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FINAL EVALUATION

July 1, 1984 - December 31, 1986

USAID 879-0001-G-4009

A PROGRAM OF INSTITUTION BUILDING
FOR SMALL BUSINESS DEVELOPMENT IN
PAPUA NEW GUINEA

The Foundation for the Peoples
of the South Pacific, Inc.
2-12 West Park Avenue
Long Beach, New York 11561

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INTRODUCTION

Operational Program Grant 879-0001-G-4009 began on July 1, 1984 and was scheduled to finish on July 1, 1986. The original grant total was \$620,029.

In June 1986, the Grant was extended to December 31, 1986 and an additional \$6,675 was added to the Grant for a total of \$626,704.

The first year evaluation was carried out in October 1985. The second and final evaluation was carried out by the FSP Chief Evaluator Dr. Bernard P. Hosie November 5-14, 1986.

The Evaluator visited Lae, Madang and Port Moresby. The office of the FSP Country Director is in Madang, the Assistant Country Director has an office in Kum Gie, Lae. FSP has an advisor/trainer working in Port Moresby in the headquarters of the South Pacific Appropriate Technology Foundation (SPATF).

I. PNG ADMINISTRATION

FSP has three offices in Papua New Guinea.

The Country Director in Madang.

The Assistant Country Director in Lae.

The SPATF advisor/trainer in Port Moresby.

A. Madang Office

The office of the FSP Country Director, Ms. Kathy Nast is in Madang, capital of Madang Province. It consists of two small rooms rented from the Lutheran Kristen Press.

As FSP Country Director, Ms. Nast has played an active role in liaison with government and NGO's. In Madang she is currently working with the Provincial Government to set up a Small Industries Center similar to Kum Gie in Lae.

She is working with the East Sepik Province to set up a community training/nutrition center in the Gavien for the two Sepik Provinces. The staple food of the two Provinces is sago and malnutrition is a serious problem.

B. FSP Lae

The FSP Assistant Country Director Lukis Romaso had his office in the Appropriate Technology Development Institute (ATDI) at the University of Technology in Lae until late in 1985. The Provincial Government of Morobe Province asked FSP to second Romaso to Kum Gie, a small business development center and offered an office for FSP, including utilities. Since institution building and small industry development are the major thrusts of the program, FSP agreed.

The office has desks for Romaso, a secretary/bookkeeper and a business development officer. FSP still has two extension officers working with ATDI.

C. FSP Port Moresby

FSP has an office in the SPATF headquarters in Port Moresby. Until May 1986, the FSP representative was Ms. Dorothy McIntosh. She returned home and has been replaced by Ms. Patricia McLaughlin Smith. As in the case of the Lae office, the office is donated to FSP at no rent and no cost for utilities.

Port Moresby is the capital of Papua New Guinea and Ms. Smith is an important link between FSP, the PNG Government, the U.S. Embassy and other NGO's. Her primary task, however, is advisor/trainer for SPATF.

II. INSTITUTION BUILDING

A. SPATF

The thrust of the program is "institution building for small business development". The main local FSP partner in this work is the South Pacific Appropriate Technology Foundation (SPATF).

The aim of SPATF is:

"to promote the development of Papua New Guineans in urban and rural areas through the promotion of small scale industries and community enterprises."

SPATF is a public, non-profit company with its own Board of Directors. It works in close partnership with the PNG Government. In 1986 the Government allocated K150,000 (US\$155,000) to SPATF. While the Evaluator was in Port Moresby, the Government in spite of budget cuts in most areas, agreed to give SPATF K150,000 for 1987

SPATF has several satellite programs:

1. Village Equipment Supplies (VES) designed to make appropriate tools and equipment available at the best possible price.
2. The Appropriate Technology Development Institute (ATDI) - a part of the University of Technology at Lae and the research arm of SPATF.
3. Hanuateg Small Industries Center.
4. Hohola Small Industries Center.
5. The National Handicraft Center now called Hanua-craft.

An important thrust of FSP/USAID support is the strengthening of SPATF Headquarters and the training of the staff. In 1985-1986, FSP provided a Management Trainer Dorothy McIntosh for this purpose.

Ms. McIntosh played a vital role in management training for SPATF staff. This is particularly important at present in view of the rapid expansion of SPATF which is putting unprecedented strains on its management. The 1985 gross budget of SPATF was K1,106,542; in 1986 it is projected to be K1,451,000 - an increase of more than 31% in one year.

An important element in this expansion was the agreement of SPATF to take over the Hohola Small Industries Center and the National Handicraft Centre in 1985 at the request of the Government. Both of these were in financial difficulties. Under SPATF management, the gross turnover of Hanuacraft went from K86,000 in 1985 to K125,000 in 1986. Hohola SIC has also succeeded in paying off its debts and turning a profit in 1986.

It is of great importance that SPATF find competent counterparts to strengthen the financial and management capabilities of SPATF in the light of the expansion of the last two years. SPATF is actively recruiting for these two positions, but so far without success. The skills required are highly prized commercially and SPATF is competing in a market where such skills are not common.

In 1986 the SPATF office was destroyed by fire. SPATF has now been given better and more spacious office by the National Government. However, SPATF lost all its records in the fire.

