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Volunteers for Economic Growth Alliance

## **VEGA South Africa Annual Program Statement Small Grants Administration (SAAGA)**

### **Quarterly Performance Report: October 1 – December 31, 2007 Quarter Four, 2007**

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## 1.0 Executive Summary

The Annual Program Statement (APS) supports USAID/South Africa's program to increase market-driven employment. The program is designed to stimulate employment through the growth of Historically Disadvantaged (HD) agribusinesses and small, medium and micro-enterprises (SMMEs). In support of these objectives, the Volunteers for Economic Growth Alliance (VEGA) South Africa APS Grants Administration Program (SAAGA) signed sub-agreements with four South African organizations under FY06 APS and five South African organizations under FY07 APS. Two of the organizations awarded under FY07 APS are follow-on grants. The organizations were competitively selected through their proposed projects to support USAID employment creation objectives.

The five organizations with sub-agreements, signed under the FY07 APS are continuing to successfully implement their projects and project activities are well underway. A significant amount of Small Medium Enterprises (SMEs) attended training and received mentorship and/or technical assistance to improve their management practices. SMEs continued to receive assistance in successfully accessing bank loans. All sub-grantees are on track to meet or exceed their program targets. Cape Chamber have achieved 99% of their Life of Project (LOP) target for the indicator on which they are reporting, Number of People Trained. World Education reported positive progress on the assistance they are giving SMEs on Access to Finance. One subgrantee, Natural Botanicals, made significant progress toward meeting program targets and will receive additional funding to implement additional trade related activities.

VEGA staff continue to provide support in various aspects of project reporting requirements, both programmatic and financial as required. The sub-grantees are submitting monthly financial reports and quarterly progress reports. All sub-grantees have received modifications obligating their full funds.

VEGA staff conducted site visits to the two sub-grantee organizations based in Cape Province to meet with Volunteer Experts (VEs) and to attend sub-grantee functions.

VEGA staff continued to write and submit regular articles for inclusion in the monthly VEGA newsletters. An article was submitted and published in October (*See VEGA newsletter – Attachment 1*).

Three international volunteer assignments and one US-based volunteer assignment were completed.

Lynette van Niekerk (SAAGA Program Coordinator) completed her contract with the VEGA project on November 9, 2007, and passed her duties to Dee Morris, who joined the program on October 1, 2007. Van Niekerk continues to provide consultation to the program prior her departure from South Africa.

## **2.0 Summary of VEGA SAAGA Fourth Quarter 2007 Activities**

### **2.1 Key Meetings**

#### ***2.1.1 USAID/South Africa:***

##### **2.1.1.1 29 Nov 07 - Kim Lucas**

Program update regarding sub-grantee activities and a discussion on the need for a no-cost extension were explored. Each sub-grantee has requested time for additional activities within current budget. There was general agreement as to the approach for the extension period.

##### **2.1.1.2 Other**

Most communication were conducted via telecommunications, as both COP and CTO were traveling at various periods.

### **2.2 Sub-Grantee Site Visits**

#### ***2.2.1 Cape Regional Chamber (CRC)***

Two site visits took place to CRC. Van Niekerk conducted a site visit on October 18 and 19 to provide CRC with additional financial reporting assistance. It was also an opportunity to meet with the two international volunteers who were conducting their assignments at the time. Significant time was spent with CRC's financial administrator addressing various issues related to program financial administration and reporting requirements. Van Niekerk met with CRC's CEO, Albert Schuimaaker, and with Brian Adams, CRC's Integrated Small Business Development Program (iSBDP) Project Manager, to discuss general aspects of program implementation and administration. Van Niekerk also met with the two international volunteers who provided feedback and input on their assignments at that point.

MK Cope, VEGA's COP, conducted a second site visit during November, the occasion for which was a certification ceremony and the second networking forum held by iSBDP. Over 100 partners and participants from across Western Cape Province attended the event. A key feature of the meeting was the presentation of 'success stories' by three graduates: Sulaiman Abrahams for Sunz Electronics, Marilee Laubscher for Presentation Software Training, and Patrick Johannes for Kabwe Mechanical. While each presentation targeted the impact of the business training and one-on-one mentoring components, the outstanding theme among these businesses was the enormous increase in business confidence each had developed as a result of participating in the program. The event/site visit was coordinated by Brian Adams.

In addition to the networking event, meetings were held with Albert Schuimaaker, iSBDP Training Coordinator Hans Bohle, and Don Shay, M&E Consultant to iSBDP.

### ***2.2.2. Natural Botanicals (NB)***

Marianna Smith, Project Manager for NB, hosted a briefing meeting in Stellenbosch, during the visit of van Niekerk and Cope to Western Cape. The meeting included an update on project activities, particularly follow-up from the Organic Products Trade Show held in October. Discussions also included financial reporting, the marketing plan, upcoming trade show possibilities and general direction for the project at the close of the VEGA's program. Natural Botanicals boasted successful sales during the 'flower season' in the Western Cape, and has established representation in Germany (through the Moravian Church, as well as another representative) and has procured two contracts to produce specialty items for the holidays.

## **2.3 Training**

### ***2.3.1 Financial Training to Sub-grantees***

Van Niekerk continued to provide training and capacity building on financial reporting with MPO, BSSA and Cape Chamber. Van Niekerk and Morris provided informal training and telephone support on all aspects of financial reporting.

### **2.3.2 TraiNet**

TraiNet data capturing continued with newly trained sub-grantees offered additional support by van Niekerk and USAID/South Africa. Particular emphasis is being given to assisting sub-grantees in reporting 'In-Kind Contribution' for the programs, as there is a great deal of support being given to all activities that is not being fully captured.

## **2.4 Volunteer Activities**

Three international volunteer projects were completed.

### **2.4.1(a) BSSA: John Anderson (US VE Project)<sup>1</sup>**

BSSA received technical assistance from US VE John Anderson who assessed and reviewed the material for the two-part export module, developed by VE John Semida in the previous quarter. Anderson provided additional content and focus to the module which will be piloted during the next quarter during a planned assignment by Anderson.

### **2.4.1 (b) MPO: Bill Eyman (Gauteng Province)**

MPO received assistance from Bill Eyman, who provided technical assistance on the strategic design, for financial support to emerging dairy farmers and microfinancing for subsistence dairy farmers. Eyman's project was completed on October 12, 2007. (See *MPO Final Report – Attachment 2*)

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<sup>1</sup> A US VE assignment is defined as one conducted via internet communications (voice, text a/o data) from the VE's location in the United States.

