

PL-ABE-917

AGENCY FOR INTERNATIONAL DEVELOPMENT PROJECT DATA SHEET		1. TRANSACTION CODE <input type="checkbox"/> A = Add <input type="checkbox"/> C = Change <input type="checkbox"/> D = Delete	Amendment Number _____	DOCUMENT CODE 3
2. COUNTRY/ENTITY Swaziland		3. PROJECT NUMBER 645-0240		
4. BUREAU/OFFICE Africa		5. PROJECT TITLE (maximum 40 characters) Youth Enterprise for Swaziland		
6. PROJECT ASSISTANCE COMPLETION DATE (PACD) MM DD YY 09 30 93		7. ESTIMATED DATE OF OBLIGATION (Under "B" below, enter 1, 2, 3, or 4) A. Initial FY 92 B. Quarter <input type="checkbox"/> C. Final FY 11		

8. COSTS (\$000 OR EQUIVALENT \$1 =)

A. FUNDING SOURCE	FIRST FY			LIFE OF PROJECT		
	B. FX	C. L/C	D. Total	E. FX	F. L/C	G. Total
AID Appropriated Total			91			91
(Grant)	()	()	()	()	()	()
(Loan)	()	()	()	()	()	()
Other 1.						
U.S. 2.						
Host Country						
Other Donor(s)						
TOTALS						

9. SCHEDULE OF AID FUNDING (\$000)

A. APPROPRIATION	B. PRIMARY PURPOSE CODE	C. PRIMARY TECH. CODE		D. OBLIGATIONS TO DATE		E. AMOUNT APPROVED THIS ACTION		F. LIFE OF PROJECT	
		1. Grant	2. Loan	1. Grant	2. Loan	1. Grant	2. Loan	1. Grant	2. Loan
(1) DEA						91		91	
(2)									
(3)									
(4)									
TOTALS						91			

10. SECONDARY TECHNICAL CODES (maximum 6 codes of 3 positions each) _____	11. SECONDARY PURPOSE CODES (maximum 6 codes of 3 positions each) _____
12. SPECIAL CONCERNS CODES (maximum 7 codes of 4 positions each) A. Code _____ B. Amount _____	

13. PROJECT PURPOSE (maximum 480 characters)

To provide an income generating facility for an existing street street children project in Swaziland to provide employment opportunities for the street youth and provide training in food preservation and generate income for rural women's groups.

14. SCHEDULED EVALUATIONS Interim MM YY MM YY Final MM YY _____	15. SOURCE/ORIGIN OF GOODS AND SERVICES <input checked="" type="checkbox"/> 000 <input type="checkbox"/> 941 <input type="checkbox"/> Local <input checked="" type="checkbox"/> Other (Specify) 935
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16. AMENDMENTS/NATURE OF CHANGE PROPOSED (This is page 1 of a _____ page PP Amendment.)

I approve the methods of implementation and financing proposed herein.

Elizabeth E. Palmer, Acting Controller

17. APPROVED BY	Signature: <i>Elizabeth Palmer</i>	Date Signed MM DD YY 09 28 92	18. DATE DOCUMENT RECEIVED IN AID/W, OR FOR AID/W DOCUMENTS, DATE OF DISTRIBUTION MM DD YY 10 28 92
	Title: Acting Director USAID/Swaziland		

economic development.

The purpose of the project is to provide an income generating facility for an existing street children project in Manzini. The project's objectives are to: 1) provide employment opportunities and income for the street youth; 2) provide training in food preservation and jam making; and 3) generate income for rural women community garden groups.

USAID's assistance consists of providing the necessary equipment and supplies to expand the production capacity of Eswatini Kitchen, a food processing plant run by the Manzini Youth Care Committee, and to provide the salaries of two personnel for six months. The plant is currently operating on a small scale and produces jams from local fruits and vegetables.

JUSTIFICATION:

1. Registration of Salesian Missions as a PVO eligible for AID funding and "grantworthiness" issues. Salesian Missions of the Salesian Society, Inc. is a U.S. PVO incorporated in the state of New York and since 9 March 1986 registered with A.I.D. The Salesian Missions in Swaziland, acting through the Manzini Youth Care Committee, will implement the project in accordance with the terms of the grant agreement with guidance provided by Salesian Missions regarding compliance with A.I.D. regulations, financial management, and reporting requirements. Salesian Missions has used this system with ten A.I.D.-financed activities around the world. The Salesian Missions in Swaziland has the technical and management capability to use and account for A.I.D. funds and implement the program effectively.

2. Twenty-five percent contribution by Salesian Missions. A.I.D. policy normally requires a 25% non-A.I.D. contribution to an A.I.D.-supported PVO activity. In this project, the PVO contribution far exceeds the 25 percent contribution: The total cost of the project is \$251,000 with A.I.D. contributing \$91,000 (or 36.5%) and the Salesians contributing \$160,000, (or 63.5%). The Salesian contribution includes in-kind contributions of personnel (\$21,000), food processing equipment (\$9,000), the factory (\$107,000), the plant site (\$16,000), and travel and transportation (\$7,000).