B. Hohola Small Industries Center (SIC)

Hohola SIC was set up by the National Government in 1977 to train local tradesmen and promote local small business. In spite of the considerable sums spent on SIC, it had limited success and serious financial problems.

In 1985 SPATF at the request of the PNG Government took over SIC and made Consultant Willie Feinberg the Manager. Within a few months the financial picture improved and SIC began to make a profit. In November '86, Feinberg told the FSP evaluator:

"SIC is now making a healthy profit for SPATF. We have paid off all our debits and have K75,000 in our bank account".

The most successful element of SIC is the Foundry, which is managed directly by Willie Feinberg. Feinberg expects to gross K250,000 in 1986 out of scrap. Feinberg commented:

"The scrap is collected from the dump and as many as 400 persons get a small income from this. Each Monday they bring us the scrap. We weigh it and pay them. Last Monday, for example, we paid K2,000 to the scrap collectors."

SIC itself employs fifty persons. In the third quarter of 1986 the Foundry made a net profit of K10,000. However the carpentry and cane making factory lost K7,000 so the net profit for the center was K3,000.

C. HANUA CRAFT - Hohola

The Handicraft Center at Hohola has also made excellent progress since SPATF took it over. This is due in large measure to the capable Peace Corps couple who are managing the Center. It made a net profit of K10,000 in the third quarter of 1986. In view of the fact that the Center for quite some time had operated at a loss, this is a remarkable achievement. The Hanuacraft Center provides an important outlet for PNG Handicrafts.

SPATF Regional Expansion

SPATF has always seen itself as a regional body but until 1985 it operated exclusively in PNG.

In 1985 its first regional program was initiated with an FSP/USAID program "Cancare". Willie Feinberg designed a machine to crush cans, which is manufactured in Tonga. Cancare projects are now operating in Solomon Islands, Kiribati and Tuvalu. Aluminum cans are crushed and shipped to Australia where one container fetches US\$10,000.

In 1986 VES (a subsidiary of SPATF and FSP) combined to set up the Wokabout Somil Program in Solomons. Six sawmills have been shipped to Solomons, two Solomon Islanders have been trained in Lae and VES has sent a training team to Solomons to carry out a training program there. This is the second South Pacific Program for SPATF.

D. HANUATEK

Hanuatek Small Industries Center has for several years been promoting small business training and enterprises with mixed success. In 1985 two CUSO volunteers took over the operation. They have made excellent progress, including locating and training a local person, Mr. Tau Lohia as manager of the operation.

FSP assisted by negotiating a grant of K17,000 from the Anglican Presiding Bishop's Fund for World Relief. K13,000 came from a Scottish relief organization and A\$3,000 from the Australian High Commission. Hanuatek expects that in 1987 it will earn sufficient to operate without grant funds and in 1988 will make a profit.

Hanuatek has the following small industries:

1. Sand painting - employing two persons.
2. Rug weaving - one employee.
3. Hanuafab - FSP gave \$5,000 towards this operation. It now employs five persons and it's profits are fed back to Hanuatek. This is the most successful program.
4. Cane furniture - two employees.

III. SMALL ENTERPRISE DEVELOPMENT

A complete list of projects supported under this grant is found in Appendix I.

As the summary shows, a total of \$126,974 of USAID funds was spent on these programs, local contribution totalied \$525,706 and \$48,000 was raised by FSP from other overseas funding agencies.

Beneficiaries totalled 43,122 at a cost of \$23.85 per beneficiary. Of the 44 projects, 33 have been completed. Five are incomplete and six were cancelled. No USAID funds were spent on the six cancelled projects.

The Evaluator visited only a small number of these including:

the Wokabout Somil Program

Kum Gie Development

CAVI

Bulolo Youth Group

Hohola Youth Development Center

Subsistence Agriculture Improvement Program
(SAIP)

WOKABAUT SOMIL PROGRAM

The portable sawmill program is the most successful small enterprise development the Evaluator has ever seen.

In the two years since it started, no fewer than one hundred groups have been set up and the success rate is almost 100%. Since a group averages about seven persons, this means about 700 people have full time employment as a result of the program. This is a highly conservative figure since it excludes those employed in building programs using timber from the mills. The real figure for employment could be double this.

It is estimated that the average mill grosses about \$50,000 per year so the annual gross income from the mill is now running at about five million dollars.

All of this money goes into the pockets of the local people. Formerly almost all timber projects were handled by expatriates and the timber was exported. Only a small percentage of the income from this highly valuable resource found its way back to the local people.

The portable sawmill has made another major change. It has reduced the price of timber purchased by the village people from K350 per cubic metre to K200 or less per cubic metre. As a result almost 100% of the timber being milled is now purchased by locals and used to upgrade their homes and villages.

Lukis Romaso commented to the Evaluator:

"When people understand the potential of the portable sawmills, the effect will be truly revolutionary. Already the Premier of Morobe has advised the people not to sell their timber to expatriates who will export it and pocket the profit, but mill their own timber and sell it locally."

The mills are built by Village Equipment Suppliers (VES) a branch of FSP's local partner SPATF in their Lae workshop. The Briggs and Stratton motor is imported, as are the saw blades. The mill frame is locally built. This keeps the price down to \$5,000 per mill.

