

PD-AAU-526

47705

ANNUAL EVALUATION

JULY 01, 1984 - SEPTEMBER 30, 1985

USAID OPG 879-0001-G-40089

A PROGRAM OF INSTITUTION BUILDING
FOR SMALL BUSINESS DEVELOPMENT

THE FOUNDATION FOR THE PEOPLES OF THE SOUTH PACIFIC
PACIFIC HOUSE
P.O. BOX 727
2-12 WEST PARK AVENUE
LONG BEACH, N.Y. 11561

INDEX

INTRODUCTION:

	Page
I ADMINISTRATION	1
II SPATF	2
(a) Introduction	2
(b) SPATF HQ	3
(c) SPATF Handicrafts	3
(d) VES	4
(e) ATDI	4
(f) Hohola Small Industries and Hanuatek	6
III SMALL GRANTS PROGRAM FOR COTTAGE INDUSTRIES	7
IV HOHCLA YOUTH DEVELOPMENT CENTER	10
V EVALUATION	12
VI THE FUTURE	13
VII RECOMMENDATIONS	14
APPENDIX I	

INTRODUCTION

The present Operational Program Grant was signed on July 31, 1984, effective from July 1, 1984. It is an entirely new program; virtually all the previous programs were phased out.

This Evaluation was carried out by Dr. Bernard P. Hosie, the Chief Evaluator for the Foundation for the Peoples of the South Pacific (FSP) between October 6 and October 17. It covers the period July 1, 1984 to September 30, 1985.

The evaluator concentrated on Madang, Lae and Port Moresby, with only one side trip to a project in the Highlands. Madang is the office of the FSP Country Director. FSP has an office in the Appropriate Technology Development Institute (ATDI) in Lae, staffed by the Assistant Country Director and four Extension Officers. Port Moresby is Headquarters for the South Pacific Appropriate Technology Foundation (SPATF) the main Papua New Guinea partner of FSP.

I ADMINISTRATION

The FSP Headquarters in Papua New Guinea is in Madang, in two rooms rented from the Lutheran Kristen Press. The Lutheran compound (in which the FSP Country Director lives) is a "safe" area, several miles from the town of Madang and so less subject to the robberies and violence that led to the curfew in Port Moresby.

Madang is the capital of Madang Province, an important port, with excellent air connections to the various Provinces. It is about five hours by car (or twenty five minutes by air) from Lae, the same from Goroka two of the main centers of population in Papua New Guinea.

Most of the agencies are centered in Port Moresby, the National Capital. As a result the 95% of the population outside the national capital feel, not without some reason, that they are often overlooked in the allocation of development funds. Hence there are some valid political, as well as practical, reasons for choosing a center outside Port Moresby.

At the same time FSP is aware of the need for some permanent presence in Port Moresby. This has now been solved. A capable executive, Dorothy McIntosh has for the last year been working as a Business Trainer with the South Pacific Appropriate Technology Foundation (SPATF) FSP's main PNG partner. She is on a part time local salary.

She has now agreed to accept the position of FSP Port Moresby representative, while continuing her work as the SPATF Business Trainer. She will therefore be on a full time local salary at \$8,000 a year.

SPATF has agreed to provide an office for FSP and to continue to provide housing for Ms. McIntosh. The original contract is for two years. Ms. McIntosh will represent FSP with Government Departments, the U.S. Embassy, visiting Consultants, other development agencies. FSP Country Director who will continue to make regular visits to the National Capital - normally once a month.

Lae is the busiest port in PNG, the largest city after Port Moresby, an important industrial center, highly accessible by air, road and ship to the main population centers of the country. The FSP representative in Lae is Lukis Romaso, a PNG national and the FSP Assistant Country Director.

He has an office provided by the Appropriate Technical Development Institute (ATDI) a part of the Lae University of Technology (Unitech) and an arm of SPATF. Lukis was for several years the Deputy Director of ATDI and subsequently the Deputy Vice-Chancellor of Unitech.

FSP has for some time been debating the question of moving its Headquarters to Port Moresby and the Evaluator was asked to make recommendations on this question. He considers that the present arrangement has much to commend it. FSP has always been village oriented and Lae - Madang is much closer to the action than is Port Moresby, which in some ways is cut off, partly through geography, from the rest of the nation.

Above all, the remarkable success in networking which FSP has had would have been far more difficult and perhaps impossible if FSP were headquartered in Port Moresby. An additional practical point is the very high cost of setting up headquarters in Port Moresby. A businessman commented to the evaluator :

"It is commonly estimated that its costs from \$60,000 upward to keep one expatriate in Port Moresby".

When the cost of office space is added it could be even higher than this.

In view of the above factors the Evaluator recommends that FSP retain its present organizational structure in PNG.

II SPATF

- a) Introduction: The South Pacific Appropriate Technology Foundation (SPATF) was set up in 1975 as a public company. It has a Board of Trustees but no shareholders and pays no dividends. The aim of SPATF is
- "to promote the development of Papua New Guineans in urban and rural areas of the country through the promotion of small scale industries and community enterprises".

In 1983 FSP began a formal partnership with SPATF and a major aim of the present OPG is to strengthen SPATF and increase its effectiveness.

SPATF has several satellite programs.