3. Status of Personnel. Rev. Larry McDonnell, S.D.B., will serve as PVO Country Director, supervising one plant manager who is presently managing the Eswatini Kitchen and one food technologist trainee who will be recruited. The project will cover these salaries for only six months of the project. Biographical datas have been submitted and reviewed for the two

Control Number 645-251AM
Date: Sept. 23, 1992

ACTION MEMORANDUM FOR THE ACTING DIRECTOR

FROM: *Cecilia Kenyon*
Cecilia Kenyon, PM/HR/E

SUBJECT: Youth Enterprise for Swaziland (YES), Project No.
645-0240

THROUGH: *Don Foster-Gross*
Don Foster-Gross, HR/EDO

ACTION REQUESTED:

You are requested to approve the subject proposal and authorize the Youth Enterprise for Swaziland (YES), Project No. 645-0240, at a Life-of-Project (LOP) funding level of \$91,000 in grant funds from the Development Fund for Africa. It is planned that \$91,000 will be obligated in FY 92.

BACKGROUND:

The Salesian Missions presented an unsolicited proposal for a Salesian Street Children Project at a meeting with USAID/Swaziland on March 25, 1992. The meeting was attended by Robert Chamorlain and Father Larry McDonnell from the Salesian Missions, and Mary Huntington and Susan Fine from USAID. Following the meeting, availability of funding was confirmed by AID/Washington through A.I.D.'s Special Fund for Displaced Children and the preliminary proposal was approved in principle by the USAID Director on April 28, 1992. The Salesian Mission was requested to submit a complete project proposal for USAID's review and approval.

The Salesian Missions submitted two proposals on August 14, 1992: 1) option A that adheres to the level of funding based on the preliminary proposal for \$60,000, and 2) option B which has a similar program description as option A but includes additional equipment for a total of \$91,000. We have reviewed both options and since the additional equipment would be useful for project activities and further support project objectives, and would not increase the HR/E office's management responsibilities, we recommend authorizing the project at \$91,000.

The Salesian Mission in Swaziland has an excellent record of helping disadvantaged groups. The proposal provides a feasible plan for USAID to assist a private voluntary organization in developing an income generating program for street children and in training rural womens groups in the basic principles of management and marketing skills, and food preservation. It is consistent with USAID's program goal in accelerating Swaziland's

Best Available Document

Affairs, concurred with the implementation of the proposed project in line with the Government of Swaziland's policy. The issue of duty-free imports for the project commodities is still under discussion between the Ministry of Home Affairs and the Department of Customs and Excise. However, MEPD has approved and endorsed the grant acknowledging that the grant program is subject to the Economic, Technical and Related Assistance Agreement dated December 5, 1989 signed by the GOS and the U.S. Government. The Salesian Missions has given assurances that it will be responsible for the payment of duty costs, outside of grant funds, should the need arise to do so. Copies of letters from MEPD are included in the attachments.

(e) Technical Analysis: The Salesians, together with the Manzini Youth Care Committee (a local NGO), are operating three homes for approximately 70 youth who would otherwise be on the streets or in jail. The homes provide shelter for the youth while they attend school or one of the training programs, or while they seek local employment. The existing plant, the Eswatini Kitchen, generates sufficient profits to support the homes. It is producing jams and condiments from local fruits and vegetables. The plant is already operating on a small scale and is turning out a first-class line of products. To increase production and sales, the plant must purchase additional equipment that will enable it to operate on a larger scale. After the first year of operation, the plant will be self-supporting. Income from sales will be reinvested in program activities. The plant will continue operating well beyond the end of the A.I.D. grant financing and will be self-sustaining because of sales revenue. The project is technically sound because it provides both technical assistance and on-the-job training, both of which will result in direct improvements in small business management. In addition, the institution also has the capacity for storing and maintaining the proposed commodities once they are in place.

(f) Financial Analysis: A financial assessment was conducted by USAID/Swaziland's Financial Management Office (FMO) on September 11, 1992 to review the Salesian Mission's capacity for maintaining adequate financial records. (A copy of the financial report is included in the attachments). It is recommended that prior to disbursement of funds in the grant, a basic accounting system should be in place. The following requirements constitute Phase I of the project:

- 1) A part-time bookkeeper will be hired by the Salesian Missions to maintain financial records. This cost shall not be incurred through grant funds.

positions. USAID/Swaziland has determined that the previous annual earning of the plant manager and the estimated salary for the food technologist trainee justify the personnel line item budget. Copies of biographical datas are included in the attachments.

4. USAID involvement with the Salesians of Swaziland. The Regional Contracting Officer (RCO) will negotiate and sign a grant with the Salesian Missions. The Human Resources/Education Development Office will monitor the program. At the end of the one-year period, an audit of the recipient by A.I.D. NFA or other contractual arrangement will have to be funded out of FY 93 PD&S funds.