The first mill was purchased by a North Solomons group with a \$5,000 loan from the Development Bank. The group repaid the loan in ten weeks and purchased a second mill. There are now 25 mills in North Solomons. The training and technical support for this program was provided by Village Industries Research and Training Unit (VIRTU) a Government sponsored development group.

In 1985 VES with support from FSP/USAID, developed a "package" program for the mill. The purchase price of K5,000 included the mill, spare parts, maintenance and a three week training course for two operators. VES also provides ongoing managerial and accounting support for the group until they are on their feet.

With FSP/USAID support, VES hired Paul Unwin as a Consultant to set up the program. Paul, who worked with VIRTU in the North Solomons program, wrote a training manual which also serves as an operational manual, selected a local counterpart and set up a training course. In 1985 a three week course for 16 trainees has been held every month. FSP Business Officials Tom Jumurii and Steve Latimer provided the business training element for these courses.

David Faunt, the dynamic manager of VES commented to the FSP Evaluator:

"One of the impressive elements of the program is the way the locals themselves have taken this in hand and made it their own. As you know FSP funded two mills on Manus Island. I recently visited them. At one of them, Atarou-Kei the group have built dormitories so they can bring in trainees from outlying villages. They did this on their own initiative. Many of these trainees are sixth grade dropouts who would normally have no hope of getting a decent job. This is the kind of spin off that is going on everywhere but is virtually impossible to document.

"Another spin off is the various cottage industries that are starting up in the village because they can now buy cheap milled timber. Furniture making is one, boat building is another and housing of course. The program can be integrated with agro-forestry. Also with subsistence gardening. As the timber is milled, the gardeners move in. Under the old slash and burn system, the timber was a nuisance that had to be cleared and burned. Now it is a valuable resource. The portable sawmills are quite literally changing village life.

"The back up funding FSP has provided has been of great value. It is largely because of FSP support that we have developed a package program. The purchase price of \$5,000 includes training, spares, maintenance and managerial back up. FSP has provided Paul Unwin as the training consultant, Tom Jumurii and Steve Latimer for business training. Paul Unwin has trained a local person who is now fully capable of running the courses himself. Paul has also produced a promotional video.

"The other thing FSP has done is to promote the portable sawmill program in Solomon Islands. We had two FSP people from Solomons here recently to do the course and have sent our training teams to Solomons to train their people. We have sent six mills to Solomons. The back up FSP has given us has changed a product into a usable system."

There are now 25 mills in North Solomons, 10 in Morobe Province, SIL have 15, 6 in Solomons. About one hundred all told.

B. KUM GIE

The Kum Gie development program evolved when an expatriate foundry went bankrupt. The Morobe Province took over the foundry, including the land and sheds. It decided to keep the foundry operating and use the area to promote other small business enterprises also.

The Morobe Province asked FSP to second Lukis Romaso, FSP Assistant Country Director for this work. Since a major element of the FSP program is SED, FSP agreed that Lukis Romaso could manage this program while continuing as FSP Assistant Country Director.

The Evaluator saw Kum Gie last year shortly before Romaso took it over. There has been excellent progress since then. Currently the following businesses are operating at Kum Gie HQ Lae:

1. Trucast Foundry: This is owned by Morobe Province and has about thirty full time employees. An additional twenty or more persons are making some money collecting scrap. About K140,000 of scrap is exported annually to Australia.
2. Coffee pulpers - the foundry makes the parts and a group of four assemble them. Another group carries out repairs.
3. Engraving - two men are employed .
4. Coffin making - several employees.
5. Vehicle repair - this industry and the coffin makers are renting space in the factory.
6. Charcoal making - two families in villages make about K300 per month. The charcoal is sold at Kum Gie.

Romaso plans to set up a Kum Gie consulting company which will give managerial and financial support to small industries at a fee. Most small industries fail because of weaknesses in this area.

An important element of Trucast Foundry is the making of wood stoves. These retail at K290 and up to ten a day are made. Romaso is planning to spin off this project as an independent business in the next year or so. The coffee pulpers were spun off last year and there are now eight persons working in the business. The engraving business will also spin off soon.

Last year Kum Gie made a profit of K65,000. Since it is wholly owned by the Morobe Provincial Government, all the profits went to Provincial funds. Romaso is now discussing changing the constitution so profits are plowed back to Kum Gie for other development programs.

C. CAVI

Kum Gie, with Provincial Government support is seeking title to about 15 acres of land 10 miles from Lae to develop as a small industries center. The program has been put on hold until the title is finalized.

Romaso is already negotiating for support for the program from Investment Corporation Leo Hannett, the manager of I.C. who has already agreed to lend at least half a million kina to Kum Gie to develop this program.

D. BULOLO YOUTH GROUP

The FSP Evaluator visited an FSP/USAID supported project at Bulolo, about two hours drive inland from Lae. Bulolo is a company town, formerly gold mining, now mainly plywood. The company owns all the land, water, electricity and airstrip.

As in most PNG towns, there are few opportunities for youth and juvenile crime is a grave concern. Two years ago a dynamic Catholic Missionary priest, French Canadian Father Guy Cloutier took over the parish.

