS) which can further the small business development process.

I. Purpose - To provide structured and systematic training and practical experience through which small business persons will come to effectively analyze their need for credit, be capable of applying for and handling credit from banks and other sources, properly utilize credit, and understand financial management.

II. Eligibility - Any business person or group proposing projects which satisfy the following conditions:

1. Participated in the DEMATT Business Advisory Service and recommended to the CWS by their DEMATT Business Advisor after client has mastered necessary management skills.

2. No other access to necessary credit.

3. Is profit making and self sustaining.

4. Contributes to the general economic and social well-being of the area.

5. Pays a nominal fee for the CWS service.

III. Process of CWS

A. Pre-Loan Application Training

1. Trust Business Advisors will determine if client has reached minimum level of business management competence to participate in CWS as reflected by the general state of the business, the client's response to the extension service training, and makes a cursory review of the need for credit.

2. The Business Advisor will brief the client on what is required of him as a participant in CWS and assists the client to registering for it.

3. The client is assigned to the Trust Supervisor who reviews all available information on the business and the client.

4. Clients receive CWS indoctrination from the Supervisor. This is seen as a process which focuses on financial management, sources of credit, preparation for a loan, advantages, disadvantages and responsibilities of credit.

B. Credit Application

1. The Supervisor together with the client research and document the past history and current status of the business including financial history, use of profits, and changes in the business; and a brief summary is prepared. In cases of proposed business start-up this summary reviews the client's relevant experience and capabilities for starting and managing the business.

2. The Supervisor reviews with the client the proposed project for which credit is being sought to determine the following:

a. What will the credit be used for.

b. How much is required.

c. What is the most appropriate type of credit.

d. Does the proposal project meet the eligibility criteria.

In order to answer these questions the Supervisor assists the client in the preparation of an "in-depth" current status and projected analysis of the business using the following outline:

a. Personal background

- identifies the client
- professional and business experience
- academic experience
- personal financial obligations

b. Business and current financial status

- full description of the business
- description of the business facilities
- current marketing methods and consumer outlets
- details of the financial history and current financial status

c. DEMATT field report

- statements of client accomplishments
- brief report on the business status
- Comments on the future of the business

d. Forecast of the business potential

- description of the changes required for business growth
- an evaluation of the necessity for financial in-puts
- how credit will be utilized
- financial projection including cash flow and other projected financial reports
- statistical performance analysis of the business during the growth period
- statement on the community impact of the business including the impact on labor.

3. The Supervisor and client also resolve and analyze any constraints in the business and how they can be overcome.

4. The DEMATT managerial staff reviews the project analysis and makes recommendations for proceeding.

5. The client is expected to prepare an application for credit from the appropriate source with assistance from the Supervisor as needed. The application will be supported with the documentation prepared in 2 and 3 above.

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The purpose of the above training and assistance is to facilitate the small business client's entry into a formal credit system and facilitate the creditor's processing of the application to the extent that is feasible to extend credit. This allows banks, for example, to handle smaller loans on a profitable basis, thus expanding their market as they are promoting business growth.

C. Loan Process

1. The actual extension of credit to a client is subject to the internal policies and legal contraints of each creditor.

2. Creditor/lender evaluates the information and data presented by the DEMATT client.

3. The loan or credit agreement is coordinated with DEMATT and the client to ensure full understanding and future compliance to the agreement.

4. Interest rates would be at prevailing rates depending on the credit source.

5. Creditor and DEMATT can agree upon a policy for handling defaults on credit agreements and work together wherever practical to resolve the situation in an equitable manner that is beneficial for all parties concerned.

D. Follow-up

1. Creditors and the DEMATT staff work closely together on a continuing basis to coordinate, understand, and support each other's functions.

2. The DEMATT Advisor continues extension advisory service with the client, maintaining contact and monitoring the progress of the client in achieving the objectives of the credit. The Supervisor provides assistance where needed.

3. The client prepares periodic financial statements (P&L and Balance Sheet) for the creditor with assistance from Advisor as appropriate.

4. If a problem occurs in the credit (late payment, etc.) the Advisor with the support of the Supervisor and the Creditor will work together with the client to its resolution.

5. The DEMATT management staff will meet periodically with creditor staff to review the CWS programme and policies.

V. funding of CWS projects

1. The Trust will collaborate with any client or lending institution who can use the DEMATT services within the terms of its development policies.

2. A credit or loan limit is usually established for "first time" CWS applicants. After a maximum of three experiences the clients would be considered "credit worthy" and could apply for loans or credit without DEMATT

assistance.

3. Service fees collected through the clients loan account will go to DEMATT to defray some of the costs of the assistance provided. The charge is nominal and the details are worked out within the credit agreement.

It is not expected that funds received from these charges will cover the Trust costs for the CWS. In fact the purpose of these fees is more to exemplify that business persons should expect to pay forthe services they receive rather than produce substantial revenues for DEMATT.

VI. Benefits of the CWS

A. To creditors

1. Creates new customers.

2. Provides credit reference system in new markets.

3. Reduces costs of loan processing and follow-up.

4. Facilitates credit involvement in the high priority development of the small business sector of Malawi.

B. To clients

1. Creates access to financing resources for creation, maintenance or expansion of their businesses.

2. Increases their understanding of the purpose and methods of utilizing credit.

3. Assists them in developing a reliable credit track record.

C. To DEMATT

1. Eliminates the bottleneck in the Trust's overall programme.

2. Provides a more balanced development programme provided by DEMATT.

3. Integrates the Trust programme more directly with the total business community of Malawi.

D. To the business community in general

1. Increases income and employment in rural areas.

2. Results in greater economic stability and accelerates the overall development process in Malawi.

Summary

The DEMATT recognizes that there is no foolproof system or any amount of training or counseling that can exclude risk when loans or other forms of

credit are extended to those who have not experienced the disciplines associated with credit financing. We do believe that with appropriate training and with some form of financial interest the risk factor can be minimized and the development of the small-scale business persons in the rural areas can be accelerated.

From an economics standpoint, development must include a means of creating a more viable capital base in the lower economic sectors. The broadening of a credit base will strengthen the economy and will bring the small business sector in step with the rest of economic development throughout Malawi.

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8. SAMPLE DOCUMENT FOR DISCUSSION PURPOSES ONLY

SAMPLE LOAN POLICIES AND PROCEDURES

SECTION I - PURPOSE OF THE LOAN

1. The resources of the _____ may be used in the financing of businesses in the following sectors:

Manufacturing including:

- garments
- food processing
- furniture and woodwork
- footwear
- building materials (and construction equipment)
- small contractors
- light metals and craft
- garage and spare parts
- other transportation industries
- fisheries
- agriculture
- retailing
- and services related to the above, such as transportation, storage, insurance, etc.

Resources should not be used for re-financing.

SECTION II - LOAN RECIPIENTS

2. Loans may be granted to finance businesses such as those described in Section I of this document to those individuals or groups who have agreed to and are receiving technical assistance as determined by DEMATT. They should convince _____ that they are not eligible for or cannot obtain commercial bank financing. They should comply with the following requirements:

1. They personally administer their own project or enterprise.

2. The project or enterprises should provide a major part of the income or contribute to a significant increase in the income of each participant.

3a. The projects' or enterprises' assets, including the value of land and buildings evaluated at net depreciated prices, should not exceed the equivalent per participant of _____.

3b. In no case can a loan be granted to projects or enterprises whose net assets include land and building, valued at net depreciated price exceeding _____.

4. Must demonstrate that they have benefited from the technical assistance

given and must convince the_____that they will practice the management techniques which were imparted in the training programme.

5. Must have previous experience or demonstrate that their expertise is transferable to the proposed project.

6. Willing to provide information acceptable to the_____concerning their socio-economic situation.

7. Willing to provide the Foundation with information on project operations for the duration of the loan period; and

8. Any other criteria established by the Board from time to time.

SECTION III - MAXIMUM AMOUNTS AND PERIODS

3. the_____will be able to make a loan for the development of a business when the total amount of the loan is not more than._____in the case of individual loans or the equivalent of_____per member in the case of group loans with the total not exceeding_____.

4. The_____will make loans in two categories: 1) short term loans, e.g., working capital loans, will be made to individuals for a period of up to months. 2) medium term loans will be made for____years. The repayment and grace periods will depend upon the conditions and needs of each project.

SECTION IV - INTEREST RATES AND OTHER CHARGES

5. The interest rate which will be charged by the_____will be determined by the Board of Directors but will be at a level equal to that used in the banking system for similar projects.

6. Interest will be charged from the date of loan disbursement and will be calculated on the actual balance on principal.

7. The costs incurred by the_____in processing loans such as legal paper, liens and notary costs, etc. will be charged to the loan recipient and may form part of the loan.

8. In those cases where there is a delay in payment equivalent to 30 days or more, the interest rate will be adjusted upwards by 2% on payment due until payments are brought up to date in accordance with the payment schedule established inthe loan agreement. This may be varied on the authority of the Board.

SECTION V - LOAN AGREEMENTS AND THEIR CONDITIONS

9. In all cases where a loan request has been approved, prior to dibursement the loan recipient must sign a loan agreement and promise to adhere to the following conditions:

a) Comply with the terms and purpose of the loans as approved by the and may not introduce modifications in the use of the loan without previous written authorization from the_____.

b) Allow_____ employees, or those authorized by it, to undertake evaluation and verification of the use of the _____ funds as well as revisions of theproject's books or other inspection of the equipment, inventory, workplace or other goods included in the respective projects.

c) Maintain an adequate accounting or bookkeeping system from which financial statements can be prepared.

d) Develop and maintain, in a separate account, a cash reserve to cover depreciation of equipment, financial risks and emergencies.