#### **2.4.1 (c) CRC: Tom Tschetter (Cape Province)**

CRC received technical assistance from Tom Tschetter who developed and piloted a new methodology for SME financial training. The module was uniquely designed for CRC's target population, with specific attention to local market issues. The module was successfully tested in training activities, which included training to iSBPD participants as well as CRC trainers. Tschetter's project was completed on October 26, 2007. (*See CRC – Final Report – Attachment 3*)

#### **2.4.1 (d) CRC: BJ Shannon (Cape Province)**

CRC received technical assistance from BJ Shannon, who provided training in Sales and Selling Techniques to business operators, developed a Sales and Selling Techniques Module for CRC, and provided individual technical assistance and consulting to 22 SMEs on sales and selling issues. Shannon's project was completed on November 9, 2007. (*See CRC – Final Report – Attachment 4*)

### **2.5 Monitoring and Evaluation**

Monitoring and evaluation efforts were focused on assisting sub-grantee organizations, gathering performance information, capturing data for training activities on TraiNet, and compiling quality quarter reports. Particular attention was given to capturing sub-grantee information on TraiNet, including in-kind contributions to sub-grantee projects.

## **3.0 Summary of FY 07 APS Sub-grantee - Fourth Quarter 2007 Reports**

### **3.1 World Education Link 2007 (Sub-agreement 10872)**

**3.1.1. Program Summary:** The LINK 2007 program seeks to improve the competitive edge of historically disadvantaged SMMEs, primarily in the construction, transport, and mining services sectors, providing information, skills, and knowledge in target locations in up to four provinces. The program will create or support at least 2,000 employment opportunities, improve SMME sales, and facilitate access to finance. LINK 2007:

- Promotes SMME competitiveness through training, mentoring, and firm-level upgrading;
- Facilitates availability of quality business support services, through capacity building and technology;
- Supports SMME access to finance;
- Advances best practice in public-private partnerships, inclusive black economic empowerment (BEE), and local economic development; and,
- Supports practical operationalization of existing policies.

**3.1.2. Program Implementation:** LINK 2007 achieved or exceeded almost all main targets, through a combination of continued SMME training workshops, with an individual mentorship program, and a focus on site visits to offer advice and promote financial linkages and referrals.

The program delivered:

- Eight public training events (seven for SMMEs and one for the staff of a business service provider) and tutorial sessions for contractor mentees. Training reached 220 participants of whom 45% were women.
- 488 clients were assisted in management practices through individual consulting sessions and participation in an externally organized women's business seminar. This brought the number to 2455 clients reached, or 98% of the LOP target.

Tracking of approximately 40 SMMEs showed that there were 36 sales contracts signed valued at R 55.6 million.

201 FTE jobs were recorded. Approximately 25 percent were existing jobs, while 75 percent were new jobs, bringing the total of NET FTE jobs realised to 1,363.

Some respectable progress in access to finance was made through LINK's relationships and referral system with two non-traditional providers. These were in the areas of performance guarantees (for construction) and asset finance (for transport operators). The team worked closely with 26 SMMEs on referrals and applications. Nine reported obtaining finance valued at a total of \$31.8 million from Tusk Finance, Umsobomvu Youth Fund, and Standard Bank. It is clear that lenders are willing to lend more often and in larger amounts to enterprises with whom they have relationships.

Eight training workshops were delivered on a cost-share basis, where World Education leveraged contributions or sponsorships amounting to R61,000 or R8,000 per event.

One new partnership was initiated with The Business Place, an SMME information and referral hub located in Johannesburg.

### **3.1.3. Program Progress:**

The project demonstrated substantial achievements towards project targets - with the majority of them being reached or exceeded and the most problematic one historically (access to finance) showing significant gains. Data gathering for targets was pursued energetically by the LINK team through telephone check-ins and site visits. The team was relatively successful in obtaining documented verification of contracts or sales, but slightly less so in achieving the same for finance.

Sales: 36 sales valued at R55,632,485, bringing the total value of assisted sales to R197,167,394.

Employment: The total number of FTE jobs created was 201, bringing the LOP total to 1,383.

Training: Total numbers trained through the program to date is over 1,800.

### **3.1.4. Program Constraints:**

There were no constraints this period.

### **3.1.5. Opportunities:**

The program will benefit by extension of the VEGA program through May 2008, during which the team will be able to respond to demand and deliver additional services and outreach.

## **3.2 Natural Botanicals: Red Cedar (Sub-agreement 10871)**

**3.2.1. Program Summary:** The goal of the project is to take Red Cedar Cosmetics CC to a higher technical and entrepreneurial level and create employment for four additional women by introducing basket weaving for packaging rooibos-based products.

Objective 1: Produce upmarket labeling and five new products; improve bookkeeping and inventory methods; and, create more media visibility and advertising.

Objective 2: Create business and employment opportunity for a further four to six women by introducing basket weaving.

Objective 3: Continue train in good manufacturing principles and quality control.

**3.2.2. Program Implementation and Activities:** Sales and Marketing: Red Cedar engaged in six different marketing/sales activities, including attending the Natural Products and Organics Trade Show in Cape Town. As a result, Red Cedar made numerous business contacts and appointed a product distributor in Cape Town. In addition, they were contacted by Cosmopolitan and In Style magazines to feature their products in 2008. Red Cedar's improved products, marketing and attractive premises continue to draw many visitors. The value of sales for this quarter was R50,178. The Moravian Church in Germany which has imported and sold Red Cedar products from their World Shops, has offered to become the distributors of Red Cedar in Germany.

Product Development: Red Cedar launched their eighth product, Rooibos Body Scrub. They also developed travel size packaging for their products using hand woven baskets.

### **3.2.3. Program Progress:**

**3.2.3.1. Status of Program Objectives:** This small grant program has developed from an idea for a rural small business into a thriving small enterprise. It has opened a new world of entrepreneurship to the women who run the business. The performance indicators for the program include the number of jobs created, hours trained, number of sales and value of sales. The program has met most of the performance indicators.

The basket making element of the enterprise began to make some progress. The hand made baskets are used as packaging for the Red Cedar products. The number of jobs created by the program increased because the basket weavers are now putting more time into the business.