5. Other Issues:

(a) Extension of L.O.P.: The project expects to accomplish the following activities during the proposed six-month period: 1) expansion in production and sales of Eswatini Kitchen; 2) recruiting and training an expanded workforce by existing personnel to operate the plant and market the product; 3) strengthen the existing plant management to keep pace with increased production.

USAID/Swaziland feels strongly that the LOP should be extended an additional six months (total one year) at no additional cost nor extension of salary support beyond that proposed in the original six-month proposal. This extension will allow the HR/E office sufficient time to monitor the installation and use of the equipment and the transfer of technical skills. There will be no additional extension of time or funds beyond the one year LOP.

(b) Waivers: Because the project is DFA-funded, no waivers are required for procurement from Code 935 countries, though procurement of commodities and services shall be from the U.S. to the maximum practicable extent. Items not purchased from the U.S. will probably be purchased from the Republic of South Africa.

(c) Competition: The Salesian Missions is a registered U.S. PVO, and the grant will support the project's field program in accordance with eligibility requirements and selection procedures prescribed in Handbook 13 and Handbook 3, 4B5. Therefore, the competition requirements for selection of recipients are considered to be met.

(d) GOS Concurrence: Concurrence from the GOS to implement this project has been obtained. The Ministry of Economic Planning and Development (MEPD), with the Ministry of Home

- 2) A filing system will be set up to keep records of income and expenditures.
- 3) Proof of the existence of a separate bank account for the project will be provided to USAID.
- 4) A report shall be provided stating the amount of profits generated from the plant that is allocated for the Eswatini Kitchen and the Manzini Youth Center to determine how much is used for the operation of each entity.

The FMO shall provide a report after obtaining evidence in writing from the Salesian Missions that all of the above requirements have been met, prior to the disbursement of funds which will be Phase II of the project. The FMO will conduct a periodic review of the financial system and documentation established by the grantee during Phase II of project implementation.

The Salesian Mission in Swaziland has given us the assurance that it has the procurement capacity for soliciting competitive bids. (A copy of the procurement procedures is included in the attachment). It is recommended, however, that prior to the procurement of any item of commodities with a unit cost of \$1,000 or more, the Salesian Mission shall solicit competitive bids and request prior written approval from the RCO to ensure that proper procedures are used.

(g) Social Soundness: The project addresses a basic human need in Swaziland as its beneficiaries are street children who can be rehabilitated and diverted from a life of crime and exploitation. The project also impacts on rural women by utilizing surpluses and unsalable grades from their produce and developing the market for their products, as well as generating income for women who are employed at the food-processing plant.

(h) Environmental Impact: The preserving of perishables has never been developed in the rural areas of Swaziland and impacts on elimination of waste in the environment. This project is not expected to have a negative impact on the environment. The method of preserving fruit and vegetables without using artificial preservatives encourages less dependence on imports of preserved foods.

(i) Covenant: The Salesian Missions will covenant to provide maximum in-kind support and seek other donor or outside assistance for future activities as necessary.

(j) Programming/Budgeting: The YES Project was not included in the FY 92 CP for obligation nor was it in the approved FY 92 OYB. A Congressional Notification is not required because funds earmarked by Congress for this activity are specifically exempted from notification requirements. AFR/W/DP has transferred funds to USAID/Swaziland and increased the FY 92 OYB by \$91,000. The project is reported in our current OYB reporting cable.

AUTHORITY: Under Africa Bureau Delegation of Authority 551, revised, you, as Acting Director of a Schedule A post, have the authority to approve new projects up to \$20 million with Project Assistance Completion Dates not to exceed ten years. AID/Washington Project Identification Document (PID) approval is not necessary for projects with an LOP not exceeding \$2,500,000. The RCO will negotiate and sign the grant with the Salesian Missions.

RECOMMENDATION: It is recommended that you authorize the Youth Enterprise for Swaziland Project No. 645-0240 by signing the attached Project Authorization, Project Data Sheet, and PIO/T.

Attachments:

1. Project Authorization and Project Data Sheet
2. PIO/T
3. Salesian Missions Proposal
4. Financial Analysis and Procurement Procedures Reports
5. GOS Concurrence Letters
6. Biographical datas for Personnel

Drafted: DFoster-Gross/C.Kenyon:HR/E:8/28/92:A:SALES1

Clearances:	JRoyce:PROG (DRAFT)	Date:9/25/92
	EABaker:PD/PEO <u>CR</u>	Date:9/25/92
	TRiedler:RLA (DRAFT)	Date:9/24/92
	EPalmer:A/RFM <u>E. Palmer</u>	Date:9/15/92
	MKenyon:RCO <u>MK</u>	Date:9/17/92

PROJECT AUTHORIZATION

Cooperating Country: Swaziland
Project Title: Youth Enterprise for Swaziland
Project Number: 645-0240

1. Pursuant to Section 496 of the Foreign Assistance Act of 1961, as amended, the Foreign Operations, Export Financing, and Related Programs Appropriations Act, 1991 (applicable pursuant to P.L. 102-145, as amended by P.L. 102-266, the Continuing Resolution for FY 1992), Africa Bureau Delegation of Authority (DOA) No. 551, as amended, and the authority delegated under State 311067, I hereby authorize the Youth Enterprise for Swaziland project (Project) for the Kingdom of Swaziland, involving planned obligations of not to exceed Ninety One Thousand United States Dollars (\$91,000) in grant funds from the Development Fund for Africa (DFA), over a one-year period from the date of authorization, subject to the availability of funds in accordance with the A.I.D. OYB/allotment process, to help in financing foreign exchange and local currency costs for the Project. Except as A.I.D. may otherwise agree in writing, the planned life of the Project is one year from the date of initial obligation.