SECTION VI - GUARANTEES

10. The_____may accept collateral tocover the entire amount of its exposure. Since the beneficiaries of these loans may not have the collateral or other security requirements which meet the standard of the conventional channels of credits, the principal guarantee for the execution of the projects financed by the_____will be the character, management ability of the beneficiaries, technical competence, the marketability of the product and the overall economic feasibilityt of the project.

11. Each loan should be backed by any or all of the following guarantees:

a) Co-signers (in case of group loans)

b) A Bill of Sale on the equipment and goods purchased with the loan funds and/or the equipment and goods contributed by the loan recipient, any/or any goods and chattels owned by the recipient.

c) A charge on any fixed assets including land, building, machinery, etc. which the recipient may have to pledge.

d) A percentage of the sale of products under contract.

e) In the case of agricultural projects, the net assets of land and building, in the event that there is some title to the land and building.

f) Any other collateral which may be deemed relevant.

SECTION VII - THE LOAN REQUEST AND ITS PROCESSING

12. Loan application should be in writing on the standard application form and shall contain the information and documentation as that described in Item 16 below.

13. The loan request shall be presented to the field supervisor who shall record and send it into the office with his recommendation.

14. All loan applications shall be processed in their order of presentation.

15. The loan application should be accompanied by the following information and any other information required by the Credit Committee from time to time:

i) project background
ii) objectives of the project

iii) number of loan recipients (if a group)
iv) number of indirect beneficiaries
v) employment to be generated by the project
vi) investment schedule
vii) production and sales projections
viii) marketing information
ix) organizational structure (if applicable)
x) proposed repayment plan
xi) technical assistance required and/or performed
xii) administrative controls and procedures
xiii) General observations.

16. The analysis and feasibility study of each project shall include, among others, the following:

a) The project or activity to be financed

b) The investment schedule and proposed application of the loan funds.

c) Disbursement plan indicating dates and amounts.

d) Economic analysis (profitability, ROI)

e) Payment plan

f) Cash flow (projects of incomes and expenditures).

g) Technical assistance and project supervision.

17. For each loan application processed, the loans officer shall prepare a written report indicating the results of the respective analysis and feasibility study, and making the corresponding recommendations about financing the project. This report together with the feasibility study and additional documentation shall then be presented to the _____ and other members of the Credit Committee, who after reviewing its contents shall approve/reject it or recommend it to the Board for its approval.

18. The _____ shall have authority to approve loans up to a maximum of _____.

19. Appeal: all loans that are disapproved must be referred to a higher authority, i.e., the Credit Committee of the Board or the Board of Directors.

SECTION VIII - DISBURSEMENTS

20. Once a loan is approved, disbursement should be made according to the investment plan and/or timetable of the project's activities. Disbursement shall be made by means of checks issued directly to the suppliers of goods and services wherever possible and only when necessary shall the checks be issued directly to a loan recipient.

SECTION IX - LOAN REPAYMENT

21. The repayment plan shall be determined by the _____ at the time of loan approval and shall form part of the loan agreement. In determining the

repayment plan, the terms requested by the loan applicant as well as the specific needs of the project shall be taken into consideration.

SECTION X - LOAN SUPERVISION

22. In the granting of credit, the_____shall undertake to supervise each project so that it shall at all times be fully aware of the exact use of the loan funds in order to assure that funds are used properly and facilitate recovery.

23. If the_____determines that the loan funds have been used for purposes other than those specified in the project and loan agreement, the_____ reserves the right to demand immediate repayment of the total amount outstanding.

SECTION XI - COLLECTION

24. Collections on loans outstanding will be the responsibility of the field officer who recommended and is monitoring the loan. For the purpose of collecting, the field staff will be provided with official receipt books.

25. Clients, however, may pay their loans directly at the_____office.

9. JOB DESCRIPTIONS: PfP - DEMATT TECHNICAL ADVISORS

The collaborative relationship already established between PfP and DEMATT will ease and make possible the establishment of the Technical Assistance role to be assumed by PfP during Phase II. This relationship will facilitate the smooth transition from DEMATT's expatriate management by PfP in the Pilot Phase to Malawian staff management in the second phase of DEMATT's growth.

In this phase, PfP will supply two in-country technical advisors, a:

A. Senior Advisor and a
B. Technical Advisor (Training).

These two advisors will function in a counterpart relationship with the General Manager, Accountant and Training Director. Their respective job descriptions follow:

A. Senior Advisor

Based on the parameters, priorities and directions set by DEMATT's Board of Directors, GOM development priorities and PfP's general technical assistance policies, assists in the management, organization, implementation, staff supervision, monitoring and evaluation of DEMATT's overall program. Relates in a counterpart role to the General Manager. Is responsible for supervision of the Technical Advisor (Training) and reports to the President of PfP.

Personal Responsibilities

1. Advises the General Manager and through him the Board of Directors in the overall operations, administration and functioning of the DEMATT program.

2. With inputs from the General Manager, takes the lead in new project development. Once ready for implementation, these projects are turned over to the General Manager for implementation, and the Senior Advisor assumes a supportive technical assistance role in their accomplishment.

3. Under the direction of PfP's President assumes fiscal responsibility for all aspects of the program's finances.

4. Overall responsibility for monitoring and evaluating program's project activities.

5. Provides leadership, direction and technical assistance in all aspects of program activities.

6. Supervises activities of Technical Advisor (Training) and assumes the Advisor's activities during his/her absence.

7. Performs technical assistance role to the General Manager in the design and conduct of the work program in which the activities of Volunteers are required.

8. Participates in all meetings of the DEMATT Board of Directors.

9. With General Manager, develops external strategies commensurate with DEMATT's continued growth.

10. With General Manager, initiates, develops and maintains appropriate relationships with key elements of the business, government, donor and diplomatic communities.

B. Technical Advisor (Training)

Based on the parameters, priorities and directions set by DEMATT Board of Directors, GOM development priorities, PfP's general technical assistance policies and the supervisory inputs of the Senior Advisor assists in all program training responsibilities, fiscal accountability and other related day-to-day program activities. Relates in a counterpart role to the DEMATT Accountant and Training Director. Reports to the Senior Advisor.

Personal Responsibilities

1. Advises the Training Director in all aspects of field staff training, in-service training conferences and PfP international training conferences.

2. With inputs from the Training Director, takes the lead in designing new training programs and approaches. Once ready for implementation turns these over to the Training Director and assumes a supportive technical assistance role.

3. With Training Director, designs and implements overall training plan for all DEMATT projects.

4. With Training Director, conducts ongoing schedule of field investigations to all DEMATT program sites to monitor program activity so as to refine training designs, techniques and to provide technical assistance in program implementation.

5. Gathers material and maintains library of current training and business management titles to assist in reference needs and in the program's periodic training events.

6. Monitors all monthly and quarterly reports of field staff and area supervisors to determine training needs.

7. In working relationship with the DEMATT accountant, maintains up-to-date fiscal records of each of DEMATT's projects and financial transactions.

8. Together with the accountant drafts and prepares all periodic fiscal reports to PfP.

9. Assumes the Senior Advisor's responsibilities during his/her absence.

10. Assists Senior Advisor as required.

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10. Resumes

Robert V. Yancey
1021 Arlington Blvd.
Apartment #E-506
Arlington, Virginia 22209

Phone: (703) 524-1631
Office and home

An astute general manager, administrator and problem solver who has excelled in an assortment of program activities in private business, at the Federal, state, county and local government levels and internationally on the African continent.

PROFESSIONAL EXPERIENCE:

1981 - Present — Free-lance Management Consultant, Washington, D.C.

Advise and assist organizational clients, both domestically and internationally, in a variety of managerial consultancies including: evaluations, marketing, assessments, human services and community development programming, training (design and implementation), research, program design, start-up, monitoring, management, administration, implementation and proposal/budget development.

Clients include:

- African-American Labor Center - Utilizing in-depth, in-country assessment, completed a timely evaluation of Uganda's trade union movement through consultations with the National Organization of Trade Unions (Uganda) and the Ministry of Labour in Kampala. Recommended African-American Labor Center increase support to NOTU.
- Washington, D.C. Board of Education - Assessment of Zero-Based Budgeting process and its long-term impact on planning and made recommendations for its implementation.
- D.J.Nellum & Associates, Inc. - Provision of training services to foster parents involved in Washington, D.C. city-wide foster homes for disadvantaged youth.
- The Omega Group, Inc. - Provision of international development marketing services.
- Save The Children Federation, Inc. - Performed in-country assesment of the Government of Malawi's delivery of services to its 90% rural population. Data accumulated used in development of the proposal for creation of the Malawi Rural Development linkage Program to be funded by the United States Agency For International Development. This program to be jointly implemented by Save The Children Fund of Malawi and Save The Children Federation, Inc., Westport, Conn.
- Partnership for Productivity International - Accomplished in-country assessment of the management training needs, funding sources, transportation requirements and inventory replenishment problems of rural Malawian small-to-medium scale businessmen, traders and producers. Met with Government of Malawi and Agency For International Development Mission officials to gain consensus as to approach for resolving identified needs. Was successful in identifying alternative funding sources to assist in the financial needs of these Malawian businessmen while in Geneva, Switzerland. Prepared proposal to USAID/Washington for five-year program to improve profitability level of Malawi's small scale businesses. Proposal being positively considered for full funding.