**3.2.3.2. Volunteer Expert Activities:** No volunteer expert activities took place this term.

**3.2.3.3. Planned Activities:**

- a) 28 to 30 January 2008 the project manager will train Red Cedar staff in office management.
- b) 1- 3 February 2008 – staff will attend Women’s Trade show – annually attended by 24,000 women. This will boost Red Cedar sales and visibility.
- c) 4-8 February 2008 – Two to three Red Cedar participants to attend a Pastel training course to assist them in business management and sustainability and to increase the capacity of the workforce.
- d) 10 – 11 February 2008 staff will attend the Professional Beauty trade show in Cape Town to improve Red Cedar’s visibility and media exposure. The professional beauty expo is visited by health shops, spas, hotels, and guesthouses.

**3.2.4. Constraints and Issues**

**3.2.4.1. Program/Activity Constraints and Issues:** None.

**3.2.4.2. Management/Administrative Constraints and Issues:** None experienced during the period.

**3.2.5. Opportunities:**

- **WESGRO** – the Western Cape Investment and Trade Promotion Agency – contacted Red Cedar and offered them a position on a trade mission to Sweden and Denmark in March 2008. The objective of the mission is to focus on trade in areas of Natural Products and cosmetics.
- Red Cedar was offered the opportunity to attend an additional trade show. By attending a trade show in Cape Town, it was also possible to piggyback on a trade show the following week in Cape Town. Red Cedar therefore has the opportunity to increase visibility and market opportunities to very different target markets.

**3.3 Milk Producers Organization: Dairy Enterprise Development and Employment Initiative (Sub-agreement 10873)**

**3.3.1. Program Summary:** The objective of the program is to increase incomes and employment opportunities for more than 2200 historically disadvantaged dairy farmers and farm workers by providing training in all aspects of dairy farming to increase farm and animal productivity and to introduce a commercial farming approach to emerging dairy farming. Developing models for cooperative dairy farming will also be tested.

**3.3.2. Program Implementation and Activities:** Activities progressed during the reported quarter and are recorded as follows:

- 32 training sessions were conducted. Twenty-one were supported by the program, while 11 related ones were undertaken with other MPO partners.
- LOL has continued to perform their program activities under the MPO subagreement and several training sessions have taken place.
- Collection and writing of learning material continued. There is increased demand for learning material on Principles of Supervision for farm workers and training in poultry farming. Other popular courses amongst emerging farmers are Productivity, Care for Farm Animals, Artificial Insemination, and Marketing and the Free Market System. Training as Milking Machine Operators and hand milking amongst the farm workers continues.
- Follow up farm visits to emerging farmers identified specific problem areas regarding timely care for sick farm animals. Failure to identify and treat illness early results in lower productivity.
- Negotiations with Chief Ngabo of the Tribal Authorities in Limpopo were completed in the previous quarter and land and cattle were made available for development and training. In the reported quarter MPO in cooperation with the Department of Agriculture and LOL conducted 3 training sessions.
- Two training sessions took place under a project with The Mine Workers Pension Fund in Bushbuckridge, Mpumalanga who are developing a dairy farm.
- New linkages were established with the Department of Agriculture in the North West to provide a mentor to assist emerging farmers to increase milk production.
- LOL conducted activities at three dairies as part of its capacity building program. The training has been credited with a 42% increase in products sold at one of the dairies. Second level training is planned to ensure that all enterprises become profitable within two years.
- K-Rep advisory services from Kenya trained five analysts in the Eastern Cape and Mpumalanga provinces on credit demand and helped to develop a credit supply side survey to assess the credit supply characteristics and trend. They secured the commitment of First National Bank to apply the principles from the outcome of the research and development activity to livestock clients.

### **3.3.3. Program Progress:**

**3.3.3.1 Status of Program Objectives:** Program goals and objectives have been met and exceeded in the training of emerging farmers and farm workers during the past three quarters. All 35 planned 5-day intensive training courses have been completed. 206 emerging agriculturalists, of whom 56 were women, have been trained. This quarter a total of 1044 individuals (including 274 women) received significant skills and knowledge through training. In total, since program inception, 1939 (687 women) individuals received training.

MPO is aware of 359 new jobs created where training took place, and deems that training of all 1939 individuals has resulted in sustained jobs.

Trust in the MPO as organization has grown amongst the indigenous people due to visible continues involvement in the communities.

### **3.3.3.2 Volunteer Expert Activities:**

Bill Eyman completed his volunteer assignment on October 12, 2007. His final report is attached.

### **3.3.3.3. Planned Activities for Next Quarter:**

- Plan and conduct 10 training sessions reaching 300 individuals.
- Evaluating MPO mentor program where commercial farmers act as mentors to emerging farmers. Establishing stronger links with the Department Agriculture as host of the project.
- Continue to encourage commercial farmers to get involved in the training of their farm workers and their neighboring e-farmers through the printed media like The Dairy Mail, Ubisi Mail and personal letters.
- Meet with rural leaders in Putukwane district to assist 14 people to revitalize a co-operative goat milk farm project where Government infrastructure has been abandoned.
- Training of Government appointed Extension Officers at 5-day training session to enable them to oversee projects and assist project managers.
- Research the possibility of establishing a microfinance organization in cooperation with the local Land Bank and other stakeholders.
- Increase attention to performance monitoring and measurement support as an area of concern utilizing LOL expertise to increase MPO capacity. Improve monitoring and evaluation efforts to gain more information regarding progress in rural areas.
- K-Rep work to continue. Focus will be on technical operations issues related to on farm dairy equipment maintenance, lending models to the dairy industry and open assignments still to be identified by field consultants.

### **3.3.4. Constraints and Issues**

#### **3.3.4.1. Program/Activity Constraints and Issues:**

**3.3.4.2. Management/Administrative Constraints and Issues:** As a new recipient MPO has had to alter processes to accommodate new reporting and financial requirements. Monitoring and evaluation has also been a challenge, and will continue to require concerted effort by program management.

**3.3.5. Opportunities:** It is evident that partnerships need to develop between previously disadvantaged new land owners and neighboring commercial farmers. There are a number of possible scenarios for and approaches to such partnerships that need to be identified and considered.

Parmalat Dairy Company is positioning itself to pay a price premium to dairy producers who adhere to Black Economic Empowerment Guidelines. LOL has recently offered technical assistance to strengthening the capacity of cooperative members management staff, business structures and corporate governance as they align themselves to become

BEE compliant. LOL will continue to pursue a working relationship with Parmalat, PriceWaterhouseCoopers and Samilco Dairy Cooperative in this regard.