- (1) The Village Equipment Supplies (VES) designed to make appropriate tools and equipment available at a reasonable price.
- (2) The Appropriate Technology Development Institute (ATDI) - a joint venture of SPATF, the Melanesian Council of Churches and the University of Technology in Lae. The Lik Lik book comes under ATDI.
- (3) Hanuatek Small Industries Center.

In 1985 SPATF, at the request of the National Government, took over two important national institutions :-

- (1) The Hohola Small Industries Center in Port Moresby
- (2) The National Handicraft Center, also in Port Moresby

FSP/USAID support for SPATF takes many forms. Indeed the partnership is so close that it complicates the evaluation. There is no question but that the FSP/USAID support has been a major factor in strengthening SPATF and making it a more effective institution. Equally, the FSP effectiveness has been vastly increased because it has an excellent local partner. And perhaps most important of all, FSP/USAID support will have a permanent impact because it is being used primarily to strengthen a local institution.

b) SPATF HQ

FSP support for SPATF HQ is aimed especially at management training. The primary agent in this is Ms. Dorothy McIntosh, who is employed under the USAID grant as a Consultant. She has a Masters in Business Administrative from the University of Edinburgh and several years experience in a village setting in PNG.

The training takes two forms (i) day to day training in the SPATF HQ; the Hohola Small Industries Center and Hanuatek as required. (ii) Three training workshops have been held for the SPATF staff - including the Lae staff (ATDI and VES). These have served several important functions. In addition to training, they have brought the disparate element of SPATF together and enabled them to coordinate their activities. They have also served as planning Workshops. FSP has supported these.

With assistance from Ms. McIntosh the Hanuatek program has been completely replanned. She has played a major part in setting up the administration for Hohola Small Industries Center, one of the most important programs SPATF has ever undertaken. The National Government has poured hundred of thousands of dollars into this Center over the last seven or eight years but is unhappy with the results. It is a tribute to the standing of SPATF that it has been asked to take over this program. In the first quarter of 1985 the Center turned a profit of \$23,000.

c) SPATF Handicrafts

The National Government also asked SPATF to take over a major Handicrafts project. This has been relocated at the Hohola Small Industries Center. FSP has no direct involvement in this program except for management assistance.

d) Village Equipment Supplies

This is a major program of SPATF. Its Headquarters are in Lae and it has outlets in almost every Province in PNG. The importance, and rapid growth, of VES can be seen in its gross turnover; \$180,000 in 1983; \$360,000 in 1984; over \$500,000 is projected for 1985. In 1984 the net profit of VES was over \$27,000.

David Faunt, the Manager of VES, commented to the FSP Evaluator:-

"FSP has worked closely with us in helping set up small businesses eg. an entrepreneur who is manufacturing cement based products such as laundry tubs, basins and so on. He is now planning to branch into aluminium products. Another example is the support of FSP in helping set up a cement roofing tile program. A third is the Wokabout Somil (Mobile Sawmill) project. The demand for this has surprised us and there are now about 45 operating. FSP played an important part in promoting this highly successful project. FSP also funded a Youth Group to set up an Appropriate Technology Center in Kundiawa. We are now negotiating with them to open a VES outlet".

e) ATDI

The Appropriate Technology Development Institute is a SPATF program affiliated to the University of Technology at Lae and on the campus of the University. SPATF/ATDI have given FSP an office at ATDI HQ and have assisted FSP personnel with housing.

ATDI is essentially a research institute which seeks to find technologies suitable for PNG. The main thrust of FSP is to provide the extension arm of ATDI, to bring this technology to the village people. Currently FSP is funding the following extension staff at ATDI :-

- (1) Lukis Romasc - FSP Assistant Country Director. Lukis was formerly Deputy Director of ATDI; and later Deputy Vice-Chancellor of the University of Technology. He has been associated with SPATF almost from its inception.
- (2) Tom Jumurii - Business Development Officer
- (3) Stephen Lattimer - Peace Corps Volunteer - Business Development Officer.
- (4) Bertha Bomai - Nutritionist
- (5) Jacob Kink - Agricultural Officer

The Evaluator found some confusion in the SPATF/ATDI Extension program. The Extension staff belong to SPATF and so are responsible to the SPATF Director Andrew Kauleni. However they are also part of ATDI and in that capacity responsible to the ATDI Director Dick Burton.

The problem arose in March 1985 when Margaret Ogomeni the Director of the Extension Program, resigned. In spite of two efforts, SPATF was unable to recruit a replacement.

The FSP Evaluator discussed this problem with ATDI and SPATF and it was agreed that the FSP Assistant Country Director Lukis Romaso should take responsibility for the Extension team and direct their project work.

The vehicle for the Extension work was pensioned off early in 1985 and a new vehicle is urgently required. The FSP Country Director has formally requested USAID for such a vehicle, using unspent funds already in the program. This is the first FSP request to USAID for a vehicle for PNG and the Evaluator supports the request.

An important step in integrating the SPATF/ATDI/FSP program was taken in the second quarter of 1985. This was the setting up of an Extension Committee with one representative from each of the three organizations. The Committee meets at least once a month to review the program and also to decide on project requests.

Hopefully the setting up of this Committee will ensure a more careful selection of projects. The need for this became clear when a survey of the 1983-84 FSP projects by PCV Steve Lattimer revealed that many of the 1983 small projects, especially the pig and chicken projects in the Highlands, had failed. While some failures were due to unavoidable causes such as tribal fighting, a major cause was insufficient preliminary training and insufficient follow up.