1973 - 1981 — • Director, U.S. Peace Corps/Malawi (Southern Africa)

At the request of Peace Corps/Washington, totally responsible for conducting in-country assessment/evaluation into the feasibility

of Peace Corp's re-entry into Malawi. Performed re-entry negotiations with Government of Malawi officials and implemented a highly successful program. Activities included: Program management/operations, representation, staff recruitment, selection and supervision; budget preparations/accountability; volunteer selection, training, placement, medical care and counselling, programming volunteer positions in agriculture, public health, rural water supply, credit union development and job training for the disabled; crisis management; established good working relationships with American Embassy, United Nations Development Program and other external donor agencies. Helped devise outreach and recruitment policies for encouraging minorities to join Peace Corps.

1973 - 1978 • Free-lance Management Consultant/Small Business Entrepreneur

Engaged in several entrepreneurial pursuits in Reston, Virginia. Simultaneously performed managerial consultancies in Africa and Washington, D.C. Actively involved in Reston's community affairs focusing on its growth and development as one of the nation's most successful planned communities. Elected at-large as Board member of the Reston Community Association, the community-based authority responsible for the community's governance.

1963 - 1973 • Vice-president/Marketing, A.L. Nellum & Associates, Inc.

Rapid progression from management consultant to Vice-President of one of the oldest minority-owned consulting firms in the U. S. Communicated extensively with applicable Boards of Directors in implementation of community development contracts in Grand Rapids, Flint and Lansing, Michigan; Bowling Green, Kentucky and Columbus, Ohio. Established VISTA Training Center, Chicago, Illinois and directly trained over 500 VISTA volunteers for service in the 7 contiguous mid-western states. Also supervised operation of VISTA Training Center, Boston, Mass. (5 state area), as well as firm's other nation-wide contracts in penal reform, health care, community development and small business related managerial problems for minority-owned businesses operating in urban areas. Identified potential contracts, prepared written proposals/budgets, negotiated contract awards, recruited staff and conducted evaluations. Initiated firm's international division and secured first overseas contract in Malawi. Served in Malawi as Director of contract for Peace Corps training program.

1968 - 1969 • Director, Human Relations, Chicago Archdiocesan School Board

First Director, Human Relations within a 435-elementary and 94 - secondary school system (largest U.S. parochial school system). Advised both the Superintendent of Schools and the Cardinal, Archbishop of Chicago, concerning actions needed to enhance the human relations climate among students and faculty. Launched programs based on consultations with students , faculty and the community. Resolved racial conflicts/problems which arose. Devised "Operation Hospitality", a voluntary program among parents and students, to begin a reduction in the degree of racial isolation experienced in the system's 344,000 students. The program achieved national acclaim for its successful accomplishments. Devised the first voluntary school busing program to be used in a private school system in the U.S.

Best Available Document

1960 - 1967 • Director, Housing & Community Services Chicago Commission on Human Relations

Promotion of equal opportunity in housing through administration of the Chicago Fair Housing Ordinance. Investigated and resolved citizens' complaints alleging unfair and discriminatory treatment. Worked also in the resolution of complaints within the areas of employment and hospital discrimination as well as participated in city-wide community services programs.

Previous Experience

Caseworker and Vocational Counselor for the disabled and disadvantaged. Cook County, Illinois; First Lieutenant, U.S.Army Artillery

Education

Masters, Social and Industrial Relations, 1963
B.A., Social Sciences and Economics, 1952
Loyola, University, Chicago, Illinois

EDWIN M. HENDERSON

Technical Advisor (Training)

CAREER OBJECTIVE Seeking professional career in management/administration in the field of development assistance

ACCOMPLISHMENTS

Upgraded the accounting procedures and provided for more timely reporting to government agencies and to the Board of Directors.

By establishing both reliable retail and export markets increased sales and profitability of Botswana's national handicraft organization. This had a direct benefit on increased earnings to the handicraft producers.

Trained 45 managers and bookkeepers to upgrade their skills in management and accounting to better serve their cooperative societies. In addition to training, provided professional advice to cooperatives in accounts and management techniques.

EXPERIENCE

ACCOUNTANT, Partnership for Productivity International (PfP), Washington, D.C. - Present. Having worked as a volunteer with PfP, was employed to handle the accounts for both the head office and the field operations. Responsibilities include:

Accounting -- Prepraration of project costs and billings for USAID and other grants and contracts. Reporting on USAID grants covered under the Federal Reserve Letter of Credit. Use of Apple computer and VISICALC program for budget projections, salary and benefit distribution, and various other inhouse uses. Automated payroll system with a financial data processing firm. Tax reporting to D.C., Virginia, Maryland and Federal Government.

Management -- Responsible for the management of foreign students enrolled in U.S. colleges. Also, responsible for setting up summer training programs.

MANAGING DIRECTOR, Botswanacraft Marketing Company, Gaborone, Botswana, August 1977-November 1980. After nine months as Business Manager, promoted to Managing Director to manage the national handicraft company of Botswana. The company had a ten year history of poor performance and huge losses, and within three years sales expanded by over 100% to $400,000 with profits exceeding all previous years' losses. Responsibilities included:

Management -- Developed a marketing strategy consisting of quality control, export reliability, product diversification, exhibitions, etc. which increased export sales by 300% and local sales by 100%, and gained the distinction of being the finest handicraft company in all of Africa. Expanded buying operations and sales by negotiating with local and international organizations for additional warehouses and retail space.

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Designed and supervised building construction and retail display. Formulated development plans for use in the Government Five Year Development Plan. Liaised with government officials in projects affecting the rural areas and with foreign government officials and international agencies interested in aiding the development of rural handicrafts.

Personnel Management/Training — Conducted interviews and supervised a staff of 19 local and 3 expatriate personnel. Provided on-the-job training for a local counterpart, five office personnel, six retail sales personnel and six handicraft buyers. Training included budgeting, financial statements preparation, export documentation, communication skills, personnel management, business and government regulations, retail display, ordering, pricing and quality control. Systems were developed whereby empoyees were able to make efficient use of their time and energy. As a result, all positions were localized and the two fold expansion in sales was accomplished with the employment of only one additional staff.

Financial — Instituted a new and more efficient bookkeeping system. Installed stock and buyer controls. Prepared financial statements and reports for donor agencies. Made investment decisions based on budgets, financial statements and cash flow position.

BUSINESS MANAGER, Botswanacraft Marketing Company, Gaborone, Botswana, October 1976-August 1977. Upon approval of Peace Corps/Botswana of third year extension of volunteer service, took control of the financial affairs of the national organization for handicraft development. Responsibilities included:

Accounting — Preparation of all facets of the accounts from original entry to trial balance and trading accounts. On a monthly basis prepared and monitored budgets for two profit centers.

Training — Taught financial planning to senior level staff.

COOPERATIVE AUDITOR, Department of Cooperatives, Gaborone, Botswana, July 1974-October 1976. As a Peace Corps Volunteer assigned to the Auditing Section of the Department of Cooperatives under the Ministry of Agriculture. Responsibilities included:

Accounting — Established auditing procedures for twenty-two Agriculture/Cattle Marketing Cooperatives. Audited same cooperatives for half yearly and yearly financial results. Instituted stock and cash control systems. Developed procedures and materials for efficient control of credit given to members.

Management — Co-managed with a local counterpart the cooperative marketing apex organization - Botswana Cooperative Union Marketing Branch. Liaised with the abattoir for cattle quotas and problems arising with the member cooperatives. Supervised cattle payments made to members. Prepared budgets and revised commissions earned by the Cooperative Union. Negotiated building site and construction of new office of the BCU.

Training — Responsible for on-the-job training of a local counterpart

in all aspects of auditing procedures. Developed a one year training program for managers and bookkeepers. Prepared educational material for courses on bookkeeping, bank reconciliation, members bonus and cattle payments, personnel management, budget projections and stock control.

Evaluation/Analysis — Advised management and committees of marketing cooperatives as to the pros and cons of accounting systems, controls, use of personnel, and marketing activities.

Prepared reports for the Registrar of Cooperatives detailing comparative sales analysis, profit margins, expense ratios, and membership. Also, reported on the abilities of management and staff and the needs for further training.

EDUCATION & TRAINING Bachelor of Arts, 1973, in Business Management/Administration, Indiana University of Pennsylvania, Indiana, Pa.

Peace Corps Volunteer Training, 1974, Gaborone, Botswana. Intensive 2 month training in cross-cultural studies, government functions, language and accounting practices.

APPENDIX B

ENVIRONMENTAL IMPACT STATEMENT

THE FOLLOWING INITIAL ENVIRONMENTAL EXAMINATION WAS SUBMITTED TO USAID ON MAY 17, 1983. THE BUREAU ENVIRONMENTAL ADVISOR HAS CONCURRED IN THE NEGATIVE DETERMINATION RECOMMENDED BY PfP/I. (See State 17240 of June 21, 1983)

INITIAL ENVIRONMENTAL EXAMINATION

OR

CATEGORICAL EXCLUSION

Project Country: Malawi

Project Title: Implementation of The Development of Malawian Traders Trust Phase II

Funding: FY (s) 1982-83 $ 2,330,000

IEE Prepared by: Ernest V. Yancey, Partnership for Productivity

Environmental Action Recommended:

Positive Determination _____
Negative Determination X

Categorical Exclusion:

This activity meets the criteria for Categorical Exclusion in accordance with Section 216.2 (C) and is excluded from further review because:
The proposed action is an education and training program utilizing workshops, meetings, the identification of alternative loan/credit sources for small to medium scale rural business entrepreneurs and the provision of assistance in obtaining funding. As such it "is not a major action which will have a significant effect on the human environment. It is not, therefore, an action for which an Environmental Assessment or an Environmental Impact Statement" should be required.