MPO will request a no-cost extension to the end of March 2008. This will assist in achieving the goals after the late start in program activities.

### **3.4 Cape Regional Chamber: Integrated Small Business Development Program (iSBDP) (Sub-agreement 10870)**

**3.4.1. Program Objectives and Summary:** The Integrated Small Business Development Programme (iSBDP) aims to assist SMMEs to consolidate their businesses, identify new opportunities and develop business growth plans. Through a structured training and mentoring process, iSBDP helps SMMEs set realistic plans for immediate implementation. The program plans to train and mentor 120 business owners, provide training and oversight to 30 mentors, and strengthen partnerships with other SMME development agencies.

#### **3.4.2. Program Implementation:**

**3.4.2.1. Detailed Outputs and Program Activities:** The major activities included:

a) Mentoring of SMME owners: The program continued with orientation and training of mentors in program philosophy and mentoring best practices, mentor responsibilities, and reporting. Mentors continued with one-on-one sessions with SMME owners and assisted in gathering baseline data for M&E purposes. The need for peer mentoring and group mentoring was identified.

b) Training of SMME owners: Months two and three for the last three of the six programs was completed. Feedback from participants was very positive. Participants noted that the program was well presented for maximum comprehension, and provided participants with practical tools to use to build their businesses.

c) Monitoring and evaluation: The M&E tool developed in the previous quarter was tested, and baseline information was obtained. The aim of the tool is to assess and track the effectiveness of the program on its target market.

#### **3.4.3 Program Progress:**

**3.4.3.1. Status of Program Objectives:** All activities planned for the quarter were accomplished. All project training programs have been completed. Mentoring and M&E data collection will continue in the next quarter.

**3.4.3.2. Volunteer Expert Activities:** VE Tom Tschetter, a retired professor of accounting, conducted a finance and accounting course. Owners and mentors found the input (one-on-one and group training) very relevant to their current struggles in growing their businesses. Most business owners listed a number of aspects of the training that they

will implement as a result of attending the training. The training and the response to it confirmed the Chamber's suspicion that business owners know very little about business finance and accounting and would do well to be exposed more to this type of training.

VE BJ Shannon conducted a Sales and Marketing course for SMME owners and conducted one-on-one consultations. The Business Owners and Business Mentors found the input (one-on-one and group training) very relevant to their current struggles in growing their businesses. A plethora of new ideas and possibilities opened up for business owners because of input by the VE.

**3.4.4. Planned Activities for Next Quarter:** These include: 1) mentoring training and reviews; 2) mentoring of SMME owners and trials of peer and group mentoring system; 3) review of M&E data, develop report; assess impact of program on SMME owners; and, 4) research and write-up success stories, and develop a DVD of successes and program impact.

**3.4.5. Constraints and Issues:**

**3.4.5.1 Program/Activity Constraints and Issues:** Due to the end-of-year holiday season, gathering information on program impact from SMME owners has been difficult. The Chamber plans to complete information gathering and analysis in the next quarter.

**3.4.5.2 Management/Administrative Constraints and Issues:** The Chamber plans to reassign some resources to help gather the outstanding impact data to report adequately on program performance.

**3.4.6 Opportunities:** The program has been very well received by a wide range of stakeholders, and its impact on business growth much praised. It has been suggested that the program be made an annual feature in SMME development in Cape Town. With this in mind, the Chamber has approached the Department of Trade and Industry's small business agency with a proposal to fund future programs. The impact data being collected and planned promotional DVD will also be used to approach other funders for continued support of the program.

**3.5 Business Skills for South Africa Foundation: BSSA (Sub-agreement 10869)**

**3.5.1. Program Summary:** BSSA's program provides training and mentoring to strengthening the competencies of business development service (BDS) providers in three provinces (Eastern Cape, Free State/Northern Cape and Mpumalanga). The project aims to build practical application capacity and puts a strong emphasis on fieldwork. The course is aligned to the outcomes specified by South African Qualifications Agency (SAQA) for the unit standards of the Business Adviser Qualification (National Qualifications Framework level 5).

**3.5.2 Program Implementation:** Learners work systematically through BSSA's training program for BDS providers, called PROCESS. The program provides training

in: 1) Market Assessment; 2) Financial Assessment; 3) Technical Assessment; 4) Enterprise Appraisal and Rehabilitation; 5) Business Planning; and, 6) Business Advising and Monitoring. The course was jointly developed by In-WENT and BSSA.

**3.5.2.1 Classroom training:** Learners completed the last of the PROCESS modules. Budgeted amounts not spent (due to dropouts) were used on a refresher course. The Build a Better Business (BBB) toolkit was revisited and learners had an opportunity to practice its application under supervision. They also were able to revise the Financial and Technical Assessment modules.

**3.5.2.2. Fieldwork assignments:** Learners had an opportunity to visit a client to reinforce learning points or implement a tool (e.g. BBB). Each learner also had a personal fieldwork assignment to complete during the period between training interventions. On the first day of each training course, learners presented the results of fieldwork assignments.

**3.5.3. Program Progress:**

**3.5.3.1. Status of Program Objectives:** Two performance indicators have been selected to measure program progress: 1) the number of firms receiving USG assistance to improve their management practices, i.e., number of BDS providers assisted through this program); and, 2) type and duration of training skills interventions implemented (including BDS providers trained and estimated numbers of SMMEs they work with.)

**Indicator 1:** To ensure the target number of participants trained (75) would be met, BSSA initiated the program with 105 participants. In BSSA’s experience, there is a high dropout rate because of the length and intensity of the program. The table below reflects the current numbers of participants. It should be noted that although the December training was at the request of learners, many did not attend as it was “too near Christmas”.

	Free State	Eastern Cape	Mpumalanga
Original target numbers	25	25	25
Numbers at program inception	35	40	30
Numbers present during the last PROCESS module (19-23 Nov)	25	15	16
Numbers present during the additional intervention (10-14 Dec)	25	11	15

**Indicator 2:** Each BDS provider attended four training interventions of five days each during the report period. Numbers trained are:

	Eastern Cape	Mpumalanga	Free State
Business Planning (October)	19	21	25
Business Advising and Monitoring (October - November)	16	21	25

Enterprise Rehabilitation (November)	15	16	25
BBB (December)	11	15	25

Each BDS provider works with one or two clients as part of the program. Although numbers vary greatly, they, on average, have five other clients per month. The program assumes that the learner group interact with between 750 and 850 SMMEs.