2. The purpose of the Project is to provide an income-generating facility for an existing street children project in Manzini through the Salesian Mission in Swaziland. The Project will finance technical assistance, commodities, audit services, and other goods, services and activities in support of Project objectives. A Grant Agreement will be signed with the Salesian Society, a registered U.S. private, voluntary organization, to conduct Project activities.

3. The Grant Agreement with the Salesian Society (Grantee), which may be negotiated and executed by the officers to whom such authority is delegated in accordance with A.I.D. regulations and delegations of authority, shall be subject to the following essential terms, conditions and covenants, together with such other terms, conditions and covenants as A.I.D. may deem appropriate.

a. Source and Origin of Commodities, Nationality of Suppliers

The source and origin of commodities and the nationality of suppliers of commodities and services financed under the Project shall be in accordance with DOA No. 551, Section 5F. Accordingly, commodities financed by A.I.D. under the Project shall have their source and origin in the Kingdom of Swaziland, the United States or any other country included in A.I.D. Geographic Code 935, except as A.I.D. may otherwise agree in writing. Except for ocean shipping or as A.I.D. may otherwise agree in writing, the suppliers of commodities or services shall

have the Kingdom of Swaziland, the United States or any other country included in A.I.D. Geographic Code 935 as their place of nationality. Ocean shipping financed by A.I.D. under the Project shall, except as A.I.D. may otherwise agree in writing, be financed only on a flag vessel of the United States. Procurement of commodities and services shall be from the U.S. to the maximum practicable extent.

b. Covenant

The Grant Agreement shall contain, in substance, the following special covenant, in addition to any standard covenants deemed appropriate:

The Grantee agrees to provide maximum in-kind and other support to the Project and will seek assistance for future activities from other donors or other third parties.

Charles Brooks
Charles Brooks
Acting Director
USAID/Swaziland

September 25, 1992
Date

Clearances:	Jack Royer, PROG	<u>JR</u>	date	<u>9/25/92</u>
	Don Foster-Gross, HPN	<u>DFG</u>	date	<u>9/24/92</u>
	Edward Baker, PE/PEO	<u>EB</u>	date	<u>9/25/92</u>
	Michael Kenyon, RCO	<u>MK</u>	date	<u>25/9/92</u>

^{TUR}
DRAFT:TRIEDLER:JAL:09/11/92:AUTHORIZ

memorandum

DATE: September 17, 1992

REPLY TO
ATTN OF: Malika Magagula, Financial Analyst - USAID/Swaziland *M. N. M/L*

SUBJECT: Eswatini Financial Review

TO: Charles E. Brooks, Controller

I visited the Eswatini Kitchen Jam factory on Friday September 11, 1992 in order to conduct a financial systems review. I was taken on a tour of the facilities which are quite impressive and introduced to the project manager, an Australian volunteer, Father McDonnell, and the MITC controller.

I asked the MITC controller to describe the financial system to me and he explained that the project manager keeps a bound cash book where all of the operation's expenditures and income are recorded. The controller then reviews the cash book on a monthly basis and produces a cumulative income and expenditure report. I asked to see the cash book but was told that the project manager had taken it to her home as she is in the process of computerizing it. I was given a copy of a page for a given month in order to get an idea of how items are recorded. I then asked about banking procedures and was told that the project manager currently keeps the funds in her own account. However, when I asked the same question of Father McDonnell and the project manager, I was told that they have a separate bank account for the project and checks must be signed by the project manager as well as a member of the project management committee.

It is difficult to require several layers of internal controls for this project simply because it is so small. (total expenditures in 1991 amounted to E39,355) However, it is important to insure that at the very least, phase one of the project require that a basic system is in place. The disbursement of funds can then be considered phase two of the project. My recommendations to this end are as follows:

1. A part-time book-keeper should be hired to maintain the cash book.
2. A filing system should be set up for the documentation of expenses as well as income.
3. We should be given proof of the existence of a bank account in the name of the project. It should be made very clear that project funds should not be mingled with the personal funds of any employees or any other funds of Eswatini.

4. It is not clear what level of profits will be put into the operation of Eswatini versus the amounts that will be given to the homeless children and the youth center. This should be detailed and should also include what method will be utilized to record these transactions.