APPROVED _____

Concurrence:
Bureau Environmental Officer

DISAPPROVED _____

DATE _____

Clearance: GC/AFR _____ Date _____

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I. Description of Project:

See Attachment

II. Examination of Nature, Scope, and Magnitude of Environmental Impacts:

(In terms of items on attached Impact and Evaluation Form)

See Attachment

III. Recommended Environmental Action:

Negative Determination

[illegible]

I. Description of Project

1. This proposal for the implementation of [illegible] Trust - Phase II project is submitted to the [illegible] Agency for International Development by the Partnership for Productivity International (PfP).

2. The Development of Malawian Traders Trust (DEMATT) is a Malawian agency formed in the year 1978 with the assistance of PfP. DEMATT's purpose is to work towards the Government of Malawi's development goals through the provision of business and management training to small and medium scale rural business persons. (The bulk of the business persons served by the program are located in Malawi's rural areas where 90% of its population resides. The training assistance provided through program activities are normally on a one to basis between business advisor and client.)

3. After the Pilot Phase activity conducted during 1978-81, Phase II of the program is being expanded to include the provision of business and management training to Malawi's small business producers and to the identification and support of new, qualified and potential entrepreneurs.

4. Phase II is a five-year program to which PfP will provide technical assistance rather than operational management as was its function in the Pilot Phase. Program elements of the Phase II program are:

   - Business Advisory Service (expanded from Pilot Phase)
   - Credit Worthiness Scheme
   - Mobile Advisory Service (on a limited basis to test the feasibility of this technique in reaching business people operating in remote rural locations.)
   - Identification of alternative funding sources
   - Specialized Economic Development
   - DEMATT Program of National Acceptance and Understanding
   - Commercial Accounting and Advisory Service (the institutionlized format of DEMATT to be achieved in Year-5)

5. As stated above, upon the program's conclusion, an on-going national business advisory extension service, the Commercial Accounting and Advisory Service is to be created to continue DEMATT's program on a small fee and institutionalized basis.

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6. During the program's implementation, linkages with the following Malawian development organizations will be fostered so as to avail [illegible] fully [illegible] program thrust:

- African Businessessmen's Association
- In-country financial institutions and major producers of goods and services.
- International donor agencies
- Malawi Congress Party
- Malawi Council for The Handicapped
- Malawi Union of Savings and Credit Cooperatives
- National Rural Development Program
- Peace Corps/Malawi
- Malawi's Rural Growth Center Program
- Traditional Authorities

7. In DEMATT's Pilot Phase the client count approximated 262. In Phase II, an objective is to reach a minimum of 5,000 clients during the program's five year life.

8. DEMATT Phase II is a national program. DEMATT staff will work with small to medium scale business persons throughout the country with emphasis on those located in rural areas.

9. The types of services to be provided to rural small to medium scale businesses through DEMATT activities are the following:

- Small business management training
- Small business start-up and expansion assistance
- Management consultancy services, including bookkeeping services and accounting training
- Economic and feasibility studies; profitability studies
- Market development services
- Identification of financial assistance (loans and credit)

10. Follow-on services until client(s) can function efficiently and independently

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[illegible]

II. Examination of Nature, Scope, and Magnitude of Environmental Impact:
(In terms of items on Attached Impact and Evaluation Form)

1. Changing the character of the land through:

   a. Increasing the population
      Any increase in population during Phase II will be from natural causes and not from program impact. Program activities will have no significant effect.

   b. Extracting natural resources: None

   c. Land clearing: None

   d. Changing soil character: None

2. Altering natural defenses: There will be no use of pesticides or other chemicals in the program.

3. Foreclosing important uses: None

4. Impact on man or his works: The primary impact on man and his works will be an improvement in the ability of small to medium scale business persons to operate their businesses in an efficient and profitable manner.

Water Quality

1. Physical state of water: None
2. Chemical and biological states: None
3. Ecological balance: None
4. Other factors: None

Atmospheric

1. Air additives: None
2. Air pollution: None
3. Noise pollution: None
4. Other factors: None

Natural Resources

1. Diversion, altered use of water: None
2. Irreversible, inefficient commitments: None
3. Other factors: None

Cultural

1. Altering physical symbols: No component of this program poses a threat to clutural symbols.

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2. Dilution of cultural traditions: None
3. Other factors, increased self-esteem for rural producers: To the extent that small enterprenuers are enabled to increase their productivity and income their self-esteem will be correspondingly increased. They will enjoy a sense of being masters of their own circumstances and not victims of those actions and events which affect them.

Socioeconomic

1. Changes in econom/employment patterns: The creation of new/expanded rural enterprises will create new jobs in the rural areas. Malawi's on-going policy of discouraging rural to urban migration will thus be reinforced.
2. Changes in population: None
3. Changes in cultural patterns: Innovations to be introduced through program activities will build on existing cultural patterns and not attempt to supplant them.
4. Other factors, increased purchasing power for rural farmers: Many of the small to medium scale business owners in Malawi also maintain farms. Participation in the program will increase incomes through efficient and profitable business operations.

Health

1. Changing a natural environment: Project activity will have no significant effect.
2. Eliminating an eco-system element: No components of this program will pose a threat to an eco-system element.
3. Other factors, improved nutrition: It is anticipated that one of the first uses by DEMATT clients of increased incomes will be increased amounts of food consumed by their immediate and extended families. This will have a decidedly positive impact on nutritional intake.

General

1. International impacts: DEMATT's assistance to new and or expanded business enterprises with international export capability will beneficialy affect Malawi's accumulation of foreign exchange.
2. Controversial impacts: This program contains no elements that would result in controversial impacts.
3. Larger program impacts: DEMATT program activities will result in a more efficient and profitable rural private sector.
4. Other factors: None foreseen at this time. DEMATT staff, however, will be trained so they are attuned to any possible environmental impacts. In the unlikely event that any such impacts are noted they will immediately be reported to [illegible] [illegible] will be taken.

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[illegible] 1/

Impact Areas and Sub-Areas	Impact Evaluation 2/
A. LAND USE	
1. Changing the character of the land through:	
a. Increasing the population	N
b. Extracting natural resources	N
c. Land clearing	N
d. Changing soil character	N
2. Altering natural defenses	N
3. Foreclosing important uses	N
4. Impact on man or his works	M/
5. Other factors	N
B. WATER QUALITY	
1. Physical state of water	N
2. Chemical and biological states	N
3. Ecological balance	N
4. Other factors	N

1/ See following section for discussion of impacts identified in this Form.

2/ Key to symbols:
- N - No environmental impact
- L - Little (low) environmental impact
- M - Moderate environmental impact
- H - High, significant environmental impact
- U - Unknown environmental impact
- / - Indicates impact is positive
- - - Indicates impact is negative

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C. ATMOSPHERIC

1. Air additives ..... N
2. Air pollution ..... N
3. Noise polution ..... N
4. Other factors ..... N

D. NATURAL RESOURCES

1. Diversion, altered use of water ..... N
2. Irreversible, inefficient commitments ..... N
3. Other factors ..... N

E. CULTURAL

1. Altering physical symbols ..... N
2. Dilution of cultural tradition ..... N
3. Other factors
   Increased self-esteem for rural producers ..... N +

F. SOCIOECONOMIC

1. Changes in economic/employment patterns ..... N +
2. Changes in population ..... N
3. Changes in cultural patterns ..... N
4. Other factors
   Increased purchasing power for rural farmers ..... N +

G. HEALTH

1. Changing a natural environment ..... N
2. Eliminating an ecosystem element ..... N
3. Other factors
   Improved nutrition ..... N +

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IMPACT IDENTIFICATION [illegible]

H. GENERAL

1. International impacts ..... _____
2. Controversial impacts ..... _____
3. Larger program impacts ..... _____
4. Other factors ..... _____

I. OTHER POSSIBLE IMPACTS (not listed above)

_____ _____

_____ _____

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APPENDIX C

GOM REQUEST FOR ASSISTANCE

Telegrams: FINANCE, Lilongwe
Telephone: Lilongwe 731 311
Communications should be addressed to:
the Secretary to the Treasury

In reply please quote No. 5/12/40/III/53

MINISTRY OF FINANCE
P.O. BOX 30049
LILONGWE
MALAWI

13th May, 1983.

The USAID Representative,
Agency for International Development,
P.O. Box 30455,
LILONGWE 3.

Attention: Mr. E.J. Germ

Dear Sir,

THE DEVELOPMENT OF MALAWI TRADERS TRUST:
PHASE II PROJECT: REQUEST FOR US $ 2,540,255

We refer to the telephone conversation Germ/Mtingwi of 13th May, 1983 and to a letter No. BL/110/042/02/IV of 13th May, 1983 from the Secretary for Trade and Industry (a copy is attached, on the above subject.

We wish to confirm that the Malawi Government's request to USAID for financial assistance for Phase II of DEMATT submitted in July, 1981 still stands.

We would therefore be grateful for your assistance in this matter in view of the fact that the request is due to be tabled in Washington, USA on Monday, 23rd May, 1983.