**3.5.3.2. Volunteer expert activities:** The work done by the previous VE, reported in the previous quarter, was sent for review and comment to another US Based VE, John Anderson, who provided additional materials and modules. The VE sent back detailed comments which have been incorporated. It is now planned that the VE will visit BSSA in March 2008 to complete the training materials and conduct the pilot training.

**3.5.3.3 Planned activities:** During the final period of the project, and the no-cost extension period if approved, the following activities are planned:

- a two-day workshop during which learners will report back on their fieldwork assignments. Any outstanding content issues would be visited;
- a third day in which stakeholders who might promote the use of the services of the BDS providers, are to be present;
- subsequent to the workshop, BSSA will be working through the files of each learner at BSSA to draw up an individual feedback report per learner; and,
- offering of another two to three day intervention per province to assist learners to master topics they had struggled with or failed during the program.

#### **3.5.4. Constraints and Issues:**

##### **3.5.4.1. Program/Activity Constraints and Issues:**

a). Commitment: As reported in the previous quarterly report, commitment from learners has remained varied. The project leader visited the groups in October / November and emphasized the need for greater commitment. It was also emphasized that the market, especially agencies such as **SEDA**, Umsobomvu Youth Fund, and Khula, is increasingly demanding that BDS providers be accredited and that the training of this group of learners was not yet up to standard.

b). Conflicting priorities: A number of the BDS providers are also contracted to do work for SMME support programs such as SAB “Kick start” national SMME competition and the Umsobomvu Youth Fund (UYF). The first of these had the preliminary rounds in each province followed by the national competition in Gauteng. BDS providers spent much time assisting their clients who had entered the competition and were not always able to fulfill commitments for the USAID PROCESS program. UYF had training sessions in all provinces for their accredited service providers, which also meant that USAID PROCESS learners sometimes could not attend training.

**3.5.4.2. Management / administrative constraints and issues:** The data capturer accepted more lucrative employment in a government department that resulted in the need to replace him.

**3.5.5. Opportunities:** Opportunities for BDS providers will be actively explored during the January workshop, as discussed above. There is a drive, nationally, by banks, support agencies, and government institutions to give preference to the services of qualified, accredited BDS providers. One hopes that these initiatives will motivate BDS providers in this program to improve their training and submit it for SAQA accreditation.

#### **4.0 Sub-grantee Performance Data – Market-Driven Employment**

With the assistance of the VEGA monitoring and evaluation advisor, sub-grantee M & E plans have been completed and performance data (baselines, targets and actuals) are attached (See Performance Indicator Table – *Attachment 5*).

#### **5.0 First Quarter 08 Planned Activities**

##### **5.1 VEGA Management**

The VEGA team will continue to oversee the current subgrants management process. Specific activities for the first quarter of fiscal year 2008 include:

5.1.1 Complete the close-out of the FY06 APS program, as all sub-grantees provided final information in the previous quarter, information has been reviewed, and Close Out letters will be given to FY06 APS subgrantees.

5.1.2 Monitor sub-grantee M&E systems to ensure the capture of appropriate information. Update a ‘Results Review Report’ to provide an updated ‘snapshot’ of sub-grantee progress toward identified indicators as per the Results Framework.

5.1.3 Review sub-grantee financial systems to maintain quality & transparency and review monthly financial reports. Morris will visit sub-grantee head offices as required and continue to provide support as needed.

5.1.4 Provide technical support to sub-grantees in an effort to improve the overall efficiency and timeliness of monthly/quarterly reporting systems.

5.1.5 Cope shall identify, arrange, and conduct site visits as appropriate.

5.1.6 Receive official notification from USAID/South Africa that the program extension has been granted after which assistance will be given to subgrantees to prepare financial pipelines toward provided them with no-cost extension to perform additional activities to supplement what has been achieved thus far in their programs.

## **5.2 Sub-grantee Program Implementation**

VEGA SAAGA staff will continue to provide assistance to new sub-grantees on all issues related to their program implementation. Specific activities to be conducted in the quarter include:

5.2.1 Identify and disseminate a key success story for each sub-grantee

5.2.2 Assess progress toward implementation/impact of sub-grantee program objectives and identify additional activities to be conducted during sub-grantee extension periods..

5.2.3 Compile an updated schedule of sub-grantee training activities.

5.2.4. Subgrantees will continue to implement project activities focusing on completing all planned activities for their projects as per their sub-agreements as well as preparing financial pipelines and additional activities to be implemented in the extension period.

## **5.3 Volunteer Activities**

5.3.1 BSSA – John Anderson. One international volunteer activity will be completed. VE Anderson shall pilot the Export Module for BSSA.

5.3.2 Other Two additional volunteer projects have been identified and fielding of suitable volunteers for these will be completed.

## **5.4 Monitoring and Evaluation**

VEGA's M & E Advisor, Jan Rockliffe-King, will continue to work with the FY07 sub-grantees to ensure that information is verifiable and reflects the overall objectives of the APS. On-site training visits will serve to provide an overview of the implementation of sub-grantee training programs.

## **5.5 USAID Interaction**

VEGA welcomes the continued support and interest of USAID/South Africa in the implementation of the Cooperative Agreement. Ongoing communication will continue with emphasis on the following:

5.5.1 Representatives from USAID will be informed by VEGA staff of special events or other opportunities to visit current and/or new sub-grantee program sites.

## **6.0 Success Stories**

Success stories from selected sub-grantees are attached as follows:

*Attachment 6 – Cape Chamber*  
*Attachment 7 – World Education*  
*Attachment 8 – Natural Botanicals*

## ATTACHMENT 1

### VEGA Newsletter Article

#### **Building Skills for South Africa Foundation (BSSA) showcases its training program**

BSSA, a USAID grantee (managed by Volunteers for Economic Growth and International Executive Service Corps), provides specialized training for Business Development Services Providers (BDSP) under the VEGA SAAGA program. Using its PROCESS methodology, BSSA is conducting BDSP programs in three provinces, Mpumalanga, Eastern Cape and Free State. BSSA implements a unique experiential methodology for business development services training, which incorporates a 'case study' approach combines with field service. Participants in the eight-month program follow three 'clients' throughout the training, advising on production/technology, financial viability, management/organization and marketing. BSSA works closely with South Africa's Department of Trade and Industry Small Enterprise Development Agency (SEDA) and other South African Government offices to insure that there is integration in program design and in implementation with other activities in the provinces. This is done to ensure effective leveraging of resources, capacity building for local organizations and the long-term sustainability of initiative. Twenty -five enthusiastic BDS providers, independent contractors as well as working with fifteen companies, are participating in the course in Mpumalanga. SME site visits in September by the VEGA SAAGA office included a furniture manufacturing company, a travel company and a clothing designer, all assisted by the BDS providers-in-training.