FSP hopes to improve the success rate by another change. When the Committee approves a project it also appoints a team leader from the Extension staff who is responsible for the program. His responsibility is to coordinate the Extension staff so they give maximum assistance and training to the group. For example the Agricultural Officer may be appointed team leader for a vegetable growing project. He will, as needed, bring in the Business Development Officer to help with the business training, and the Nutritionist to help with nutrition, food preservation, food preparation etc. He may also draw on the staff and even the student body of the University of Technology in special circumstances. The project leader is also responsible for preparing the budget and other requirement for a successful programs.

All of this is a major advance on the somewhat haphazard selection and setting up of programs prior to the SPATF partnership.

f) Hohola Small Industries and Hanuateg

Hohola Small Industries was set up about eight years ago by the National Government to train local tradesman and encourage local entrepreneurs. In 1985 SPATF, at the request of the National Government, took over the operation.

SPATF already had another Small Industries project at Hanuateg; this had formerly been owned by the Badili Vocation school. SPATF moved Hanuateg, the most successful of its Hanuateg businesses, to Hohola and is currently reorganising the Hanuateg operation.

SPATF is taking much firmer control of Hanuateg. Two CJSO volunteers have been recruited to set up the operation. The small businesses will be owned by SPATF, the manager of each small business will be on a salary; he will get a bonus for his work. At present there are only 3 small businesses at Hanuateg, a cane furniture and screen printing & pig tusks polishing. After a year or two he will be moved out of Hanuateg and helped set up his own operation. FSP, at the request of SPATF, is seeking funds from Rotary International for this project.

At Hohola SPATF is setting up a ceramic tile industry. The Intermediate Technology Development Group (ITDG London) arranged for an American citizen Willie Feinberg as an advisor for this operation and he built a new furnace. Some excellent tiles are now being produced. This is part of the SPATF aim of promoting low cost housing materials produced by local entrepreneurs.

At the request of SPATF, FSP agreed to extend the term of Consultant Feinberg and he has been active in a variety of areas.

- (1) He designed and helped build a new, larger and improved furnace, using waste oil, for Hanuateg.
- (2) He played a major part in building, at the Hohola Center, a brick making machine. Bricks will be made of 10% cement and 90% earth. It is planned to set up a number of small brick making industries.
- (3) He helped in planning the Mobile Sawmill frame which is being built in Lae.
- (4) He ran a major workshop on "Income Generating Projects for Rural Areas" in Port Moresby. The 35 participants came from all over PNG.

- (5) Currently Feinberg is doing a feasibility study for FSP for setting up a small foundry in Tonga and in Solomons.
- (6) Feinberg is the Manager of Hohola Small Industries.

SPATF is still in the process of reorganizing Hohola. The site has a successful shoe factory, a woodwork shop, machine shop, as well as the pottery, ceramic tiles Hanuacast and Handicraft store.

III SMALL GRANTS PROGRAM for COTTAGE INDUSTRY DEVELOPMENT

Reference has already been made to this program, to the problems it has encountered, and to the replanning of the program. This involves three elements :

- (1) A Project Selection Committee with a representative from SPATF, ATDI and FSP
- (2) The appointment of a team leader to organise the planning, training and ongoing supervision.
- (3) Alternative methods of financing to reduce the "free money" syndrome.

A complete list of grants approved to date, with a status update, is found in Appendix I.

The program is functioning well. The projects are carefully selected and carefully supervised. As a general principle, projects are funded only when there is a strong training element involved. This ensures a greater success rate and also provides opportunity for the transfer of technology, a basic FSP/SPATF aim. The flexibility of the program is of great value.

Some comments on individual programs :-

- (1) The Wokabot Scmil (Mobile Sawmil) project is one of the most successful, currently there are 45 such sawmills operating in the country. At a conservative estimate these should provide employment for 300 persons and produce at least \$450,000 of income. FSP helped this program in several ways. FSP Consultant Willie Feinberg helped design the sawmill, which is being made at the Lae Small Industries Center. FSP provided funds for VIRTU, a Village Training Group in the North Solomons, to purchase a mill. VIRTU trained 20 villagers and seven mills are now operating in North Solomons. One group paid off their \$8,000 loan in three months. FSP has also helped VES in financing the mills.

(2) The Subsistence Agricultural Improvement Program (SAIP) is another high quality project. This is run by a Sri Lankan Agriculturalist, Victor Dalpadado. The main center is at Wauwin, about 40 miles north of Lae, with a smaller center in Lae itself, SAIP works closely with the Morobe Women's Association.

The FSP Evaluator visited both sites and interviewed Victor Dalpadado, Fungke Samana the President of the Morobe Women's Association and five or six of the staff. All are dedicated and enthusiastic, Dalpadado commented:-

"We would not have achieved so much without the help of Kathy Nast and FSP".

While the Evaluator was in PNG the Prime Minister Michael Somare visited Wauwin and agreed to become the patron of the program. The Premier of the Morobe Province, the charismatic Utalu Samana, commented to the FSP Evaluator :-

"We have convinced the Prime Minister of the value of SAIP and FSP. Now we only have to convince the other Provinces".