Your faithfully,

E.F. Mtingwi
for: SECRETARY TO THE TREASURY

cc: The Secretary for Trade and Industry, Lilongwe 3.

Best Available Document

MINISTRY OF FINANCE
18 MAY 1983
P.O. BOX 30049, CAPITAL CITY
LILONGWE 3

Ref. No. BL/110/042/02 IV

18th May, 1983

FROM: THE SECRETARY FOR TRADE AND INDUSTRY,
P.O. BOX 30366, LILONGWE 3.

TO : THE SECRETARY TO THE TREASURY,
P.O. BOX 30049, LILONGWE 3.
(Attention: Mr. Kantengeni)

cc : The General Manager,
Development of Malawian Traders Trust,
P.O. Box 1540, Blantyre.

THE DEVELOPMENT OF MALAWIAN TRADERS TRUST
PHASE II PROJECT: REQUEST FOR US $2340255

We have received communication from Mr. E. Yancey from Partnership for Productivity (PfP) who was a technical adviser at DEMATT to the effect that the Phase II DEMATT project will be tabled on the 23rd May, 1983 in Washington, U.S. He has advised that the USAID would require Government confirmation as to whether our request to USAID for financing the Phase II project still stands. This is so because the only communication the USAID have to this effect is a letter reference No. 5/12/40/II/48 of 18th July, 1981.

The purpose of this letter is therefore to request you to urgently inform USAID that Government's request to finance Phase II of DEMATT in the region of US $2340255 as stated in the letter referred to above, still stand.

I would appreciate it if you could telex Washington since consideration of the project will be done on 23rd of this month.

Your urgent action on this matter will be appreciated.

for: M.M. Chikonde
SECRETARY FOR TRADE AND INDUSTRY

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In reply please quote No. 5/12/40/II/48

Telegrams: FINANCE, Lilongwe
Telephone: Lilongwe 731 311
Communications should be addressed to:
The Secretary to the Treasury

MINISTRY OF FINANCE
P.O. BOX 30049
LILONGWE
MALAWI

20 JUL 1981

18th July, 1981

Mrs Vivian Anderson,
USAID Representative,
P. O. BOX 30016,
LILONGWE 3.

RESPONSE BY .....
DATE OF ACTION 8/3
FILE IND-2

Dear Madam,

SUBMISSION OF A PROJECT PROPOSAL FOR THE DEVELOPMENT OF MALAWIAN TRADERS TRUST

I submit to you a Project Proposal for the Development of Malawian Traders Trust and an Addendum for the United States Agency for International Development (USAID) to consider extending financial assistance in the sum of US $2,340,255 to the Development of Malawian Traders Trust for the Trust to embark on Phase II of its activities as from October, 1981. The Trust is a statutory body set up by the Government of Malawi to teach small-scale businessmen how to run their businesses efficiently and profitably.

2. You will wish to know that when the Government of Malawi decided to give opportunities of conducting business to a Majority of Malawians by restricting the Asians to trading in the major urban centres of Blantyre, Zomba and Lilongwe only, the Government also realised the need to upgrade the commercial knowledge of Malawian Businessmen to enable them run their business efficiently and profitably. The effort of training is mainly directed towards small-scale traders or businessmen who largely operate in rural areas where almost 95% of the people of Malawi live. The Government strongly believes that the good performance of small-scale traders and businessmen will not only make more goods available to the rural population but will also stimulate and expand the economy further as the potential demand for goods by the rural people whose real incomes are increasing as a result of Agricultural Development Projects launched under the National Rural Development Programme (NRDP) is tapped.

3. Prior to 1978, the training of small-scale businessmen and traders was being undertaken almost on voluntary basis by such bodies as the African Businessmen Association (ABA), the Import and Export Company of Malawi and the Chamber of Commerce and Industry of Malawi. While this effort was appreciated, it was thought necessary by the Government to set up a body solely to organise and carry out the training of small-scale businessmen. The Partnership for Productivity (PFP) in the United States of America was approached for assistance in setting up the body now known as the Development of Malawian Traders Trust. The PFP readly agreed and in addition to cash resources, the PFP provided a General Manager and Training Officer for the Pilot Phase of the Trust from December, 1978 to September, 1981. The experience gathered in the first phase has convinced the Malawi Government to launch the second phase of the Trust activities as from October, 1981. In order to implement Phase II of the Trust services which will last for five years, the Government of Malawi would like to put forward to the United States Agency for International Developm a request for US $2,340,255. The funds will be used for the purchase of capital equipment, personal emoluments and other essential services as detailed in the attached Project Proposal.

2/.....

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Mrs Vivian Anderson

4. I trust that you will be able to examine and consider the request. In conclusion, I wish to assure you that the Government of Malaŵi attaches great importance to the work, aims and objectives of the Trust and that the Government of Malaŵi will continue to provide whatever counterpart assistance to the Trust that may be needed from time to time. In addition, the Government of Malaŵi will endeavour to provide to the Trust annually a sum of money for services that cannot be funded from external sources.

Yours faithfully,

B. M. Phiri
for: SECRETARY TO THE TREASURY

c.c. : The Comptroller of Statutory Bodies, Lilongwe 3.

: The Secretary for Trade and Industry, Lilongwe 3.

: The General Manager, Trust for the Development of Malaŵian Traders, P. O. BOX 1540, Blantyre.

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APPENDIX D

DEMATT INSTITUTIONAL ANALYSIS

DEMATT INSTITUTIONAL ANALYSIS

The institutional analysis of DEMATT addresses the following points: history, purpose and goals, organizational structure, funding, location and clientele.

A. History

DEMATT's initial establishment took place in 1977 at the beginning of its Pilot Phase which ended in 1978. In 1978, the GOM took action to restrict the business activity of the previously established Asian business community to the nation's urban communities of Lilongwe, Blantyre and Zomba. Resulting from this action, a void was created in the country's rural communities due to the lack of businesses to provide essential commodities and services. The GOM, after attempting several initiative to correct the problem, began discussions with PfP/I focused upon creation of a program to train and assist indigenous business persons.

In 1978, with the financial assistance of the GOM, PACT, Malawi's private sector and USAID Matching Funds, DEMATT was formed. Two PfP/I in-country staff were assigned, DEMATT staff were recruited, trained and deployed, statutory formation was accomplished and a Board of Trustees established.

The Pilot Phase ended after two years. PfP/I staff departed Malawi. DEMATT program activities continue under the day-to-day direction of a Malawian General Manager who was appointed prior to PfP/I staff departure. The GOM, in July 1981, officially requested USAID provision of funding for a five-year Phase II continuation of DEMATT with PfP/I technical assistance.

Until such time as USAID funding of DEMATT Phase II is obtained, GOM is providing DEMATT with bridging funds for its continued operation. USAID funding assistance is expected in the second half of the 1983 calendar year.

B. Purpose and Goals

The purpose of DEMATT is to provide an ongoing business advisory extension service to Malawi's estimated 21,000 small- to medium-scale businesses. This service is initially on a one-to-one basis so as to create an effective and personal approach to the individual needs of the entrepreneurs with whom it cooperates.

Through its training services, DEMATT assists Malawi's business community in achieving profitability, meaningful contributions to the nation's economic base and assistance to the communities in which they are located.

Phase II of DEMATT, lasting five years, has as its goals the expansion of services, increased numbers and variety of clientele and the creation of an ongoing organization capable of generating its own operating capital.

C. Organizational Structure

DEMATT currently is officially registered under Malawi's Trustee Incorporation Act and functions as a parastatal body under the direction of

Malawi's Comptroller of Statutory Bodies. The Ministry under which it operates is the Ministry of Trade and Industry. It has a Board of Trustees consisting of 12 members (see attached listing of Board of Trustee membership). Day-to-day operations are the responsibility of the General Member. Currently DEMATT has 26 employees performing program activities (see attached five-year Staffing Schedule). Phase II plans are to enlarge the staff to 34 in Year 1 and to maintain a staffing level of 35 for subsequent years. DEMATT's Phase II organizational chart with proposed PfP/I technical assistance staff follows.

D. Funding

Pilot Phase funding for DEMATT program activities derived from:

- GOM,
- PACT,
- Funds raised from Malawi's private sector, and
- USAID Matching Grant funds to PfP/I.

Funds provided for the two-year Pilot Phase were as follows:

- GOM	$171,462
- Private Sector	103,928
- PACT	64,805
- PfP/I Matching Grant	25,717
Grand Total	$365,912

For the expanded five-year Phase II activities of DEMATT, PfP/I has submitted a proposal to USAID requesting $2,828,000. The GOM has agreed to provide a subvention of $516,493 for the five-year period.