5. A periodic financial systems and documentation review should be conducted during phase two of the project.

cc: Donald Foster-Gross
Cecilia Kenyon
Michael Kenyon



UNITED STATES
AGENCY FOR INTERNATIONAL DEVELOPMENT
USAID MISSION TO SWAZILAND

P.O. BOX 750, MBABANE, SWAZILAND
TEL. 46430, TELEX 2016 WD

Ms. Phindile Mkhonza
Principal Secretary
Ministry of Economic Planning
and Development
P.O. Box 602
Mbabane, Swaziland

23 SEP 1992

Youth Enterprise for Swaziland (YES)
Project No. 645-0240

Dear Ms. Principal Secretary:

Thank you for the Ministry of Economic Planning and Development's (MEPD) letter to USAID dated September 11, 1992 concurring with the Ministry of Home Affairs in the implementation of a Salesian Mission's street children project in line with the Government of Swaziland's (GOS) policy. USAID appreciates the support the GOS has provided for the Salesian Mission in Swaziland.

The purpose of the YES project is to provide an income generating facility for an existing street children project in Manzini. The project's objectives are to: 1) provide employment opportunities and income for the street youth; 2) provide training in food preservation and jam making; and 3) generate income for rural women's community garden groups.

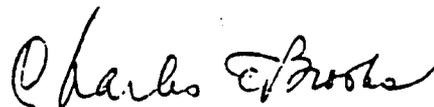
The Salesian Mission in Swaziland has an excellent record of helping disadvantaged groups. The project provides a feasible plan for USAID to assist a private voluntary organization in developing an income generating program for street children and in training rural women's groups in the basic principles of management and marketing skills, and food preservation. It is consistent with USAID's program goal in accelerating Swaziland's economic development.

USAID's assistance consists of providing the necessary equipment and supplies to expand the production capacity of Eswatini Kitchen, a food processing plant run by the Manzini Youth Care Committee, and to provide the salaries of two personnel for six months. Such supplies and equipment will include the following: one delivery van, computer equipment, cooler systems, food processing equipment (burners, chopper, pulper, packaging machine, mixer), packaging materials (glass jars, tops, and labels), food ingredients, and office equipment (work tables, filing cabinets, office desks and chairs). The plant is currently operating on a small scale and produces jams from local fruits and vegetables. To increase production and sales, the plant must purchase additional equipment that will enable it to operate on a larger scale.

The planned Life of Project is for one year at no additional cost nor extension of salary support beyond the proposed six-month period. We will be pleased to keep you informed about the progress of the project. USAID will provide you with a copy of a report from the Salesian Missions at the completion of the project. Enclosed is a copy of the project proposal from the Salesian Missions.

USAID expects to negotiate and sign a grant with the U.S. Salesian Missions by September 30, 1992. We would appreciate GOS' approval and endorsement of the grant, by signing below, acknowledging that the grant program is subject to the Economic, Technical and Related Assistance Agreement dated December 5, 1989 signed by the GOS and the U.S. Government.

Sincerely,



Charles E. Brooks
Acting Director

Concur: Isabella Katamzi
PS, MEPD

Date 24th September 1992

Attachment a/s

cc: Isabella Katamzi, Acting PS
Ministry of Economic Planning and Statistics

Fr. Larry McDonnell
Salesian Missions/Swaziland

2. Proposed Project

The Salesians and the Manzini Youth Care Committee propose to operate a small plant that would generate sufficient profits to support the homes. The plant will produce jams from local fruits, such as guava, grapefruit, limes and mangos, and chutneys and atchars (a spicy condiment) from local vegetables. The plant is already operating on a small scale and is turning out a first-class line of products. With the help of a marketing volunteer from Australia, the plant sells everything it currently produces. The market for these products ranges from Manzini to Mbabane, to neighboring towns in South Africa. However, production is too small to enable the plant to generate sufficient income to cover the operational expenses of the three shelters in addition to its own expenses.

To increase production, the plant must purchase the equipment that will enable it to operate on a large scale such as larger cold storage equipment, larger stoves and a vehicle to deliver the product. (Presently the volunteer from Australia uses her own car.)

3. Present State of the Project

The factory has a floor area of 600 m². It was specifically built for food preservation operations and has carefully followed all local municipality requirements. It is presently staffed by one manager, who is the Australian volunteer responsible for setting up the project, and 11 women (this number will increase when the work load requires). The volunteer spent one year developing various products and opening markets both inside and outside the country.

The basis of the operation involved a survey carried out some years ago by a volunteer from the Canadian Volunteer Organization (CESO). The volunteer's research indicated a very positive response in the tourist areas and in the well-established supermarkets in the country. Although the report is dated, subsequent market testing has proven the validity of the information and its conclusions. The "no artificial preserves" label makes the product very attractive to the health-conscious public. The first year of the experiment is now completed, and all the indications are that it is on the right track.

4. Assistance Requested

The Salesians seek a one-time grant for the purchase of the needed equipment to increase output and to produce jams and chutneys on a large scale. Estimated funding needed is \$90,000, including costs of an end of project audit of the grant. The estimated cost for an audit by a firm located in Swaziland is \$1,000. The Salesian counterpart contribution to the project will include use of the plant and project oversight.

Table 1.