In a country still 80% subsistence the potential of SAIP is almost limitless. It can end forever the slash and burn agriculture, still so common. It can improve the diet of the average family, and at the same time provide them with a small income from their surplus. Above all, nothing is used in SAIP which is not readily and freely available in the most remote village.

The Department of Agriculture has seconded seven didimeris (women agricultural officers) to the program and they have been trained in the SAIP methodology. All of those with whom the Evaluator spoke are convinced they have something of great value to hand on.

FSP help to date has been primarily in the area of training. Eight training workshops have been funded with a total of 480 participants - in Bulolo, Buang, Gori, Saigaia, Tensiti, Sialum and Kabrum. Further, FSP has helped improve cooperation between the SAIP and ATDI Extension teams.

The FSP Evaluator sees this as the most exciting program he has seen in PNG and strongly recommends continued FSP/ USAID support.

(3) Another program of great potential is the promotion of small industries to provide low cost building materials. This includes the Mobile Sawmills, the pressed earth brick making machines, the cement roof tiles. (The ceramic tiles require more sophisticated equipment and technology)

The sawmills have already proved successful; the brick making machines and roof tiles are still in the experimental stage. FSP has played an important role in all of these efforts.

One aspect of the FSP role (in addition to the providing of small start up funds) has been that of coordinating the various groups. In this case these include VES, ATDI, SPATF and the Community - Based Building Program (CBBP).

CBBP is based in Lae and is a not-for-profit public company which has, as one of its aims, research into low cost building materials. The founder of CBBP, Australian Architect Ken Costigan, commented to the FSP Evaluator :-

"The potential for cement roof tiles, earth bricks and other low cost, locally produced, building materials is virtually limitless".

The next step is to assist small village industries to set up brick making and cement roof tile projects. Hopefully if these can be shown to be successful, they will quickly generate their own momentum as the Mobile Sawmills have done.

In addition to the three above mentioned projects, the FSP Evaluator visited several others :-

(4) Tep Tep vegetable marketing. Tep Tep is some 6,000 feet up in the PNG Highlands and accessible only by air. It has, however, good air connections to Lae and Madang.

FSP has provided funding for a marketing shed to store the vegetables until they can be air lifted to Lae or Madang. The program is strongly supported by the Provincial Government Madang Development Corporation. The Acting Director Rod Noble flew to Tep Tep with the FSP Evaluator to inspect the site of the proposed new shed and discuss progress with his Marketing Officer. He advised the Evaluator that the National Government has agreed to provide K46,000 for this project.

"We would never have got the project off the ground without the support of FSP" he commented to the FSP Evaluator.

(5) Fibre cement roofing tiles in Lae

(6) Brick making - the pressed earth brick making machines are now being made at the Hohola Small Industries Center.

(7) Ceramic tile making - Hohola

(8) Shoe factory - a highly successful industry at Hohola.

(9) Hanuatek pig tusks

(10) Nutrition Center ATDI

(11) Ben Kavi Electrical Workshop, Lae

All of the projects visited are progressing well.

(12) Coconut Soap Factory

The Coconut Soap Factory is near Madang. It is now making a fine quality coconut soap. This is packaged in three forms:

- a. Covered with an expensive cloth material for the tourist trade;
- b. Enclosed in a net bag for the better local shops;
- c. Enclosed in a plastic wrapper for the discount trade stores.

The factory is now ready to export to overseas markets and some trial shipments have done well.

FSP organised and funded several training workshops during the year. Typical of these was a business principle and nutrition workshop at Olsobip in the Western Province, attended by 34 businessmen plus Government personnel, Frank Mecklenburg, a resource person from SIL, commented :-

"The highlight of the course was to see local people Government people, PCVs, CUSO and SIL volunteers all working together for the good of the people".

In the majority of the training programs FSP is training trainers. This multiplies the effect. For example, two SAIP women trainees were funded to do a SPATF course "Income generating projects for rural villages". On their return to Lae they ran a similar course for fifty participants.

Fisheries Program

The OPG proposal included support for a Peace Corps Volunteer Fisheries Program. Peace Corps decided to close the program in 1984. The FSP Evaluator interviewed the Assistant Peace Corps Director and assured her that FSP would be happy to work with Peace Corps in Fisheries Development or other programs.

IV HOHOLA YOUTH DEVELOPMENT CENTER

The FSP Evaluator had two visits to this Center. The first with the FSP Country Director, the second with U.S. Ambassador Paul Gardner. The Ambassador was much impressed with HYDC - both with the standard of work being done and with the very low cost of the operation.

The visitors met Sister Maureen and many of the staff. The school roll for 1985 is as follows :-

	Male	Female	Total
Year 4 students:	5	4	9
Year 3 students:	16	5	21
Year 2 students:	16	17	33
Year 1 students:	42	46	88
	<hr/>	<hr/>	<hr/>
	79	72	151
Part time	13	11	

The Center was set up to handle school drop outs. Only a small percentage of PNG children can find a place in the secondary school system; the rest are drop outs. This is serious in the villages, but especially serious in the urban areas. It is the major cause for the growth of the "rascals" gangs and the growing crime rate in Port Moresby.

Sister Maureen commented :-

"The effect on the children of failing to find a place in the secondary school system is utterly devastating. Their parents see education as the key to success; they have invested heavily in their child and in accord with PNG custom, expect a return. They frequently beat the child who fails. The child feels unwanted, useless and rejected. Our most important task is to build the child up - to give them back their self respect. In this we feel we have had remarkable success".