E. Location and Clientele

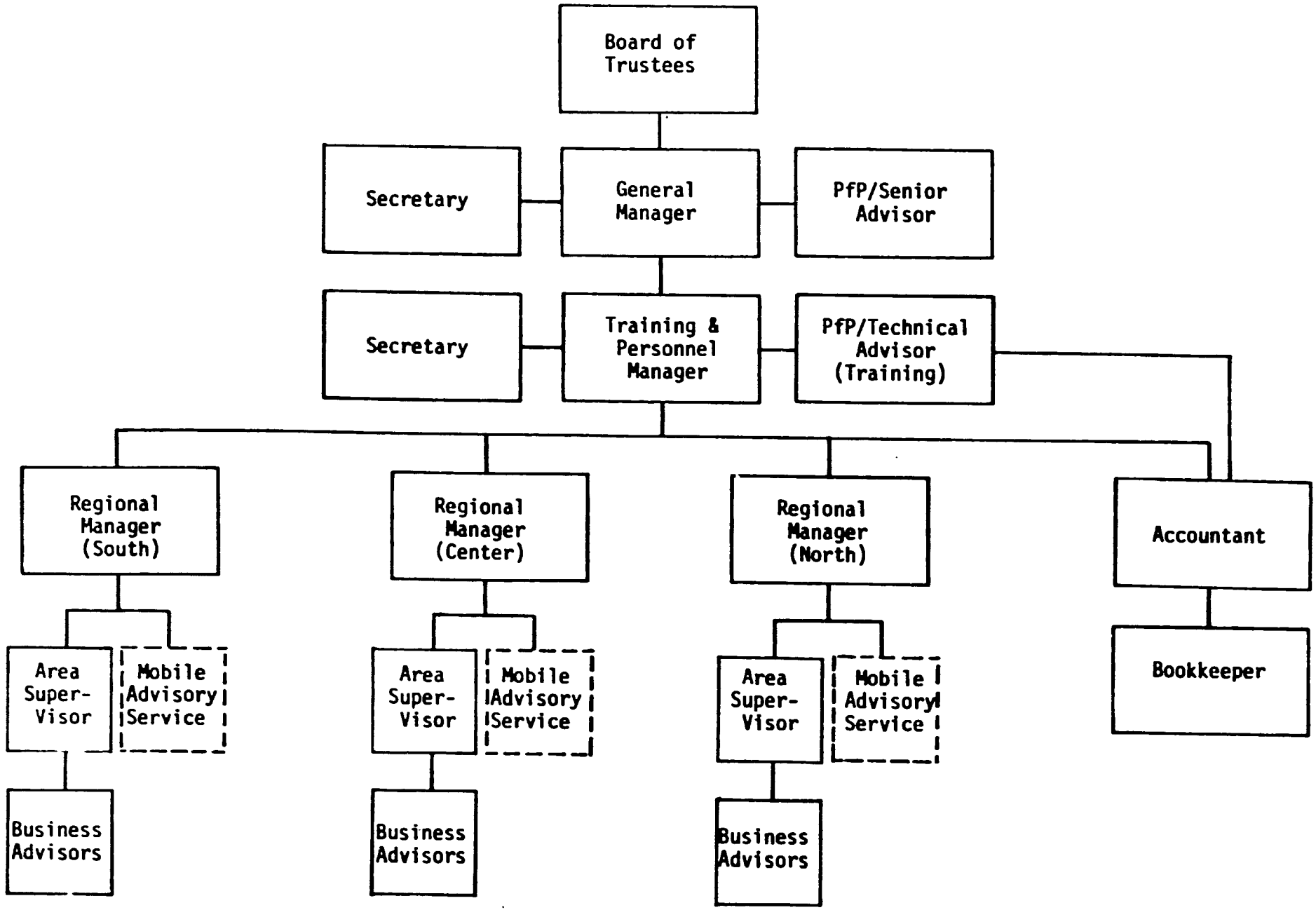
DEMATT is headquartered in Blantyre, Malawi's main commercial center. It has regional managers currently located in Blantyre, responsible for the Southern Region and in Lilongwe, the nation's capital, responsible for the Central and Northern regions. In Phase II a third regional manager will be hired who will assume responsibility for the Northern region.

DEMATT's clients are small- to medium-scale businesses throughout Malawi. In addition, its clients are composed of those persons desirous of starting new businesses or expanding existing ones (for more detail on DEMATT clients see Section V).

THE DEVELOPMENT OF MALAWIAN TRADERS TRUST
5 YEAR STAFFING SCHEDULE (LOCAL STAFF ONLY)

JOB TITLE	PRE-SENT#	YR 1	YR 2	YR 3	YR 4	YR 5
General Manager	1	1	1	1	1	1
Personnel/ Training Manager	0	1	1	1	1	1
Regional Managers	2	3	3	3	3	3
Accountant	1	1	1	1	1	1
Area Supervisors	3	2	0	0	0	0
Business Advisors	13	14	14	6	4	0
Mobile Supervisors	0	2	4	6	6	6
CAAS Staff	0	0	0	6	8	12
Bookkeeper	1	1	1	1	1	1
Personnel Clerk/Secretary	0	1	1	1	1	1
Secretary	1	1	1	1	1	1
Copy Typist	2	3	3	3	3	3
Messenger	2	3	3	3	3	3
Office Driver	0	0	1	1	1	1
Watchmen	0	1	1	1	1	1
TOTAL	26	34	35	35	35	35

DEMATT ORGANIZATION CHART



DEMATT BOARD OF TRUSTEES

	Name	Occupation	Board Position
1.	Mr. M. Mwafulirwa	Businessman	Chairman
2.	Mr. U.S.G. Nyondo	Import and Export Company of Malawi, Ltd.	Member
3.	Mr. R.S. Renshaw	Sales Services, Ltd.	Member
4.	Mr. A.R. Eckley	National Bank of Malawi	Member
5.	Mr. D.J. Chikhawo	African Businessmen's Association	Member
6.	Mr. E.Y. Nkwangwanya	Commercial Bank of Malawi	Member
7.	Mr. A. Kachingwe	Businessman	Member
8.	General Manager, INDEBANK		Member
9.	Secretary for Trade and Industry		Member
10.	Secretary for Treasury		Member
	Comptroller for Statutory Bodies		Guest
11.	Vacant*		
12.	Vacant*		

*Awaiting appointment.

APPENDIX E

PROCUREMENT PLAN

PROCUREMENT PLAN

A. General

Shown is the suggested procurement plan which will be followed during the implementation of this project. In making each of the indicated purchases good commerical practice will be followed.

All four-wheel vehicles and motorcycles purchased for the program (see attached listing) will be placed under the existing blanket/origin waiver approved by the USAID Acting Administrator on February 3, 1981, and extended through fiscal year on January 21, 1983. It should be noted that the 1983 extension included lightweight motorcycles. All four-wheel vehicles purchased will be right-hand drive.

All procurements will be made by DEMATT management staff with technical assistance by PfP/I in-country staff. USAID Handbook #11, Chapter 3 will be adhered in the instance of all procurements.

Procurement Plan (by Year)

- Year I

Vehicles (four-wheel)	5
Photocopy machine	1
Typewriters	5
Bicycles	10

Office furniture, supplies, expendables, printing maintenance costs, petrol, insurance, guard services, etc.

- Year II

Program computer	1
Vehicles (four-wheel)	5
Motorcycles	6
Bicycles	16

Office furniture, supplies, expendables, printing, maintenance costs, petrol, insurance, guard services, etc.

- Year III

Bicycles	6

Office furniture, supplies, expendables, printing, maintenance costs, petrol, insurance, guard services, etc.

- Year IV

  Same as Year III, without bicycles

- Year V

  None

The authorized Geographic Code for procurement of all goods and services financed with the foreign exchange provided by the grant is Code 941 (U.S. and Selected LDCs). The Republic of Malawi is the authorized source and origin for local currency costs.

Notwithstanding the above, and on the basis of the attached waiver, PfP is authorized to procure the following:

a. Ten (10) lightweight, right-hand drive vehicles from 935 sources and origins for use by the technical assistance team and DEMATT.

b. Six (6) motorcycles from Code 935 sources and origins for use by the technical assistance team and DEMATT.

The estimated value of the procurement of these vehicles and motorcycles (including spare parts) is $117,250.

APPENDIX F

GRANT IMPLEMENTATION AND ADMINISTRATION PLAN

GRANT IMPLEMENTATION AND ADMINISTRATION PLAN

1. Purpose of Grant

Malawi, since independence, has pursued a development strategy which relies heavily on the functioning of a free market and a largely unrestricted private sector. Malawi's principle approach has been to promote as much as possible, Malawi's entrepreneurship.

As part of its implementation of the above approach, Malawi in 1978 invited Partnership for Productivity International (PfP/I), an American private voluntary organization to begin a private-sector initiative. PfP/I at that time began activities to form the Development of Malawian Traders Trust (DEMATT). DEMATT trains Malawi's basically rural small- to medium-scale entrepreneurs in techniques of business operations so as to improve their levels of profitability. The Pilot Phase was funded through the following sources: monies raised in Malawi's private sector, PfP/I matching grant funds and a grant from Private Agencies Collaborating Together (PACT). The Pilot Phase extended through 1981. DEMATT was evaluated in 1982, receiving a recommendation that its Phase II be funded for a five-year period by USAID.

USAID/Malawi recognizes the importance of private-sector growth for the nation's development and considers private-sector development as one of its two program objectives. The objectives of this grant are also very much in line with the emphasis placed on private-sector development and creating self-sustaining development institutions by the Africa Bureau and the Agench as a whole.

The grant to PfP/I will be utilized to expand the types of training and business management advisory services and enlarge the geographical coverage within which these services are provided by DEMATT. The assistance provided by the grant to PfP/I will be used to develop an institutional arrangement for the provision of business advisory help to small- to medium-sized Malawian business persons on a commercial basis.

2. Period of the Grant

A. The effective date of this grant is August 31, 1983. The Project Activity Completion Date (PACD) of this grant is August 30, 1988.

B. Funds obligated by this grant are available to the grant for project expenditures as shown in the financial plan below.

3. Amount of the Grant and Method of Payment

A. Expenditures incurred by PfP under this grant shall not exceed the authorized amount.

B. AID will obligate the entire authorized life of the project amount of this grant, $2,828,000 to be used by the grantee over the five-year duration of project.