*Photographs clockwise from top left. BSSA training in progress; two BDS providers with the clothing manufacture SME's they are assisting (on right); A BDS provider on left with furniture manufacture SME receiving assistance*

**ATTACHMENT 2**  
**FINAL REPORT**  
**MILK PRODUCERS ORGANIZATION**

PROJECT #36631

TITLE: THE VOLUNTEERS FOR ECONOMIC GROWTH ALLIANCE/SOUTH  
AFRICA  
VEGA/SAAGA

BY  
WILLIAM R. EYMAN  
INTERNATIONAL EXECUTIVE SERVICE CORPS

FROM: 16 AUGUST TO 12 OCTOBER 2007

VAL DE GRACE, PRETORIA SOUTH AFRICA

**PROJECT FINAL REPORT to VEGA**

VOLUNTEER PROJECT NUMBER #33631

MILK PRODUCERS ORGANIZATION  
VAL DE GRACE, PRETORIA, SOUTH AFRICA

DATE OF ASSIGNMENT: FROM 16 AUGUST TO 12 OCTOBER 2007

NAME OF VOLUNTEER: WILLIAM R. EYMAN

## **I. Executive Summary**

The name of the program under which this project was delivered is: The Volunteers for Economic Growth Alliance/North Africa. Grants Administration Program (VEGA/SAAGA). This project was performed in the country of South Africa from 18 August to 12 October 2007 for the Milk Producers Organization (MPO) located in Pretoria, South Africa. MPO is a non-profit organization that has been the leading business development service and training provider in livestock subjects and skill, with a major emphasis on dairy, of historically disadvantaged dairy farm workers and new emerging farmers in South Africa. The primary objective was to develop and train selected MPO trainers on a strategy for assisting subsistence farmers to progress to SME's or emerging/developing farmer status, specifically in areas of dairy farming and cattle rearing. My time was spent visiting emerging farmers and to understanding their financial problems created by the lack of funds for inputs. Time was spent creating a power point program covering the financial requirements that must be met to receive a loan from any financial institution. This program covered: bookkeeping (in and out), balance sheet, crop budget, livestock budget, cash flow, calculation of interest, how to start a micro-business, how to approach your financial institution with a past due loan and preparing a business plan. The power point program was presented to the emerging farmers and their mentors. The program will be used by MPO trainers whose mentors have requested this technology be presented to the subsistence and emerging farmers and to the membership of small agriculture cooperatives.

Direct assistance was given to several farms relating to past due loans and how to address their financial institutions' concerns and to develop a plan that will allow them to better satisfy the debt. This can be done by paying interest only until they are better prepared to resume full payments by adding the principal payment to the end of the obligation.

Farms visited and meetings attended numbered approximately seventeen (17) with approximately sixty five (65) men members and forty three (43) women members present. The total number of individuals that may benefit cannot be calculated since some of the emerging farms have over one hundred (100) share holders. Those individuals and farms that will benefit from the financial power point training can only be addressed by the MPO. Since 2003, MPO has trained approximately 7,000 emerging farmers in South Africa and this financial training will be presented to those who request it, to the next 10,000 to 20,000 subsistence and emerging farmers in the next few years.

## **II. Overview of Country Conditions and Business Environment**

After Apartheid in 1994 the government of South Africa has purchased farms and land from the white farmers that the Africans by law had a legal claim simply by having been born on the property. These land exchanges are called willing seller and willing buyer. The government gives the land and farms to those persons making the claim free and clear of all incumberment. They (the government) then proceeded to build buildings, milking parlors, install irrigation, purchase machinery and livestock for these farms and gave it to the new emerging farmers free and clear. The farms being managed by the new

emerging farmers without previous experience in dairy, crop, livestock and financial management have failed or are failing.

Today those farms that are still in business do not have a cash flow to purchase inputs to plant crops or feed their livestock. Livestock have died due to lack of feed, because they were not adapted to an area, mismanagement due to the lack of training, lack of facilities, lack of water, disease and the lack of a mentor. Crop production has failed due to the lack of implements or tractors to plant, no seed, no inputs, no fertilizer, no pesticides, no harvesting equipment and the lack of a mentor.

The opportunities for non-profit organizations to fill the gap that the government's agriculture departments are not able to fill or do not have the trained personnel to mentor the emerging farmers are in great demand. The Milk Producers Organization MPO is conducting training all over the nation covering Animal Husbandry, (hygiene and milking), Productivity and Free Market System, Artificial Insemination, Calf Rearing, Labor Relations, Motivation and Work Ethics, Safety Course, Basic Principles of Supervision, Basic Business Skills, Marketing Skill and Financial Institutions Requirements for a Loan. MPO received a grant of R3, 207,218 from USAID that will help them to expand and enhance their training modules for the emerging farmers. It will challenge MPO personnel to canvas more of the country looking for what training is needed by the emerging farmers and filling that need. It will enable MPO to hire more trainers and to recruit more mentors to fill an ever widening gap left by the government's lack of follow through of training and mentorship to subsistence and emerging farmers. The challenges ahead for South African agriculture are to see that training and mentors are placed with the emerging farmers to keep a stable, growing and viable agriculture industry from sliding deeper into a nonproductive attitude. Government must take an active role in helping these subsistence farmers secure loans for inputs. Government should not give them the funds for inputs, but help, with the sole and primary purpose in mind of teaching them that loans must be repaid with principal and interest in a timely manner.

Opportunities for the banking industry are far reaching. At present there are no lending institutions that will loan money to the emerging dairy or livestock farmers without the signature of a cosigner (farmer-mentor or current commercial farmer) who would be responsible for repayment of the loan. Government should look forward, and in its wisdom underwrite loans or at least secure loans made by private financial institutions up to 80%. I understand that USAID is working with a bank here in South Africa, where the United States Government will secure or underwrite security for 50% of an emerging farmer's loan.

### **III Project Goals and Scope of Work (SOW)**

To develop strategy in electronic format, with associated train-the-trainers notes on developing and assisting subsistence dairy/cattle farmers or emerging/developing commercial farmers. Train MPO farmers in business finance and help them develop into SME and developing commercial farmers.