At the same time about half of the students either get jobs or find a place in a training establishment. FSP has tried without success to get more exact figures on this. The above is an estimate only. Most of the present staff of HYDC are former pupils.

Subjects covered include gardening, screen printing, cooking, craft, woodwork, sewing, drama, music, library, art, typing, Human Development, cane furniture making. Students who achieve success in any particular area gradually specialise in this.

The original plan for FSP support to Hohola was to help set up a follow up program for the graduate students. By the time the program was approved the sister who was to do this had returned to Australia. FSP advised USAID of this and received approval to redirect the support.

FSP support has been directed towards setting up the furniture, woodwork and gardening as income generating activities. This has now been done and each of these activities now has its own accounting system. Profits go first to the purchase of new material, the balance is divided between the Youth and the Center. The new system is working well., it is providing a new incentive and giving excellent training in business management skills.

HYDC has now been included as one of the small projects.

V EVALUATION

All aspects of the FSP/USAID program in Papua New Guinea are progressing well.

SPATF has made remarkable progress in the last year. During this time its staff has doubled, and currently stands at 70.

The FSP Evaluator met Brian Terk the Acting Director of Central Planning in Port Moresby. He commented :-

"There is no question but that SPATF is one of the success stories in development in PNG. They are also having a lot of success in generating outside funding"

In addition to the FSP/USAID support SPATF are negotiating funding from several other organizations. One of these is GATE a German Appropriate Technology Group, which, it is hoped, will provide \$40,000 for a new Headquarters for ATDI. This will mean that the FSP office and Extension team will have additional and much needed space.

The Peoples Republic of China is considering a \$250,000 grant. This will have two purposes. To provide SPATF with new offices in Port Moresby (they already have the land at Hohola); and to set up a cane furniture industry.

Perhaps more important than mere growth, SPATF has become a much more efficient organization. Two British volunteers, Alastair and Dorothy McIntosh, have played a vital role in this. Alastair has computerised the SPATF operation, including their accounts. Dorothy, with FSP support, has reorganized the managerial structure. A series of FSP supported training workshops have been held.

FSP is also playing one important role as a coordinating body. It helps bring together SPATF/ATDI/VES. It is working closely with SAIP, the Morobe Women's Association the Madang Development Corporation etc.

In a formal discussion between Andrew Kauleni (Director of SPATF), Dorothy and Alastair McIntosh and the FSP Evaluator, the Director of SPATF spoke highly of the FSP support :-

"The partnership with FSP has been very helpful indeed - in terms of understanding the problems and in the flexibility of the FSP program which enables us to move quickly and take advantage of opportunities. Also the FSP Country Director has great ability in working with people - she knows how to work out a compromise".

ATDI has also gained much from its close partnership with FSP. The whole SPATF/ATDI Extension team is funded by FSP and it has now been agreed that the FSP Assistant Country Director take responsibility for the team.

This is the arm through which ATDI reaches out into the villages. FSP has also helped set up the Food Technology Center at ATDI and fund the workshops that have been held there.

The Village Equipment Stores (VES) and FSP are working closely together in a variety of areas eg. the cement tile manufacturing, the Mobile Sawmills, the Sindang cement manufacturing etc.

The Director of VES, David Faunt, commented to the FSP Evaluator :-

"There are opportunities everywhere. The whole scene is open to small industries as long as we have the product. But we do not have the funds to do the experimental work - that is where FSP has been so valuable. Once this is done we can usually provide production credits and get the guy going".

Small Projects

A report by P.C.V. Steve Lattimer of the small projects funded under the previous OPG showed a disturbing number of failures, some 75% no longer exist.

As has been pointed out, the program has been greatly improved and the indications are that the present small projects will have a much higher success rate.

The fund is being used effectively to promote Training programs, and especially the training of trainers. Also to carry out experimental work and provide start up funds for projects such as the Mobile Sawmills, roofing tiles, brick making machines.

VI THE FUTURE

The rapid expansion of SPATF over the last twelve months must put strains on that organization. FSP support will continue to be important.

FSP/SPATF now have three houses for their personnel at Tensiti. Future plans call for a fourth house - for the FSP Assistant Country Director. It is also planned to raise the house so the lower part can be an FSP/SPATF office and a Training Center.

By using this as a demonstration program and by getting timber and bricks and tiles from small businesses supported by FSP/USAID, the cost of the house and office can be kept to a minimum. Having its own Lae office will greatly strengthen the FSP program.

A major expansion planned for 1986 is a Community Center at Gavien in East Sepik Province, about 60 miles east of Wewak. The Sepik is one of the worst areas of malnutrition in PNG. FSP/SPATF have already identified an experienced Nutritionist to run the Center and plan to fund her under the FSP Danchurchaid Nutrition Program.

The Gavien Center is now being used by the Education Department for about six months of the year,, it will be available as a Community Center for the remaining time. Hence no funds will be required for building or rent. The East Sepik Province has formally requested SPATF to take over this program and SPATF has requested FSP support.