C. PfP will submit to AID a detailed work plan for the initial year of the grant and a detailed estimate of grant funds needed to carry out that work plan with a request for Federal Reserve Letter of Credit. Thereafter, on an annual basis, PfP will provide an accounting of all expenditures made under the FRLC and any unliquidated balances and a work plan with estimated budget supporting a request for issuing the FRLC.

4. Financial Plan

The following is the proposed financial plan for the grant. Revisions to this plan shall be made in accordance with the standard provisions of this grant, entitled "Revision of Financial Plans". All financial reports will follow the outline of this plan. Adjustments may be made between line items of the budget without the prior approval of AID as long as the total amount of expenditures does not exceed the amount authorized and obligated. (See page 3.)

5. Special Provisions of the Grant

A. Vehicle Procurement

(1) PfP is authorized to procure up to ten vehicles from Code 935 sources and origins for use by the technical assistance team and DEMATT.

(2) PfP is authorized to procure up to six motorcycles from CODE 935 sources and origins for use by the technical assistance team and DEMATT.

B. The authorized geographic code for procurement of all other goods and services financed with foreign exchange provided by the grant is Code 000 (U.S.) and Code 941 (U.S. and selected LDCs). The Republic of Malawi is the authorized source and origin for local currency costs.

C. Allowable overhead rate: 24.2 percent on all direct and indirect costs.

D. Title to property: Partnership for Productivity/International shall hold title to all capital goods and equipment procured by grant funds during the life of the project. Upon project completion, all such titled goods will be transfered to DEMATT, the CAAS or the Government of Malawi.

6. Reporting and Evaluation

The Partnership for Productivity/International senior advisor will have the responsibility for monitoring project performance and for submission of required reports to participating organizations. Regular monitoring reports will be prepared in the prescribed format describing achievement/nonachievement of scheduled objectives; spec eports may be required in response to exceptional problems or other situations. The senior advisor will also be responsible for monitoring project expenditures and submission of regular financial reports to the GOM, PfP/I Washington and USAID/Malawi.

Detailed evaluations will be performed during the project life. The Year I evaluation will be conducted by DEMATT management staff with the assistance of

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DEVELOPMENT OF MALAWIAN TRADERS TRUST
PHASE II BUDGET SUMMARY

LINE ITEM	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	TOTAL
USAID						
Technical Assistance	149,532	141,065	159,507	131,217	147,679	729,000
Training	22,000	15,000	19,000	14,000	11,000	81,000
Commodities, Supplies, & Equipment	73,400	159,600	5,000	8,000	--	246,000
Other Direct Costs	30,000	42,000	35,000	37,000	30,000	174,000
Financial Support for DEMATT	250,000	225,000	200,000	135,000	90,000	900,000
SUB-TOTAL	524,932	582,665	418,507	352,217	278,679	2,130,000
OVERHEAD @ 24.2%	127,033	141,005	101,279	78,702	67,440	515,459
CONTINGENCY @ 6.5% OF OPERATING COSTS	45,144	50,109	35,991	27,969	23,328	182,541
SUB-TOTAL	697,109	773,779	555,777	431,888	369,447	2,828,000
OTHER CONTRIBUTIONS						
GOM						
Financial Support to DEMATT	100,000	104,000	104,160	104,166	104,167	516,493
CAAS (Fees, etc.)						
Financial Support to DEMATT	--	--	41,840	95,834	145,833	283,507
PFP/INTERNATIONAL						
Pre-Contract Costs & Evaluations	4,000	4,000	4,000	4,000	4,000	20,000
SUB-TOTAL	104,000	108,000	150,000	204,000	254,000	820,000
GRAND TOTAL (All Sources)	801,109	881,779	705,777	635,888	623,447	3,648,000

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PfP/I technical assistance staff. Year II evaluation will be carried out by a team of people acceptable to GOM, PfP/I Washington and USAID. Year III and Year IV will be as Year II. The Year V evaluation will receive emphasis on DEMATT's institutionalization beginning in Year VI. All internal evaluations will be funded under the project and will test the project's contribution to increasing private-sector income, profitability level of small- to medium-scale entrepreneurs, availability of commodities to rural customers, and feasibility of the institutionalization phase. External evaluations will be funded through AID/Malawi PD and S funds.

Reports to PfP/I Washington, USAID and the Government of Malawi will be as follows:

- Work plans (annually).
- Program reports (semiannually).
- Financial reports (quarterly) containing:
  - project expenditures by budget line item and
  - unliquidated project funds by budget line item.
- Financial reports (annually) containing:
  - expenditure plans for upcoming year,
  - project expenditures utilized,
  - project expenditures remaining, and
  - project completion estimates.
- Bimonthly monitoring reports as to program progress.
- Special reports as required.
- Monthly reports to PfP/I Washington on project expenditures.

APPENDIX G

PROJECT IMPLEMENTATION PLAN

PROJECT IMPLEMENTATION PLAN

Implementation

Partnership for Productivitu/International technical assistance staff will function as counterparts to DEMATT's management staff, as indicated in the proposal staffing plan (see Appendix A). TA staff will utilize a participatory approach in providing program assistance. Consequently, the following implementation plan requires flexibility in application and should be viewed as a guide until such time as in-depth meetings on the subject have taken place, agreement is reached and a specific implementation plan is drafted. This will occur on an annual basis.

Quarter	Participants	Project Events/Outputs
		YEAR 1
1st	PfP/I	- PfP/I TA staff arrive in Malawi.
	PfP/I, GOM, Board of Trustees, field staff	- Appropriate GOM, Board of Trustees and program staff met and program content and goals discussed.
		- Working relationships established.
	PfP/I, DEMATT	- National assessment of current program accomplished by TA and DEMATT management staff.
		- Identify location for DEMATT Northern Regional Office.
		- Year I implementation plan developed.
		- Agreement reached as to staff recruitment/ reassignment.
		- Financial accounting procedures assessed and refined as required.
	PfP/I, DEMATT	- Procurement plans and procedures discussed and agreed upon.
		- Personnel policies and procedures refined and agreed upon.
	PfP/I, DEMATT, clients	- Continue implementation of BAS and CWS.
2nd	PfP/I, DEMATT	- Begin making necessary program equipment purchases.
		- Current training plan assessed and refined.
		- Staff training plans assessed, refined and developed for each of project's seven component projects.

Quarter	Participants	Project Events/Outputs
2nd (cont'd.)	PfP/I, DEMATT	- Training plans above discussed and agreed upon with management staff. - Implement training plans. - Deploy new and reassigned staff. - Northern Regional Office becomes functional. - Staff evaluation plan/procedures developed. - Supervisory staff trained in use of staff evaluation plan. - Implementation and evaluation plans developed for following program projects: -- National Acceptance and Understanding, -- Identification of Alternative Funding Sources, -- Assessment of fees, and -- Mobile Advisory Service.
3rd	PfP/I, DEMATT, Board of Trustees	- Board of Trustees and management staff agreement on above achieved.
	PfP/I, DEMATT, Board of Trustees, clients, donor agencies, etc.	- Implementation of project plans begins. - Staff in-service training plan assessed and refined. - In-service training plan implemented. - Begin feasibility study to designate area for MAS limited test. - Finalize plans and implement MAS on test basis.
	PfP/I, DEMATT	- Reporting and monitoring system developed and initiated.
	DEMATT	- Place all fees collected in interest-bearing account.
	PfP/I, DEMATT	- Year II implementation plan developed. - Assist DEMATT General Manager in preparation for and attendance at monthly Board of Trustees meetings.

Quarter	Participants	Project Events/Outputs
4th	PfP/I, DEMATT	- Conduct Year I internal program evaluation.
		- Make program adjustments as indicated.
	PfP/I, DEMATT, GOM, donor community, financial institutions	- Conduct meetings with GOM and related organizations on scheduled basis.
	PfP/I, DEMATT	- Quarterly review of total program operations accomplished throughout program's five-year life.
		YEAR II
1st	PfP/I, DEMATT, field staff	- Continue program operations as above.
	Sr. Advisor & General Manager	- Develop and begin implementation of program project, "the identification of alternative funding sources."
2nd	PfP/I, DEMATT	- Initiate feasibility plan for CAAS on trial basis.
		- Evaluate MAS and introduce on a national basis if found feasible.
		- Develop plans for CAAS staff reassignments.
3rd		- Implementation plan developed for Year III.
	External evaluators, PfP/I, DEMATT, clients	- Assist in Year II external evaluation.
	PfP/I, DEMATT	- Make program adjustments as required
4th		- Codify all training plans for program.
	Designated Individuals, PfP/I Washington, worldwide staff	- Selected DEMATT and TA staff attend PfP/I Washington international conferences as they are developed.