Proposed Time-phased Work Plan

	O	N	D	J	F	M
1.1						
1.2						
1.3						
2.1						
2.2						
3.1						

- 1.0 An expansion in production and sales
 - 1.1 Installation of electrical upgrade-----Oct/Nov
 - 1.2 Purchase/install cold storage, cookers, food-testing/quality control, and office equipment-----Dec/Jan
 - 1.3 Expand operations-----Feb/Ongoing
- 2.0 Recruitment and training of an expanded workforce
 - 2.1 Recruit/train additional plant employees-----Feb/Mar
- 3.0 Strengthen existing plant management
 - 3.1 Recruit/train additional management personnel---Jan/Feb
 - Evaluation/Audit-----Sep '93

3. Background to Project Implementation

PRODUCTS

The CESO consultant identified outlets for possible products from the factory. The market expectation, based on a supermarket shelves count, and the production expectation were both rather optimistic. The subsequent market exploration done by the

14

Australian volunteer over the past year (1991/92) has indicated outlets in the following areas - RSA Parks Board for novelty tourist packages, the Western Transvaal "farm stalls" for the "natural" fruit and vegetable products, the local quality supermarkets for the full range (presently 12 lines) directed to the profession/civil service customer. The tasting sessions in these areas will continue as the market expands and becomes more defined.--

A further activity now underway is the catering for the lunch market with a suitable atchar/jam bun that will be both nourishing and tasty. This is initially being geared towards the school children, both in price and content. There are some 15,000 school children within lunch time reach of the town. This bun outlet will allow the combining of the two factory activities, with bread and the jams/atchars in a cheap appetizing product which will eventually be marketed further afield within Swaziland. From the exploratory work done in this marketing area, there are also several gaps in the confectionery market that could be filled by the factory. The baker working on the project has excellent experience working with a variety of confectionery products.

MACHINERY/EQUIPMENT/FURNISHINGS

The present storage/production facilities are very limited. The installation of an adequate electrical supply will ensure a continuous supply of products outside specific growing seasons. The cooking facility does not presently allow production to meet orders. The vegetable products bought from the community garden groups cannot be stored and thus only a limited amount can be purchased. To ensure that the products are scientifically prepared a small laboratory with simple equipment is needed. The distribution and general marketing requirements need a small pick-up type van. The equipment needed in the bakery will be home made ovens to bake the bun products, and a dough mixer. For the administration, an equipped office will be needed to serve the factory manager and the financial manager.

TRAINING OF STAFF

The present volunteer, who is setting up the project, has guaranteed a further two year extension after the completion of her volunteer contract in December 1992. (CV for Mrs. Jo Edward-Cole, Annex No. 6). Her primary concern will be the training of a factory manager with a food technology background. The other key players are in the marketing and production areas. A local woman, presently with the project, is showing excellent production and management qualities. The marketing skills required are fairly general and there are many local people who have considerable experience in this area. The finances during

the project implementation period will be handled by an experienced financial controller from a sister project, Manzini Industrial Training Center. He will, during the course of the project, identify and train a suitable local person to adequately handle the future finances of the project.

MARKETS

With the very limited marketing carried out by the present manager, all the indicators point to a very definite interest from local stores to stock the products. The "no artificial preservative" label has a very strong appeal in the up-market tourist areas and there are also a monied group of food connoisseurs among the local community who are attracted to this kind of product. With the wide variety of fruits and vegetables available throughout the year, there are further possibilities in other lines in the jams, the atchars and the chutneys. The less exotic fruits and vegetables can be used for the "bun" market. The present extent of the marketing in Swaziland is as follows:

Small privately owned supermarkets	8
Specialty food shops	5
Gift shops	10+
Food caterers, supplied in bulk	4
Tourist centers	3
Hotels	2

Promotion of the products is carried out, at present, by pairs of women holding "tasting" sessions at the above outlets; this is excellent training for the local staff, and they have the confidence to be able to speak with competence about something they have personally produced.

At the foreign market level the following have already been established:

Durban: an agent to distribute locally.

Kruger Park and 18 tourists outlets: a Swazi based agent.

Johannesburg: agent serving small specialty shops.

Eastern Transvaal: H.L. Halls (Jams etc.) are used as an outlet through their farm stalls at Nelspruit and Crocodile River.

Pretoria/Witbank: Elice Butchery.

EXPANSION OF THE MARKETS

As the factory moves into increased production, the bigger "chain" supermarkets, OK, Fairways, Pack n Pay etc., will be approached to buy on a monthly basis. While these supermarkets are South African based, they have Swaziland outlets; when these outlets are saturated, it will be possible to move directly into South Africa. Before moving into the Swazi market in a more aggressive way, an interesting advertising campaign will be mounted. This will follow the line, "Swazis made this, Swazis grew this, Swazis eat this - BUY SWAZI." This will influence people to stop buying one brand and buy Eswatini produce instead - because it is of good quality and Swazi made.