FSP/SPATF continues to work closely with the Morobe Provincial Government in the promotion of the Small Industries Center for the Province. Lukis Romaso is a key figure in Uma - Kai, the industrial corporation which is the arm of the Government in this program. The present plan calls for the development of a major new area at Tensiti, about ten kilometres from Lae. The Premier of the Morobe Province spoke highly to the FSP Evaluator of the work of Lukis Romaso.

The SAIP program will almost certainly expand. Several Provinces have expressed interest. The present site will be used to train personnel from other Provinces and the program will then expand into those areas. FSP is already discussing with USAID supplementary funding for this program.

FSP is also discussing with the Madang Provincial Government the setting up of a small Industries program for this Province.

FSP will continue working closely with VES in promoting small industries. VES is convinced that the Mobile Saw-mills offer an exceptional vehicle for these but has limited funds itself. It has asked FSP for support in this and other areas.

VII RECOMMENDATIONS

- (1) FSP employ Dorothy McIntosh in Port Moresby as FSP Moresby representative - in addition to her present function of SPATF Adviser Trainer.
- (2) FSP accept responsibility for the SPATF/ATDI/FSP Extension team in Lae

- (3) FSP proceed with its plan to set up a house and office at Tensiti, Lae
- (4) SAIP should be seen as a program of vital importance for PNG and receive maximum support
- (5) The Gavien Cmmunity Training Center program should receive support as detailed in this Evaluation.
- (6) FSP should retain its present organizational structure in PNG.

NO.	DATE	\$ APPRVD.	\$ SPENT	LOCAL CONTR.	# BENEFIC.	USAID COST/BENEFIT	COMP.
33	4/84	2,833	-0-	-	-	-	
34	4/84	3,706	3,446	19,250	300	11.48	x
35	12/83	2,000	-0-	-	-	-	
36	cancelled						
37	7/84	4,275	-0-	-	-	-	
38	7/84	5,200	4,440	17,020	80	55.50	x
39	5/84	4,670	-0-	-	-	-	
40	7/84	4,100	4,072	4,880	400	10.18	x
41	12/84	1,500	668	1,930	700	.95	
42	12/84	6,021	2,820	5,915	1,000	2.82	
43	cancelled						
44	3/85	6,040	5,012	12,765	600	8.35	
45	3/85	1,380	-0-	-	-	-	
46	3/85	3,650	3,116	5,700	100	31.16	
47	3/85	1,669	-0-	-	-	-	
48	4/85	4,838	4,480	24,834	400	11.20	
49	3/85	1,328	1,209	1,562	30	40.30	
50	3/85	1,100	680	7,511	15	45.33	
51	3/85	975	-0-	-	-	-	
52	3/85	1,643	350	1,760	340	1.03	
53	5/85	5,250	5,250	34,903	140	37.50	
54	5/85	2,000	-0-	-	-	-	
55	5/85	1,271	-0-	-	-	-	
56	5/85	5,352	5,352	10,760	480	11.15	
57	5/85	4,624	-0-	-	-	-	
58	5/85	10,000	-0-	-	-	-	
59	6/85	5,000	-0-	-	-	-	
60	7/85	1,530	1,530	5,672	50	30.60	
		<u>91,955</u>	<u>42,425</u>	<u>154,462</u>	<u>4,635</u>	<u>9.15 (avg.)</u>	

16.

FSP SMALL PROJECTS REPORT

4th Quarter

NO.	<u>PROJECT NAME/LOCATION</u>	<u>OBJECTIVES</u>	<u>STATUS UPDATE</u> (* indicates change from previous quarter)
33	HOSKINS HIGH SCHOOL FISHING West New Britain	-to provide fishing equipment for training high school students. -to supplement diet of student boarders by supplying fresh fish. -to sell fresh fish to public.	School has purchased boat and other equipment for starting project. Students have made over 30 trips to provide fish for school meals. No surplus has been sold yet for cash. Grant funds have not yet been expended because additional equipment has been ordered but not yet arrived.
34	HOUSEHOLD NUTRITION APPROP. TECHNOLOGY LEARNING CENTRE Morobe	-to rennovate an existing workshop to function as a demonstration kitchen and equip it with food processing machines and utensils. -to carry out a program of research and training in food processing methods with simple kitchen equip.	COMPLETED. The centre is completely operational and training is on-going. Over 35 individuals have received food processing training, several of which are in the processing of starting up their own businesses.
35	ATDI NUTRITION PUBLICATION Morobe	-publication of nutrition songs and stories in Pidgin and English for distribution in training workshops and for sale to public.	Project still pending time allocation for technical assistance needed.
36	RURAL DEVELOPMENT LEADERSHIP TRAINING Enga	-to send 1 student to attend specialized rice cultivation course in Japan for the purpose of introducing new farming methods to rural farm projects.	COMPLETED. Student did not complete training because of need to return to village during time of tribal fighting. Village project was eventually destroyed by tribal fighting in 6/84. Total grant funds were not expended.
37	SISIAK YOUTH GROUP CARPENTRY Madang	-to build and equip a small woodworking/industrial workshop to provide training and commercial working space for the Sisiak Youth Group.	Problems in clearing land title on site of workshop have caused delays in starting project. Alternative plans include trying to get approval to relocate workshop to Prov. Govt. Small Business Centre.
38	VIRTU SAWMILL TRAINING. North Solomons	-to set up one demonstration/training "Walkabout" sawmill to train villagers in commercial sawmilling skills. -to promote "Walkabout" sawmills as a viable village enterprise.	COMPLETED. Twenty villagers trained in first demonstration resulting in two self-funded sawmill operations, financed from timber cut during training. Over 5 more sawmill businesses have been initiated in N.Solomons. A production company is being established in Lae.
39	THE SHOE FACTORY National Capital District	-to purchase and install new and more advanced leather sewing equipment in local shoe factory to increase production and training techniques.	Project pending locating equipment for sale from United States.