Our projected work plan was to train farmers in bookkeeping, balance sheet, cash flow, budgeting in crop and livestock enterprises and preparing a business plan. The expansion of the SOW included solving problems with the emerging farmers' past due loans that would better suit their needs and that of the credit agency. Working with and for the emerging farmers and subsistence farmers to understand what their financial institutions expect of them, what records are needed to secure a loan and how financial institutions calculate the risk of loaning to a farmer. Helping cooperative associations upgrade their policies and procedures. No changes were made from the initial scope of work presented to me and the work is exactly as described in the SOW.

#### **IV. Organization, Beneficiary or Group Targeted for Assistance.**

Milk Producers Organization (MPO) established in 1998 is a nonprofit organization based in Pretoria, South Africa and is funded in part by USAID. The MPO budget for the year 2007 is R8,410,000. The annual sales revenue is \$1,170,000. with 6 permanent employees plus 12 services rendered.

MPOSA is the holding company which controls MPO, and several other divisions including, Agri.Bonus, Agri.Connect, Agri.Inspec, MPO/Ist and Agri.Travel.

The CEO of the holding company MPOSA is Bertus de Jongh. Dr. Nico Schutte and Dr. Jan Du Preez together administer MPO and MPO/Ist (Institute of Dairy Technology) Attached to this Final Report is the Statutory Projected Presentation 2008 or Business Plan. The services that MPO and MPO/Ist provide are to the disadvantaged individuals in the primary sector. MPO offers training and the transfer of skills to the emerging livestock farmers. The Institute has been involved in technology transfer and training of both commercial and emerging dairy farmers. All available learning material and programs are offered to all emerging farmers to develop a sustainable agriculture business. The institute services include: animal health, udder health, milk production, financial management, milk harvesting, milk quality, milk recording, milk hygiene, vaccines and immunization, nutrition, breeding, reproduction, training and technology transfer. Since 2003 approximately 7,000 emerging farmers, subsistence farmers and commercial farmers have been trained by MPO staff and mentors.

One of IESC's requests to be included in the Final Report Manual is: Assessments you conducted to determine client's needs. The client MPO is the only organization in the dairy industry working closely with the secondary sector of the dairy industry, and being the best administered, training and mentorship entity in South Africa. Their devotion to the development of the emerging farmers into a viable entity to produce the farm products needed to keep the South African farm economy stable and produce food for the nation is their number one priority. They are willing to help anyone with a legitimate request for training or information. My assessment is that the money USAID granted to MPO could not have been put to better use. The organization is committed to furthering the education of the subsistence and the emerging farmers. MPO conducts 3 to 5 day courses in animal husbandry (5 days), hygiene and milking machine (5 days), productivity and free market system (5 days), artificial insemination (5 days), calf rearing

(3 days), labor relations (1 day), motivation and work ethics (3 days), safety course (5 days), basic principles of supervision (5 days), basic business skills (5 days), marketing skills for emerging farmers (5 days) and introducing a class designed by the volunteer in basic bookkeeping, budgets, balance sheet, cash flow and preparation of a business plan. An instructor with a master's degree who is working toward his PhD has been hired to teach this class. All classes are free to the subsistence and emerging farmer. The farmers find that there is no government assistance in agriculture education and in some locations the local vet's office is closed. Please see attached business plan for 2008, Statutory Project Presentation.

## **V. Activities Delivered to Address Targeted Problems**

To better understand the working of MPO I was involved in visiting numerous emerging, subsistence and commercial farms throughout the country, and attended meetings/classes held for their e-farmers and mentors. Following is a partial list of the meetings and farms visited:

**20 August 2007 Kopanang:** Classes for e-farmers study group representing 120 e-farmers in cooperation with the Dept. of Agriculture was conducted by MPO. Topics covered were animal management dairy, nutrition of cattle, animal health, work ethics/motivation. These classes were conducted in Afrikaner with approximately 25 attendees. Topics focused on related day-to-day problems on the farm.

**23 August 2007 Kroonstad:** Monthly meeting with the farm mentors, Mr. Johan van Niekerk, Mr. Christo van Niekerk, Mr. Kohus Theroiv, Mr. Kottie Annandale, Dr. John Geldenhuys, to discuss successes and problems with MPO. Those in attendance representing MPO were CEO, Dr. Nico Schutte, Mr. Gert van Niekerk (finance), Mr. Wicus Lourens MPO. The discussion covered the following problems at the Sameul Setlhare Farm: no government assistance, local vet. closed, low milk production. On the Wittes Farm they were having problems marketing milk. This was a true learning experience for the volunteer as I came face to face with the current realities of their problems. Recommendations: The overall assessment of the conditions and status of the emerging farmers is: if it were not for the Milk Producers Organization (MPO) most all, if not all of the farms that contained livestock be it dairy, beef or goats given to the emerging farmers by the government would not be in business. The overall problem facing the MPO is long term, for over the next several years MPO's mission will be training the commercial, subsistence and emerging farmers in animal health, milk production, milk recording, hygiene and quality, vaccines and immunization, nutrition, breeding, reproduction, financial management and training and technology. The MPO has access to several partners and/or sponsors (Alltech, Afgri Veevoere, DairyBelle, DeLaval, Ecolab, Intervet, Instavet, K2 Agrisaad, Taurus, Landbouweekblad) with unlimited resources that assist them with training.

**27 August '07 Projects: Putukwane Milk Goat Project: Rampiesfontein Agric.** Those in attendance were, MK Cope, VEGA, Lynette Van Niekerk, VEGA, Kimberley Lucas, USAID, Jas Wasserman MPO, Wicus Lourens, MPO. This goat dairy farm did

not have money for feed so production was down and there was no money to pay the workers. The government had given them a new milking parlor, land and buildings but no money is available for inputs as for feed, milk replacement, fuel, seed for planting maize. MPO was the only organization to give them training with follow up. What little success they have achieved is due to MPO's input. MPO goal is to revive the project in cooperation with Polokwane Business Chamber. Permanently involved and committed to the project are 12 men and 7 women.

**Rampiesfontein Agric.** The government has given this group land, some buildings and a start up with 400 goats of which 100 have died. Some of the goats were not adapted to this area. There is a lack of feed and other inputs. One important problem is there is no electricity and the water must be pumped by gas engine. The government is aware of the problem but officials do not wish to pay for the monthly electric bill. Forty (40) people started with this project as members with only nineteen (19) committed to the project at present. These 19 members engage in other work activities to provide for their families and do not take wages so that any income is ploughed back into the project. Same problems: cash flow for inputs, feed, milk replacement, fuel, electricity and water. There is a need for a permanent project man on site.