He organized thirty young men, mostly 6th grade drop outs, into a club and FSP provided K350 for tools. With these, the youth on land lent by the company grew corn, peanuts, tomato, cassava and other crops which they sold at the local market.

K10,000 was raised the first year. This was distributed among the youth on a basis proportionate to the work they did. The youth graded themselves in deciding this distribution.

FSP provided additional support in the shape of three workshops. At one of these several of the youths were trained in screen printing and set up a small screen printing business. A second workshop trained six of the young men in the maintenance and repair of lawn mowers and a contract business was set up to look after lawns and gardens. This has proven especially lucrative and the group has expanded into other areas on a contract basis, painting houses, clearing the pine forests, etc.

FSP also provided training in management and finance. In 1986 the youth group expects to gross K20,000.

Another FSP sponsored workshop at Bulolo was for a Women's group of 40 members. Training was in nutrition, sewing and sewing machine maintenance.

Father Guy commented on the FSP/USAID support:

"Your help was very valuable; starting up is the difficult part and the tools from FSP enabled us to do this. The workshops were also valuable. The screen printing is going well and the lads are now doing their own designs. Thanks to the training workshop, we have had no trouble with the mowers.

The sewing machine maintenance workshop put the sewing machines in order and enable the women to keep them in order. Formerly 80% of the sewing machines were not working, now 80% of the sewing machines are working. The women purchase material and make clothes, then sell them in the local market. They divide up the money on a proportional basis, rating themselves as do the boys. I do not have figures for their profits.

"Relations between the youth, community and the company have improved 100%. The youth are now seen as an asset to the community. They also have a new and far better image of themselves. They have far less trouble with the police, formerly they were in endless trouble. We also have the lads doing college of External studies. Some of them have already passed 7th grade and are now working on 8th grade. This will greatly increase their chance of getting a job."

E. HOHOLA YOUTH DEVELOPMENT CENTER

HYDC was set up ten years ago by a group of Australian Catholic sisters to help sixth grade school leavers. PNG does not have compulsory education and only about one half the children attend primary school. A sixth grade examination selects about 25% of these for secondary school.

Life can be hard for the 75% who are dropouts. Their parents and the community regard them as failures. In the villages they can at least help in the family vegetable garden and in village activities. In the cities, they have almost no chance of finding a regular job. Many drift into petty crime or "raskol" gangs.

HYDC has 158 of these young people. FSP/USAID helped institutionalize this operation. After 1985 no specific USAID funds have been allocated to HYDC, however in 1986 K5,000 was given for two small businesses, a cane shop and a woodwork business.

The grant provided funds to purchase new materials and supplies; the trainees were obligated to pay back the profits to HYDC. In 1985-86, the total FSP/USAID support was K10,000; K20,000 was generated. Part of this was used to purchase new supplies. The rest went towards the running of HYDC.

Under the new program, each of the HYDC groups has become a small business. This has given the trainees excellent training. It has also released many innovative ideas from them.

The FSP evaluator visited HYDC and was impressed with the excellent work that is being done. The main emphasis is on human development - on convincing these boys and girls that they are not dropouts and failures, but worthwhile human persons.

At the same time they are taught many skills - drama, handicrafts, sewing, woodwork, screen printing - as well as the more traditional subjects such as English, math and social studies. Many of the students sit for the government examinations by external studies and some gain the coveted Certificate of Attainment, which can help to open the job market to them.

HYDC in 1986 got a government grant of K3,500, the first government grant it has been given.

The total budget for the school in 1986 was K60,000. They raised K28,000 themselves and depended on outside assistance for the balance.

Sister Maureen, the Principal of HYDC commended to the Evaluator:

"We are deeply grateful to FSP for their support. It enabled us to upgrade our cane furniture making and woodwork. More important, the additional income from these operations enabled us to survive. Without the FSP/USAID support, we would have been forced to close our doors this year."

IV. EVALUATION

The main thrust of the FSP PNG program is the upgrading of management of local institutions.

A. SPATF

The support of FSP has been of great importance to SPATF. The organization has expanded rapidly in the last three years and this has inevitably put strains on the management and the financial department. That it has coped as well is in part the result of FSP/USAID support.

It is important, however, that SPATF recruit and train capable local staff and reduce their dependence on expatriate support. SPATF is well aware of this and its Board has agreed in principle to recruiting a deputy director for finance, for policy and planning and for projects.

First priority has quite rightly been given to a competent deputy director for finance and SPATF is actively recruiting. One problem is that private industry needs such personnel and is prepared to pay high salaries for them.

The same problem exists in the various SPATF divisions. At Hanuateg Tau Lohia has taken over as Director, but he will need assistance when the two CUSO volunteers leave the country.

Reference has already been made to Hohola SIC. Willie Feinberg leaves in December 1986 and no one has been identified to replace him. This problem should have been met months ago.

In Lae FSP has played a major role in promoting the Kum Gie Small Business Program by seconding its Deputy Country Director Lukis Romaso as Manager of Kum Gie. Prior to this Kum Gie was fairly inactive. It is now becoming a much more active and successful program.

Romaso has already made the Foundry a valuable money making operation. With the additional funds being generated he is now advertising for a foundry manager who will take over the direction of this operation and leave Romaso free to develop other programs.