NO.	PROJECT NAME/LOCATION	OBJECTIVES	STATUS UPDATE
40	JIMI WATER PROJECT Western Highlands	-to build 1 water catchment roof area in two villages for the purpose of providing clean water, providing a structure to serve as a medical aid post, and training villagers in the construction of a water catchment system.	COMPLETED. Both projects completed with village labour and cash contribution of: K200
41	SMALL AGRI-BUSINESSES Throughout PNG	-to assist many rural, small scale agribusinesses start operation for the purpose of promoting domestic food markets. (\$1,000 maximum)	*3 projects have been approved to date. Details are described under separate project numbers.
41/1	MT. WILHELM MUSHROOMS Simbu	-to set up a demonstration mushroom grower to promote mushrooms as a new agri-business in the Highlands.	COMPLETED. Reaction of farmers was curious but acceptance is slow. Project continues to produce mushrooms, but marketing problems continue.
41/2	KUMDI YOUTH VEGETABLE PRODUCTION Western Highlands	-to involve unemployed youth in market gardening by providing seedlings, gardening and management skills to youth groups.	*Materials have been purchased and youth are building greenhouse and planting seedlings.
41/3	DOGOR YOUTH VILLAGE BAKERY Simbu	-to build and operate a youth cooking business using drum ovens. -to sell cooked vegetables and breads in the village market.	*Materials have been purchased and work started on building 4 drum ovens.
42	TEPTEP VEGETABLE MARKETING Madang	-to establish a vegetable marketing centre for the purpose of buying surplus village vegetables and fruits for sale in Madang town.	*Project changed from coffee marketing to vegetable and fruit marketing due to lack of govt. assistance in processing coffee as originally planned. Building materials have been purchased for marketing shed. Prov. govt. worker is on site in village and is purchasing fruits and vegetables and sending to Madang where they are being marketed in food stores.
43	CANCELLED		
44	KARKAR HIGH SCHOOL SAWMILL Madang	-to earn income for Karkar H.S. by setting up a sawmilling vocational training program. -to encourage students to consider possible self-employment in the sawmilling business.	*Peace Corps Volunteer received training but left the country 1 month later due to personal problems. H.S. is still interested in running the sawmill and plans are being made to train another operator/teacher.

NO.	PROJECT NAME/LOCATION	OBJECTIVES	STATUS UPDATE
45	MOMA CHARCOAL BOILERS North Solomons	<ul style="list-style-type: none"> -to install 4 charcoal boilers at the Moma School for cooking students' meals and to train students in making and using charcoal. -to demonstrate and promote the use of charcoal for cooking. 	Implementation of project is awaiting the production of the boilers at the T.C. Cast Foundry in Lae.
46	KANGES CARPENTRY PROJECT Western Highlands	<ul style="list-style-type: none"> -to build a workshop where carpentry students can set up individual carpentry businesses. -to initiate a program of promoting student carpentry businesses during their final year of study and to provide experience and capital for them to set up their own businesses. 	*COMPLETED. The students built the workshop and purchased the tools and have started producing work for sale in Mt. Hagen as well as taking orders for furnitures. The profits earned are being put into a fund which will help to finance individual businesses of any graduates.
47	KUNTIKA VILLAGE VEGETABLE Western Highlands	<ul style="list-style-type: none"> -to develop a greenhouse for a semi-commercial vegetable business. -to initiate a self-sufficiency business enterprise for the Kuntika village as a means of future employment for the youth. -to satisfy malnutrition problems in the village. 	*Greenhouse is presently under construction and seedlings have been planted.
48	VILES POWER Morobe	<ul style="list-style-type: none"> -to establish a local appropriate energy consulting and contracting company for the promotion of appropriate energy systems in rural areas. 	*Workshop is almost completed and company is operating from premises on contract jobs.
49	PATNA VILLAGE APPROP. TECH CENTRE Simbu	<ul style="list-style-type: none"> -to equip an appropriate technology workshop for a series of small businesses for the members of Patna village. 	Foundation and local construction of workshop has been completed. Materials have been purchased but not yet delivered.
50	FIBRE CEMENT ROOFING TILES Morobe	<ul style="list-style-type: none"> -to manufacture fibre cement roofing tiles for a six month initial research period in order to determine the best method of setting up the commercial production of the roofing tiles. 	*Local architect student in charge of project has build a demo/test roof. Plans are to put the tiles on one trial commercial building before decision is made to set up production. Biggest problem is extensive time required to make each tile, so alternative methods of production are being investigated.
51	VIRTU MICRO-FICHE LIBRARY North Solomons	<ul style="list-style-type: none"> -to obtain a copy of the VITA Approp. Tech. Microfiche Reference Library for use by the VIRTU Extension staff and individuals in N.Solomons. 	Library has been ordered but not yet received.