Quarter	Participants	Project Events/Outputs
1st	PfP/I, DEMATT, field staff	- Continue program operations.
		- Introduce CAAS on national basis if proven feasible.
2nd	PfP/I, DEMATT	- Year IV implementation developed.
		- Monitor and refine CAAS on monthly basis.
3rd		- Begin using those funding sources identified including collected fees in program operations.
4th		- Conduct Year III internal evaluation.
		- Adjust program as required.
		YEAR IV
1st	PfP/I, DEMATT	- Conduct in-depth CAAS field test.
2nd		- Make project adjustments as required.
3rd		- Develop implementation plan for Year V.
4th	Same as Year II	- Conduct Year IV external evaluation.
		YEAR V
1st	PfP/I, DEMATT	- Continue program operations.
		- Finalize CAAS implementation package (full operational plan).
2nd	Same as Year II	- Assist in conduct of Year V external evaluation to take place in 1st Quarter.
3rd	PfP/I, DEMATT	- Based on results, develop implementation plan for Year VI.
4th		- Prepare final report.
	PfP/I	- PfP TA staff deports program.
		YEAR VI
1st	PfP/I, DEMATT	- CAAS assumes responsibility for all program operations

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APPENDIX H

LOGICAL FRAMEWORK

AID 1020-17 (10-71)
SUPPLEMENT 1

PROJECT DESIGN SUMMARY
LOGICAL FRAMEWORK

(INSTRUCTIONS: THIS IS AN OFFICIAL FORM WHICH CAN BE USED AS AN AID TO ORGANIZING DATA FOR THE PAR REPORT. IT NEED NOT BE RETAINED OR SUBMITTED.)

Life of Project:
From FY 1983 to FY 1988
Total U.S. Funding 2,828,000
Date Prepared August, 1983

Project Title & Number: Rural Entrepreneurial & Advisory Support Grant (612-0219)

PAGE 1

NARRATIVE SUMMARY	OBJECTIVELY VERIFIABLE INDICATORS	MEANS OF VERIFICATION	IMPORTANT ASSUMPTIONS
Program or Sector Goal: The broader objective to which this project contributes:	Measures of Goal Achievement:		Assumptions for achieving goal targets:
Expansion of the indigenous private sector entrepreneurial capability for increasing employment, income and the provision of community services on a profitable basis.	(a) Increase in net worth and hiring capability of indigenous entrepreneurs. (b) Percentage of small and medium sized businesses going into default and bankruptcy decreases, at least among DEMATT/CAAS clients.	(a) DEMATT/CAAS project files (b) Interviews with Government of Malawi and USAID officials, DEMATT/CAAS staff, private sector promotional bodies, local financial institutions, technical assistance staff, etc. (c) Interviews with both business clients and non-clients of DEMATT/CAAS. (d) National Statistical Office reports. (e) Malawian and expatriate investors.	(a) Economic and climatic conditions in Malawi do not deteriorate substantially. (b) Political stability. (c) Continuation of desire to develop small and medium sized businesses.

Best Available Document

LOGICAL FRAMEWORK

Project Title & Number: Rural Entrepreneurial & Advisory Support Grant (612-0219)

From FY 1983 to FY 1988
Total U.S. Funding 2,828,000
Date Prepared: August, 1983

PAGE 2

NARRATIVE SUMMARY	OBJECTIVELY VERIFIABLE INDICATORS	MEANS OF VERIFICATION	IMPORTANT ASSUMPTIONS
Project Purpose:	Conditions that will indicate purpose has been achieved: End of project status.		Assumptions for achieving purpose:
To develop an institutional basis for the provision of business advisory services and training to small and medium sized malawian businessmen on a commercial and sustainable basis.	(a) DEMATT/CAAS has a range of clients between 3,000 and 5,000 businessmen who receive services from the institution find them of sufficient worth that they are willing and able to pay for the provision of these services. (b) Financial position of DEMATT/CAAS secure with a minimum of 70% of operating costs covered by fees charged on services and other long-term arrangements existing to adequately capitalize DEMATT/CAAS. (c) Professional skills and services provided through DEMATT and CAAS improved and focussing on on common needs of small and medium sized entrepreneurs. Skills and services improved by project funded technical assistance in training and organizational management.	(a) DEMATT/CAAS project files. (b) Interviews with Government of Malawi and USAID officials, DEMATT/CAAS staff, private sector promotional bodies, local financial institutions, technical assistance staff, etc. (c) Interviews with both business clients and non-clients of DEMATT/CAAS. (d) National Statistical Office reports. (e) Malawian and expatriate investors	(a) The methodology of providing training and advisory services can be adjusted especially for follow-on services which permit fees charged and other long-term financial arrangements to cover the cost of providing such services to be acceptable to small and medium sized businessmen. (b) The Government of Malawi continues to give high priority to promoting small and medium scale private sector development. (c) Economic conditions remain fairly stable and adequately favorable for relatively efficient small medium sized businesses to make a profit.

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LOGICAL FRAMEWORK

Project Title & Number: Rural Entrepreneurial & Advisory Support Grant (612-0219)

From FY 1983 to FY 1988
Total U.S. Funding 2,828,000
Date Prepared August, 1983

NARRATIVE SUMMARY	OBJECTIVELY VERIFIABLE INDICATORS	MEANS OF VERIFICATION	IMPORTANT ASSUMPTIONS
Outputs:	Magnitude of Outputs:		Assumptions for achieving outputs:
diversified its sources of financial support and must be capable of self-financing the major and most important operations and services which CAAS provides.	financially profitable. Major emphasis will be given to providing these services and other services will be provided as the financial position allows. Major services provided will be self-financing and a minimum of 50% of DEMATT/CAAS operational costs covered by income generated from provision of services on a commercial basis.	AID disbursement records, GOM budget and expenditure records, internal and external evaluations, site visits, financial statements, semi-annual reports, DEMATT client records.	sector as the private sector grows and becomes able to assume these business responsibilities.
(e) "Business Plans" developed for new potential enterprises and/or recamping existing enterprises to improve their viability. Such "Business Plans" will be made available to potential investors; both Malawian and expatriate investors.	(e) Ten plans developed for promising private sector economic activity or for restructuring sound but inefficient businesses.		(e) The GOM, business community and donors will determine a suitable strategy and institution for providing business advisory and training services on a subsidized basis for the poorest and and most isolated categories of DEMATT's clients.
(f) A role for DEMATT/CAAS which has been defined with the participation of the Malawian business community, which is accepted as an integral part of the business community and Government of of Malawi and is frequently utilized by small and medium scale businesses within the Malawian business community.	(f) DEMATT/CAAS maintains cooperative linkages with major small business loan/credit institutions. DEMATT/CAAS plays active role in private sector promotional bodies (ABA, Chamber of Commerce, etc.). Has a minimum of 3,000 clients by end of project.		

LOGICAL FRAMEWORK

Project Title & Number: Rural Entrepreneurial & Advisory Support Grant (612-0219)

From FY 1983 to FY 1988
Total U.S. Funding 2,828,000
Date Prepared: August, 1983
PAGE 3

NARRATIVE SUMMARY	OBJECTIVELY VERIFIABLE INDICATORS	MEANS OF VERIFICATION	IMPORTANT ASSUMPTIONS
Outputs:	Magnitude of Outputs:		Assumptions for achieving outputs:
(a) Types of training and business management advisory services expanded, especially identifying those services in highest demand by target clientele and which will be easiest to make financially self-supporting.	(a) DEMATT/CAAS will have extended the following - Business advisory services - Credit worthiness Scheme - Mobile Advisory Service - Specialized Economic Development - Commercial Accounting and Advisory Service. Each of the above will have tested the demand and profitability of providing each of these services. Non-profitable and services for which there is little demand will be dropped.	Internal and external evaluations, site visits, financial statements, semi-annual reports, DEMATT client records.	(a) Types of services being provided by DEMATT are needed and appreciated by small and medium sized businesses and need only minor adjustments (Evaluation supports assumption).
(b) Improved delivery systems for training and advisory services which substantially increase the number of clients and geographical coverage.	(b) 5,000 clients located in all three regions receiving DEMATT/CAAS services through a tested and evaluated delivery system.		(b) In the northern region, clients can continue to be identified which are in close enough proximity to render service delivery to be economically feasible in providing advisory services to the businesses so situated (Limited experience in Northern Region during Pilot Phase tends to support assumption).
(c) Closer ties developed between DEMATT/CAAS, their clients and Malawian loan/credit institutions, thereby facilitating clients to obtain needed lines of credit and loans.	(c) .02% of DEMATT clients currently qualifying for loan and/or credit at commercial financial institutions will increase to a target percentage of 10%.		(c) Loan/credit programs for indigenous small and medium scale enterprises will receiv the support of the GOM and donor agencies.
(d) A sound financial basis for CAAS. By the end of the project, CAAS must have	(d) As an organization, DEMATT/CAAS has analyzed its operations and knows which services are		GOM continues its efforts to divest parastatal operations to the private

PROJECT DESIGN SUMMARY
LOGICAL FRAMEWORK

Life of Project: From FY 1983 to FY 1988
Total U.S. Funding: 2,828,000
Date Prepared: August, 1983

Project Title & Number: Rural Entrepreneurial & Advisory Support Grant (612-0219)

PAGE 1

NARRATIVE SUMMARY	OBJECTIVELY VERIFIABLE INDICATORS	MEANS OF VERIFICATION	IMPORTANT ASSUMPTIONS
Inputs: -Training plans for business clients and staff codified. -Vehicles and miscellaneous commodities purchased. -CWS procedures refined and operational. -Fee schedule and other income sources identified and operative -Required Technical assistance as per work plan.	Implementation Target (Type and Quantity): -Required personnel on site. -Training programs in operation. -Operational fund raising system in place. -Needed vehicles and commodities in use.	-Training records -GOM budget and expenditure -Internal and external evaluations -Site visits -DEMATT and client financial statements -Annual and semi-annual reports -DEMATT client records	Assumptions for providing inputs: -GOM has and provides required support. -PfP/I Technical Assistance effective -Business clients continue participation and cooperation.

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