VES is fortunate in having a highly competent manager David Faunt. FSP has assisted Faunt by funding Paul Unwin to set up the Portable Sawmill Training Program. Hence FSP is playing an important role in what may well prove the most successful Small Enterprise Program ever set up in the South Pacific.

Andrew Kauleni, the Manager of SPATF comments:

"The FSP partnership has been very valuable in providing management assistance and training. In terms of financial aid we have often been able to move quickly and effectively because FSP is on hand and has funds available. The portable sawmill program is a good example. We could not have achieved such success without FSP support. The FSP/SPATF partnership has proved very effective and we would like to see it continue."

SPATF has always faced something of a dilemma - is it their job to promote small industry, or is it at least in part, an organization that should raise a large part of the funds for its own operation through running small businesses?

The Board of Directors and Management have now agreed in principle that SPATF needs to raise at least a large part of its operating costs by running small businesses. Indeed it is hardly logical for SPATF to expect to promote small businesses successfully if it cannot itself run a small industry efficiently.

The FSP Evaluator spoke to Wet Kaniwai, the Secretary for Trade and Industry. He spoke highly of SPATF and of the SPATF/FSP Partnership:

"Although I am a Director of SPATF I seldom have time to attend the Board of Directors meetings. However, my general impression is that SPATF is an efficiently run organization that is effectively reaching out to the grass roots. Being a non-government organization, it can do this far more effectively than can the government, since it is not limited by cumbersome bureaucratic requirements.

"I have budgeted money for SPATF from the Government and get the reports. Everything indicates that the funds are wisely spent.

"We are also aware that the international support for SPATF is one reason it is so successful.

"As far as the FSP partnership is concerned, I would certainly like to see it continue. With FSP support SPATF is accomplishing a lot for the people at the grass roots level. I would like to see the SPATF accomplishments better understood.

"So my advice and request to you is - continue the FSP/SPATF partnership - even strengthen that partnership if possible."

B. HOHOLA SMALL INDUSTRIES CENTER

As has been pointed out Hohola SIC has advanced from an almost bankrupt operation that was losing money to a reasonably successful operation that has paid off most of its debts and is now making money. The only direct input in SIC from FSP has been the providing of Willie Feinberg as manager of SIC. Feinberg was funded under FSP from April '85 to April '86. Since then he has been funded from the profits of SIC.

The main weakness remains the lack of capable management at SIC to replace Feinberg when he leaves in December '86.

C. HANUATEK

FSP provided K5,000 to Hanuatek to set up Hanuafab. This small industry is owned and managed by SPATF and is by far the most successful of the small industries - most of the income from the Center comes from Hanuafab.

VES

Village Equipment Suppliers in Lae is the most successful of the SPATF divisions. This is based on the fact that its income increased from K461,000 in 1985 to an estimated K730,000 in 1986.

FSP has partnered VES in a number of small projects, notably the portable sawmill operation.

HANUA CRAFT

Hanua craft was steadily slipping into debt when SPATF took it over. Thanks in large measure to the work of a capable and experienced Peace Corps couple, it is now making a profit. Its sales have increased from K86,000 in 1985 to an estimated K125,000 in 1986.

D. SMALL ENTERPRISE DEVELOPMENT

This program has been a very successful one. The Evaluator found only one project that has failed - No. 61, the Hanutek Pig Tusk project. Even this was not a complete failure, since ten handicapped persons were trained at Hanuatek. The total USAID funds spent were \$1,652.

Fifty successful small businesses are operating as a result of the program. Even this does not tell the full story.

Some of the small industries have themselves sponsored other industries. For example, FSP provided funds to set up a portable sawmill at Atarou-Kei on Manus Island. This group:

1. Has twenty full time workers.
2. Has purchased a second sawmill with the funds they have generated.
3. Has built a dormitory to house trainees brought in from other villages.
4. Has sold charcoal stoves in the area and has now set up a charcoal making operation.
5. Has paid K2,000 for a feasibility study for a micro hydro scheme. They now plan to install this and set up a copra drier and furniture making with the electricity generated.
6. The timber sold has been used to build permanent homes for many villagers. This has provided work for several carpenters.

While this is an excellent example of a successful small enterprise, the most important thrust of FSP/USAID has been to provide the training element for Wokabout Somil Program. That one hundred mills have been set up and one hundred are operating successfully is due in no small part to FSP.

There have been other success stories. The Principal of Hohola Youth Development Center, Sister Maureen assured the FSP Evaluator:

"Without the support of FSP, HYDC would have been forced to close down in 1986".

This would have been a tragedy for the 158 trainees now at the Center. They would have been turned into the street to join the tens of thousands of unemployed youth in the capital city.

V. RECOMMENDATIONS

- A. The FSP Management support for SPATF is of primary importance and should be continued. It also has value for FSP since it provides FSP with a Port Moresby office at no cost.
- B. The support for the Wokabaut Somil Program, especially on the training side, has been a major element in the success of this program and should continue.
- C. The SAIP program has the potential to improve the vegetable output for the subsistence agriculturalists - about 80% of the people of PNG. FSP should give this program a high priority.
- D. The Kum Gie/CAVI initiative promises a large return for a comparatively small expenditure of funds and should continue.
- E. While the Village Extension Program and the Small Enterprise Development has been successful, it does not have the multiplier effect of the above programs and should be given a lower priority.