<u>NO.</u>	<u>PROJECT NAME/LOCATION</u>	<u>OBJECTIVES</u>	<u>STATUS UPDATE</u>
52	ENTREPRENEURIAL TRAINING Throughout PNG	-to provide training to potential entrepreneurs or business trainers in areas of approp. tech businesses & industries (\$1,000 maximum/project)	*4 projects have been approved to date. Details are described under separate project numbers.
52/1	OLSOBIP BUSINESS WORKSHOP Western Province	-to run a workshop in business training skills for local entrepreneurs.	*COMPLETED. Five day workshop held for 34 local businessmen. Peace Corps volunteer couple coordinated resource trainers in business mgmt., bookkeeping, banking, etc.
52/2	FOOD TECHNOLOGY WORKSHOP Morobe	-to send 1 women's extension worker from the East Sepik province to ATDI course to learn techniques to train village women's groups for income-generating projects.	COMPLETED. The president of a village women's club attended the 10 day course which taught food technologies appropriate for small village businesses. A Sago Pops manufacture has been since set up by the course participant in her own village and sells to villagers one day per week.
52/3	EXTENSION TECHNIQUES WORKSHOP Eastern Highlands	-to send two East Sepik women to attend extension workshop to be held 19-28 February, 1985.	COMPLETED. The president of Ambunti Women's Assoc. and the coordinator of Mapii District Women's Association attended the 10 day course designed to improve extension communication and training skills.
52/4	INCOME GENERATING PROJECTS FOR RURAL VILLAGES WORKSHOP National Capital District	-to send 2 women to attend workshop for further training in their jobs.	*COMPLETED. One woman each from the Morobe Women's Assoc. and the Subsistence Agriculture Improvement Program in Morobe attended the 3 week workshop for 50 participants, and have returned to their respective jobs in rural development work.
53	HOHOLA YOUTH FURNITURE & GARDENING National Capital District	-to start furniture, woodworking, and gardening as an income-generating activity for the students at Hohola Youth Development Centre. -to generate some income for the Centre's self-sufficiency.	*Funds were advanced to purchase stocks of raw materials and seeds needed to start the businesses. The youth have been training in woodworking and gardening, but have never before attempted to run the operations as a income-earner for the School.
54	KUNG ARTIFACTS CENTRE Enga	-to establish a youth handicraft/artifacts business.	*The 4 artists have initiated the business with sand painting and have already sold over \$1200 worth of paintings with \$1,000 worth on commission display at various hotels in PNG

<u>NO.</u>	<u>PROJECT NAME/LOCATION</u>	<u>OBJECTIVES</u>	<u>STATUS/UPDATE</u>
55	DOCUS WOMEN'S SEWING BUSINESS Simbu	-to set up a women's group sewing business for the purpose of income generation and providing cheaper clothes to the remote village area.	*Project is in process of getting organized to purchase equipment and materials. Plans are being made to send a woman to AUM to learn sewing machine maintenance and repair.
56	SUBSISTENCE AGRICULTURE IMPROVEMENT PROGRAM (SAIP) Morobe	-to conduct a training workshops with women's groups in agriculture methods (composting, intercropping) for the specific purpose of developing income generating agriculture projects in the villages.	*Extension staff has initiated work and in process of completing first workshop.
57	SINDANG CEMENT MANUFACTURE Morobe	-to provide training and establishment of a cement manufacture entrepreneur	*Training in Australia is completed and project manager is setting up workshop to begin production of appropriate cement products.
58	FSP/SPATE BUSINESS EXTENSION PROGRAM Morobe	-to establish a business extension program that will assist small scale businesses assisted financially by FSP in business management training.	*A program coordinator was hired who will train the local extension staff in setting up an appropriate small business consultancy program
59	THE SOAP FACTORY Madang	-to provide capital assistance to a cottage coconut soap manufacture for the purpose of expanding production for commercial sales.	*Grant funds were utilized in the form of share purchase in the name of SPATE. Other equal share holders are the Catholic Church and the Lutheran Church. The operation has expanded to commercial production and sales within Madang, but plan to set up a permanent workshop.
51	HANUATEK PIG TUSKS National Capital District	-to set up a jewelry business for polishing pig tusk ivory for handicapped workers.	*Workshop has been set up with SPATE assistance at the Hohola Small Industries Centre and production of jewelry has begun.
60	THE SAGO CENTRE Morobe	-to set up a commercial food production business to demonstrate the many uses of sago in food processing.	*Pending approval.

11

PAPUA NEW GUINEA OPG

USAID - GRANT 879 - 4009

EXPENDITURES AS OF SEPTEMBER 30, 1985

PERIOD: 07/01/84 - 09/30/85

	USAID EXPENDITURES TO DATE *	FSP LOCAL CONTRIBUTIONS	TOTAL
PERSONNEL	26,756.60	114,109.00	140,865.60
TRAINING	21,409.17	35,374.00	56,783.17
TRAVEL	22,667.20	30,631.00	53,298.20
EQUIPMENT	523.65	13,132.00	13,655.65
SPACE	13,955.73	16,014.00	29,969.73
OTHER	65,474.56	60,334.00	125,808.56
INDIRECT	36,906.96	--	36,906.96
TOTAL EXPENDITURES	187,693.87	269,594.00	457,287.87

*SUBJECT TO AUDIT

j.d