PACKAGING

Much of the appeal of this product will be in the packaging methods used to attract different customers. The supermarket shelf glass jar with a screw on lid containing 275 gm will be the mostly widely distributed type used. For the tourist outlets and specialty shops, the jar is set in locally produced grass basket (lintinzie) with a hand carved wooden African animal spoon, all shrink wrapped to make an excellent distinctive Swazi present to take home. There are presently three groups of rural women, with a total of some 60 participants, producing these grass baskets. This same method is used to produce a triple pack containing three different Eswatini products.

G. Social Analysis

1. Social Considerations

The population of Manzini town is now 60,000; eight years ago it was 30,000. This increase has mainly been caused by the influx of people from the rural areas seeking work. The formal sector in the Swaziland economy cannot keep up with the numbers coming out of the school system looking for employment. Presently, five graduates compete for each job in the formal sector. The informal sector has not yet been sufficiently exploited to attract young people.

The educational system is still very much geared to the formal sector, and there are few centers training for the non-academic areas of employment. This causes many in the system who are not capable or willing to undertake academic training to leave school and thus become potentially delinquent. Delinquency frequently leads to criminal behavior, and there are no facilities to care for youth who get into trouble. There is no probation system, no

rehabilitation facilities, very poor training in the one reformatory run by the government and little sympathy shown to youth who appear before the courts. Neither the school nor the judicial system have time for those young people who, for reasons usually not of their own making, fall by the wayside.

The Manzini Youth Care Committee encourages young people to train for self-employment in order to take advantage of the many opportunities in the informal sector.

2. Beneficiaries

Direct Beneficiaries

Street children in residential care	70
Street children helped with school fees	50
Sales outlets for six garden groups	180
25 employees with six dependents	150
Employees	45
Women producing packaging materials	<u>60</u>
	555

Indirect Beneficiaries

The project has worked closely with the Swaziland Farmers Development Foundation (SFDF), which runs many community garden groups mainly with women. Since many of these have marketing problems with their vegetables and often have surpluses and unsalable grades, the factory can use these and thus help the cash flow in these communities.

The preserving of perishables has never been developed in the rural areas of Swaziland. It is proposed that many of the simple methods of preserving vegetables without the use of artificial preservatives presently being used in the factory will be incorporated into training sessions for rural women, organized with the help of the Farmers Foundation.

3. Impact on Women

The project will have the following beneficial impact on women:

- Women will be employed in growing the produce for the project, especially at the rural farm schools.
- The women employed at the food-processing plant will have an assured cash income, which they desperately need to support families -- for food, education and general welfare of siblings and dependents.

The total estimated Salesian contribution to the project is \$160,000. The Salesian contribution includes in-kind contributions of the factory (\$107,000), the plant site (\$16,000), improvements to and equipment in the plant (\$9,000), administration/supervision of the project (\$20,000), and the use of a vehicle for project activities (\$7,000.)

2. Cost Analysis

If the total number of project beneficiaries (555) is divided into the USAID investment in the project, including the costs of audit (i.e., \$90,000 divided by 555), the per capita cost of the project is \$162.

However, because the plant will continue operating well beyond the end of A.I.D. grant financing and will provide training for rural women and generate funds to support the homes for street children and bursaries for school fees, it would be more realistic to look at the per capita investment over a longer period. For example, assuming an extension of the project impact through a five-year period, the number of beneficiaries would be increased by an additional 2,220 person years, i.e., four times 555, and the "per capita" investment would be reduced to \$32.

3. Proposed Method of Financing

Salesian Missions proposes the Federal Letter of Credit method of financing under FLC No. 72001554. Under this method, which Salesian Missions presently uses, implementing offices submit quarterly reports to Salesian Missions for review by the project manager. Based on the fiscal data in these reports, Salesian Missions' fiscal office prepares the quarterly 269 reports for submission to AID/Washington and/or the local USAID in accordance with terms of the grant agreement.

The monthly reporting forms include the following five reports:

- Expenditures of USAID monies in local currency,
- Contribution of local Salesians
- All expenditures by budget category,
- Cash activity and balances of USAID monies only, and
- Summary report of USAID funds from grant beginning and request for advance of funds.

- Some women will be employed in a supervisory role at the food-processing plant.
- Women will be used to help develop the market for the product, making its potential known to growers and consumers alike.
- Approximately 60 women will be engaged in producing grass baskets, which are used to market one line of products.

4. Impact on the Local Economy

The factory will employ about 45 people who otherwise would have great difficulty finding work. The factory will have a monthly turnover of 40,000 Emalangeni (\$16,000) after six months of operation (See Annex No. 7 for cash flow forecast). The factory will provide an excellent example to local businessmen of what a local business can do with local management, using only local products.

Local community garden groups will have increased market outlets for all their produce, which will increase the cash flow in the rural homesteads. The rural women trained in food preservation will be better able to provide their families with a balanced vegetable diet throughout the year. There will be less dependence on imports of preserved foods.

This project will lead the way for other NGOs to be financially self-sufficient. Similar social projects that are now dependent on hand-outs for survival will see the way to developing their own financial independence. Other social problems pertaining to children at risk will now have funding and will be included in the expanded program of the Manzini Youth Care Committee. The success of this experience should encourage others trying to start a small enterprise in Swaziland.