STATUS REPORT/UPDATE
SMALL GRANTS PROGRAM FOR COTTAGE INDUSTRY DEVELOPMENT

<u>NO.</u>	<u>USAID GRANT</u>	<u>LOCAL CONTR.</u>	<u># BENEF.</u>	<u>USAID COST/BENEFIT</u>	<u>PURPOSE/DESCRIPTION/RESULTS</u>
33	----	----	----	----	HOSKINS H.S. FISHING, West New Britain: To set up school fishing project for diet supplement, training and income. <u>CANCELLED</u> - New Headmaster had no interest to pursue project.
34	3,700	19,250	300	12.33	HOUSEHOLD NUTR. AT LEARNING CTR., Morobe: To set up demo kitchen for entrep. training in food technology. <u>COMPLETED</u> - 35+ trainees/yr. 3 groups have on-going viable businesses in snack foods, bread making & fruit drinks.
35	----	----	----	----	ATDI NUTR. PUBLICATION, Morobe: To publish nutrition songs & stories for extension training. <u>CANCELLED</u> - technical assistance not available.
36	----	----	----	----	RURAL DEV. LEADERSHIP TRAINING, Enga: To train 1 student in Japan in rice cultivation to initiate rice projects in Highlands. <u>CANCELLED</u> - Student did not complete training because of tribal fights. Site of project destroyed in fight. No AID funds expended.
37	1,000	12,905	100	10.00	ST. ANDREWS YOUTH CARPENTRY, Madang: To set up training and income generating activities in furniture and light construction for unskilled and unemployed youth. <u>COMPLETED</u> - over 50 youth trained and working daily on projects. Average income earned = K10/week.
38	4,750	19,403	200	23.75	VIRTU SAWMILL TRAINING, N.Solomons: To purchase demo sawmill for training villagers. <u>COMPLETED</u> . More than 15 village business groups trained. Total estimated income generated to date = \$377,750+.
39	----	----	----	----	THE SHOE FACTORY, Port Moresby: To upgrade leather sewing equipment to increase production and training techniques. <u>CANCELLED</u> - appropriate equipment could not be found.
40	4,400	4,880	400	11.00	JIMI WATER PROJECT, Western Highlands: To build two village rain catchments and tanks for clean water, training in tank building, and to utilize the structure for a medical aid post. <u>COMPLETED</u> - Both projects completed with village labour and cash contributions.
41	5,300	4,710	936	5.66	AGRI-BUSINESSES, PNG: To provide capital to initiate income-generating agriculture projects in rural areas. <u>COMPLETED</u> - 7 projects, 3 youth vegetable marketing, 1 women's bakery, 3 production hand tools.
42	3,100	5,915	1,000	3.10	TIP-TIP VEGETABLE MARKETING, Madang: To establish a vegetable marketing centre for buying surplus garden vegetable to market in Madang. <u>COMPLETED</u> - business established on semi-successful (irregular) basis. Constant supply is the major problem.
43	6,000	12,765	600	19.00	KAREKAR H.S. SAWMILL, Madang: to set up portable sawmill for school to use as vocational training and income generation. <u>COMPLETED</u> - Sawmill has become part of male students curriculum. Sawn timber is used for school repairs or sold for income for school upkeep, approx. earnings = \$1,000/month. Plans are to build new school buildings by cutting own timbers.
44	----	----	----	----	MOMA CHARCOAL BOILERS, N.Solomons: To build 4 experimental institutional charcoal cookers as alternative energy for rural schools. <u>CANCELLED</u> - extension officer never followed through on project.
45	3,850	5,700	100	19.50	KANGEL CARPENTRY PROJECT, W.Highlands: to build a workshop where vocational carpentry students could work on income generating projects to earn capital towards setting up their own businesses after graduation. <u>COMPLETED</u> - Students built workshop and have earned over \$1,000 which is kept in student fund which they can borrow from to purchase their own working tools.
46	1,600	3,940	510	3.14	FUNTEA VILLAGE VEGETABLE, W.Highlands: To set up village industry marketing seeds, seedlings and tools to promote youth vegetable growing projects for income generation. <u>COMPLETED</u> - project is on-going and continues to supply seedlings to vegetable growers. Income reports have not yet been obtained.
47	8,100	24,834	400	29.75	VILES POWER, Morobe: to establish appropriate energy consulting and contracting company to promote appropriate energy systems in rural areas. <u>COMPLETED</u> - entrepreneur has established, viable business in electrical contracting, but has only worked on one village micro-hydro project to date.

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NO.	GRANT	CONTR.	BENEF.	BENEFIT	PURPOSE/DESCRIPTION/RESULTS
49	1,300	2,602	106	12.26	PATNA VILLAGE AT CENTRE, Simbu: To equip an AT workshop for a series of small businesses in Patna village. <u>COMPLETED</u> - Centre with 106 paying members. Businesses established: bakery, honey, sewing, furniture making, VES agency.
50	734	7,511	15	48.93	FIBRE CEMENT ROOFING TILES, Morobe: To manufacture fibre cement roofing tiles as pilot test project to determine if viable business venture. <u>COMPLETED</u> - Pilot completed, however business venture has not yet been established pending more research on strengthening tiles. Local building company is using tiles for promotion.
51	972	2,500	65	14.95	VIRTU MICRO-FICHE LIBRARY, N.Solomons: to purchase VITA AT Microfiche Reference Library for training and use of VIRTU Extension staff and private citizens <u>COMPLETED</u> - library is installed in VIRTU office, and is also being used by local schools.
52	507	1,880	40	12.68	ENTREPRENEURIAL TRAINING, PNG: to provide training funds to potential entrepreneurs or business trainers in areas of AT businesses and industries. <u>COMPLETED</u> - 5 projects provided training for 40 individuals: 7 workshops in business management; 2 in food technology and 1 in poultry management.
53	5,670	34,903	140	40.50	HOHOLA YOUTH FURNITURE & GARDENING, Port Moresby: to start furniture, woodworking and gardening training as an income-generating activity for students to teach them realistic business management, and to earn money for the vocational school. <u>COMPLETED</u> - products sold from students' training classes realized a total income of \$8482 over a two year period.
54	836	1,841	15	55.73	KUNG ARTIFACTS CENTRE, Enga: To establish a youth group handicraft/artifacts business for income generation. <u>COMPLETED</u> - 15 youth employed parttime. Biggest income earner is sand paintings which are sold as far as POM, Lae and Madang.
55	1,371	690	250	5.48	DOCUS WOMEN'S SEWING BUSINESS, Simbu: to purchase machines, materials, and tools to start up women's group business. <u>COMPLETED</u> : club members sew clothing items for sale in local area. No report on income generated to date.
56	5,780	10,760	1145	5.05	SUBSISTENCE AGRIC. IMPROVEMENT PROGRAM, Morobe: To conduct 8 training workshops for villagers in agriculture methods for improving subsistence and agri-business projects in rural areas. <u>COMPLETED</u> - 14 training workshops held with total of 333 persons trained. Extension training in 266 villages with estimated population involved 1145. Program continues with funding from USAID/AIF and from Morobe Provincial Government.
57	5,000	6,600	1000	5.00	SINDANG CEMENT MANUFACTURE, Morobe: To provide training and capital to establish cement manufacture entrepreneur. <u>COMPLETED</u> - Business established and producing products ranging from cement water tanks to water jars to washing tubs. Participates in Business Extension training program.
58	10,800	13,800	500	21.60	SPACE BUSINESS EXTENSION, Port Moresby: To hire industrial design consultant to establish new industries at Hanuatek and Hohola Centres for training in new AT industry areas. <u>COMPLETED</u> - Consultant Willie Feinberg has developed 5 new products to be produced at SIC, has re-organized management to experience first profits, and has initiated a regional program to transfer SPACE technologies to other Pacific countries.
59	5,900	20,000	350	16.57	THE SOAP FACTORY, Madang: To set up a cottage coconut soap manufacture to create employment and income generating opportunities at the village plantation level. <u>COMPLETED</u> - project is still holding on, but at the brink of failure due to poor management and a lack of marketing technical skills in the local management. Production of soap is excellent, but sales are a worry because coconut oil soap cannot compete in price market with tallow soaps imported into PNG.
60	183	4,364	5	36.60	THE SAGO CENTRE, Morobe: to provide capital to set up a commercial snack food AT businesses for a trainee under SP-34. <u>COMPLETED</u> - Entrepreneur is earning income by producing "Sago Pops" and selling in local supermarkets.
61	1,652	5,672	10	165.20	HANUATEK PIC UPKES, Port Moresby: to set up a handicraft jewelry business for handicapped workers. <u>COMPLETED</u> - Business is surviving with assistance from Hanuatek in marketing. 10 handicapped persons have been trained.