H. Economic/Financial Analysis

1. Estimated Costs

The total estimated AID contribution to the project for one year is \$ 90,000, including the costs for an end-of-project audit (est. \$1,000.)

AID assistance is requested to help the Salesians, working through the Manzini Youth Care Committee, to purchase the necessary equipment to expand the production capacity of Eswatini Kitchen, a food processing plant run by the Youth Care Committee to support its charitable operations. After the first year of operation, the plant should be self-supporting.

Budget

MANZINI STREET CHILDREN PRODUCTIVITY CENTER
SOURCE OF FUNDS BUDGET
(in U.S. \$000)

	<u>A.I.D.</u>	<u>Salesians</u>	<u>Total</u>
Personnel	6 ¹	21	27
Equipment			
Food Processing	64 ²	9	73
Office	6 ³	0	6
Vehicle	13 ⁴	0	13
Factory	0	107	107
Land	0	16	16
Travel/Trans.	<u>0</u>	<u>7</u>	<u>7</u>
Sub-Total	89	160	249
Audit	<u>1</u>	<u>0</u>	<u>1</u>
TOTAL	90	160	250
Cash	90	0	90
In-kind	<u>0</u>	<u>160</u>	<u>160</u>
	90	160	250

¹ Includes salaries for 1 plant manager and 1 food technologist for six months

² Includes costs of electrical, plumbing, and cooler system hook-ups (\$8,000), equipment (\$39,000), and supplies (\$17,000).

³ Computer and printer equipment and supplies.

⁴ Delivery van.

K. Consultants

If the project is approved, the Salesians, through the Manzini Youth Care Committee, plan to contract the services of the Australian volunteer. This volunteer presently serves as plant manager and has delayed her return to Australia following completion of her assignment as a volunteer, to assist with the expansion of production and sales of the plant through the end of the initial year of the plant's increased operations.

L. Monitoring and Evaluation

1. Internal Control

The following reports and records will be available monthly:

- The management sector reports to the Management Committee,
- The Management report to the Board,
- Factory production records, and
- Financial statements from the bank and other sources.

The Swaziland Government Economic Review will contain statistical information on the progress of the factory.

2. Evaluation

Salesian Missions proposes that Salesian Missions and USAID/Swaziland conduct a joint evaluation of the project approximately six months after completion of project implementation, i.e., in September 1993.

chamber\manz.3

92-2132 Attention: Malika Magagula, 44770
 from L. M. J. Farrell. Fax 54876.
 Date 15.9.92. - 2 pages inc. 00.

MANZINI YOUTH CARE

USAID PROPOSAL

STREET CHILDREN PRODUCTIVITY CENTRE



PROCUREMENT PROCEDURES

1.0 FOR MATERIALS TO BE BOUGHT IN THE US

1.1 There are two Salesian Offices in the US which are cooperating in the realisation of this proposal:

Salesian Mission Office
 2 Lefevre Lane
 New Rochelle
 NY 10802

Phone (914) 6338344
 Fax (914) 6337404

Contact Person: Rev E.J. Cappelletti

Office for Gov and Foundation Programmes
 1515 North Court House Rd
 Suite 502
 Arlington, VA 22201

Phone (703) 5240667
 Fax (703) 5249882

Contact person: Mr P.L. Chamberlain

These offices have been contacted and they assure us that they can get very competitive bids on the item we require from US viz a computer.

23.

2.0 ITEMS TO BE PURCHASED EITHER IN SOUTH AFRICA OR SWAZILAND DEPENDING ON THE RELATIVE COSTS IN THE TWO FOLLOWING POSSIBLE SITUATIONS:

2.1 THE GOODS ARE IMPORTED DUTY FREE FROM SOUTH AFRICA:

The goods are allowed into Swaziland duty free according to the Exemption from Sales Tax - imported goods, Division 11 paragraph 2.05, which states " Fixed plant and fixed machinery for factory installation", or according to the request made through Economic Planning and Development to Customs to allow goods for the project in duty free, then:

2.1.1. The specific type/model/electrical usage having been established through those advising on the setting up of the plant (presently the factory engineer and electrician from Swazican), three quotations will be received from three sources in South Africa.

2.1.2 The consultants will advise on the best offer to suit the task in hand, also taking into consideration the need to have constant service available for the plant.

2.1.3 These quotations with the consultants' recommendations will be passed on to the funders.

2.1.4 The item purchased will be brought in duty free, and the South African VAT, if required by the South African firm will be reclaimed.

2.1.5 The management committee will be kept informed of all the steps in the above transactions and will ensure that the decisions made will be duly recorded in minute form.

2.2 B THE GOODS ARE BOUGHT IN SWAZILAND FROM LOCAL AGENTS:

2.2.1 as 2.1.1 except that the quotations will be sought in Swaziland.

2.2.2 as 2.1.2 above

2.2.3 as 2.2.3 above

2.2.4 The items will be bought locally and local service will be guaranteed.

2.2.5 As 2.1.5 above.

J. J. J. J.