NO.	DEAD GRANT	LOCAL CONTR.	# BENEF.	COST/BENEFIT	PURPOSE/DESCRIPTION/RESULTS
62	5,421	35,000	700	7.74	ATAROU-KEI SAWMILL, Manus: to expand and update existing village mobile sawmilling operation for income generation. <u>COMPLETED</u> - Sawmill group have built office and training centre to assist new sawmill owners in province. Employ about 20 full-time workers at one time on rotating basis. Spin-off jobs hired to local youth groups. Income generated from local timber sales used to build permanent village homes.
63	6,900	30,775	4,000	1.73	SAIN WEKOS SAWMILL, Manus: to set up village based sawmill operation to provide sawn timber for permanent rural housing. <u>COMPLETED</u> - Sawmill group trained and cutting timber on clan lands. Clan and business group split timber sawn for income & building purposes.
64	2,160	1,176	1,000	2.16	WEST TARAKA CHARCOAL, Morobe: to produce and promote charcoal making for income generating from sawmill scraps. <u>COMPLETED</u> - 3 fulltime businesses produce charcoal which is sold to Kum-Gie corporation to market to urban populations. Supply cannot yet meet demand.
65	5,830	5,800	200	29.15	HANUABRIK, Port Moresby: to establish a small-scale rammed-earth brick-making business at SIC for training entrepreneurs. <u>COMPLETED</u> - Business was not established at SIC, however funds used to build prototype hydraulic rams which were sold to trained entrepreneurs.
66	1,070	1,100	1,000	1.07	MOROBE CHARCOAL STOVES, Morobe: to set up a manufacture and market charcoal stoves to promote charcoal as an alternative cooking energy. <u>COMPLETED</u> - Entrepreneur produces stoves to demand, but has problems to charge a price for his product and does not make much profit. Stoves are increasing with demands for charcoal.
67	5,400	35,000	100	54.00	HANUATEK MANAGEMENT, Port Moresby: to provide ex-patriate management assistance to Hanuatek businesses in marketing and production. <u>COMPLETED</u> - 2 CUSO volunteers have assisted in turn around of Hanuatek so it is now on the way to making profits. Local managers are being trained. \$17,000 outside funding raised.
68	---	13,000	5,000	---	COMMUNITY BASED BUILDING PROGRAM MANUALS, Morobe: to publish and distribute manuals on housing construction using AT methods, local designs and resources, and inexpensive techniques. <u>INCOMPLETE</u> - materials editing still being worked on. No funds expended yet for printing costs (\$10,000 approved)
69	1,620	2,000	40	50.00	VILLAGE DEVELOPMENT CENTRE REVOLVING LOAN FUND, Oro: to provide graduating students with loan capital to set up vocational businesses, and to establish a school revolving loan fund. <u>COMPLETED</u> - 3 students have to date taken loans, 2 mechanics and 1 carpenter, to set up small businesses. To date no loans have been repaid.
70	----	----	----	----	KASALAI SCREEN PRINTING, Madang: To set up a screen printing workshop as a small business and to train and employ school leavers in Madang. <u>CANCELLED</u> - Entrepreneur/trainer left Madang so project never initiated and no funds expended.
71	5,400	5,000	100	54.00	HANUAFAB, Port Moresby: To set up a small metal fabrication industry to produce rubbish bins and sports equipment and to train entrepreneurs. <u>COMPLETED</u> - Contracts have been secured from local government to produce items such as trash collectors and rubbish bins. Business is realizing profit and 10 workers have been trained.
72	----	40,000	20,000	----	FOUNDATION FOR THE EAST SEPIK (FES): To hold a planning meeting for the development of a provincial AT training unit and recruit technical and managerial assistance to start the project which will include Agro/Nutrition/Health Extension & Small Enterprise Development. <u>INCOMPLETE</u> - Funds have not yet been expended, but estimated to be \$5,000. Institutional costs will be funded from other grant contributions initiated by FSP.
73	----	24,230	150	----	LIFELINE, Port Moresby: To provide AT skills and technology to train abandoned women for income generating opportunities. <u>INCOMPLETE</u> - Funds have not yet been expended for SPATE to run training, skills workshops, expected to be \$1,000. FSP has raised outside funding for Women's Crisis Centre at Lifeline of approximately \$24,230.

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<u>NO.</u>	<u>USAID GRANT</u>	<u>LOCAL CONTR.</u>	<u># BENEF.</u>	<u>COST/BENEFIT</u>	<u>PURPOSE/DESCRIPTION/RESULTS</u>
74	168	4,500	45	3.73	PARADISE YOUTH ENTERPRISES, Morobe: To provide tools and equipment for youth group to initiate income generating activities. <u>COMPLETE</u> - Youth received training through SPATF Extension and have set up projects in vegetable gardening, screen printing, duck and goat farming, orchid farming, and sewing.
75	7,300	30,000	300	24.33	WOKABAUT SAWMILL TRAINING & PROMOTION: To produce a training/promotion video and manual on the Wokabaut Sawmill. <u>INCOMPLETE</u> - The video has been completed in cooperation with Unitech students and is being distributed to Provincial Forestry Divisions. The manual is drafted but not yet printed and will be distributed to all sawmill trainees and owners.
76	3,000	40,000	800	3.75	AGAUN MICRO-HYDRO, Milne Bay: To set up a micro-hydro to produce electricity to dry cardomon for the Agaun Cattle Farmers Coop. Increased income will produce capital for improvement of dairy and meat cattle to solve protein malnutrition problems in this isolated valley. <u>INCOMPLETE</u> - initial engineering study has been completed. \$10,000 raised by FSP from Anglican Bishops Fund to purchase equipment.
77	----	30,700	1,500	---	CANCARE, Pacific Region: To set up aluminum can recycling industries as AT businesses in Solomon Islands, Kiribati, and Tuvalu, using SPATF technical assistance. <u>INCOMPLETE</u> - Solomon Islands industry is in operation. Feasibility studies have been completed and industries initiated in Kiribati and Tuvalu.
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	\$126,974	\$525,706	43,122	23.85	

SUMMARY OF REPORT:

1. Total USAID Funds spent to date: \$ 126,974.00
2. Total local contributions: \$ 525,706.00
3. Total number of direct/indirect beneficiaries: 43,122
4. USAID cost/benefit (on funds spent to date only): \$ 23.85
5. Total projects COMPLETED: 32
6. Total projects INCOMPLETE to date: 6
7. Total projects CANCELLED: 6

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