**Suggestions:** Both farms have the same problems with inputs. Rampiesfontein Agric should have seen the need to cull the herd before they lost approximately 100 animals. One way to solve part of the problem of cash flow now would be to cull the goats and sell those that are not adapted to this area, those that have lost their babies, those that do not become pregnant and those that just should not be in the herd. This will produce some cash flow to feed the remaining herd instead of letting it deteriorate further. Culling down to even 100 head would be much more practical. The herd can be built up easily with proper feed and the little ones getting their proper daily diet. Proper nutrition will pay dividends in its ability to increase the herd back to its original numbers and thus will create a cash flow to keep them in business. \*Lack of social services by the local government increase the risk that the emerging farmers will not achieve the government's goal of sustainable economic empowerment. (\*Wicus Lourens quote)

**28 August 2007 Leswika-la-Loti:** Those in attendance were the same as 27 Aug. '07. Meeting with King: Kgosi Solly Kgabo Moloto III, who has given land for a dairy project and cattle feed lot. A feasibility study must be done rendering answers to these questions: is there enough water available and is the land suitable for establishing a feed lot and raising crops for silage. The association feels that it can be built within 6 or 7 months, starting with the feeding of cattle. It is the hope of MPO that the King will be willing to fund inputs if this enterprise lacks money to keep operating.

**6 September 2007 Magaliesberg:** Those in attendance were Dr. Jan Du Preez, Mr. Jas Wasserman and Mr. Wicus Lourens all from MPO. This informative trade show day was presented to the commercial farmers and e-farmers by MPO and various vet. supply and feed companies who partner with MPO.

**9 September 2007 Siyaphambili Development Trust:** Those in attendance were Mr. Jas Wasserman, Mr. Wicus Lourens of MPO and Mr. Richard Captain from the Premiers Office Mpumalanga and Themba Mkhonza, Government Rep of the Dept. of Agri. & Land Administration. Mr. Mkhonza does training for 20 beneficiaries, all land owners with approximately 117 workers on the farms. He works with commercial farmers who provide the land & equipment and manages all crop activity. The group visited a dairy farm belonging to Siyaphambili Development Trust that had been stripped of everything, cattle, milking machinery and equipment and one of the buildings had been burnt, and in terrible repair. This farm also included an orange orchard, (that had survived a heavy drought) with small oranges ready to be harvested, but were left on the tree with no thought of salvaging. This farm, I felt, did not deserve help of MPO until certain conditions were met. It is essential that the members clean up the farm and show some pride of ownership and an economic endeavor.

**10 September 2007 Badplaas :** Those in attendance were Mr Patric Ngubeni, Themba Mkhonze, Toet Wasserman, Rynier De Jager (Badplaas Business & Tourism), Jas Wasserman, Charl Kotze, (Turst Manager), and Wicus Lourens from MPO. Mentoring this farm is Toet Wasserman and his work (a partner in the e-farming project) with the e-farmers has made it quite successful. They are looking forward to a great wheat harvest using water from their central pivot, and have planted rose geranium that will be harvested for several years for its oil. This farm belongs to 123 individuals and is rented to a 20 member Sinqaba Indla La Agricultural Cooperative Limited. The volunteer visited with the president of the cooperative and learned that all 5 directors were elected every 4 years. I suggested that the election of the board of directors be staggered to better protect the cooperative from an unfriendly take over. One director should be elected for one year, two directors elected for 2 years and 2 directors be elected for 3 years. He was very pleased with the suggestion and would bring the suggestion to the board at the next meeting.

**10 September 2007 Mantjolo Trust Authority:** Those in attendance were the same as above. This farm is planting and working with rose geranium, and have a processing plant to produce oil from the plant. The oil is in demand and is used in perfume and in medicines. There are 16 people working on this farm; they also lack sufficient capital for inputs.

**13 September Delareyville:** Those in attendance were Mr. Jas Wasserman and Mr. Wicus Lourens representing MPO and hosts, Johan van Niekerk and Christo van Niekerk. The volunteer gave a power point presentation to 12 landlords who have 48 employees on their farms. The presentation covered bookkeeping, budgets for livestock and grain, balance sheet, cash flow and preparing a business plan. This power point presentation will be offered by MPO in its training courses.

**14 September 2007 Visited Egbert Roux Farm.** This is a very large commercial dairy which at present milks 507 cows. Mr. Roux farms with his two sons and son-in-law and these gentlemen are expanding the operation to milk 1,000 cows. All of the farm workers received training from MPO. This is one of the larger successful dairies in South Africa.

**26 September 2007 Standard Bank, Johannesburg:** Those in attendance were Mr. Jacques Taylor, Head: Leveraged Finance (Agri & Non Metro), Standard Bank, Ms. Simone Cooper, Manager: BEE Lending, Standard Bank, Mr. Johan Vanter: Manager: Leveraged Finance (Agriculture), Standard Bank, Mr. Phil Bowes, Land O' Lakes, Southern Africa Regional Manager, Ms. Sharon Chepkirul, K-Rep Advisory Services (Africa) Limited. This meeting was a quest for information by Land O'Lakes to gain insight into what the banking sector is doing in the agriculture arena. Mr. Taylor commented that Standard Bank was doing business with the micro-finance associations. Money is loaned to cooperative emerging farmers through financial associations, who distribute the funds down to the micro-finance associations who are responsible for the day to day distribution and collections of the small emerging farmer's loans. This lending seems to be only to those who are in the area of crop production. The reasons stated were: there could be insurance placed on the crops, a bond (lien) taken against the crop and the bank could also purchase the crop at harvest. The bank has silos located over the whole of South Africa to take care of, store, and sell the financed crop. The bank also has an Agri. Economist and Agri. Farm Manager in each province. This way a bank loan can be processed within two to three weeks. With the economist and manager available to investigate and help with the required financial forms and with oversight covering the security, the risk-spread is lowered. At the present time the bank is not loaning money to the emerging farmers' livestock industry. They are investigating loaning money to the dairy farmers and they feel this may have an answer after a feasibility study and talks with other entities in the banking sector are completed. New ideas are being considered as to what collateral can be used to lessen the risk and to cope with the market fluctuations that have plagued that industry. At present Standard Bank is loaning money to farmer saving associations at 13.5%; then of course by the time it gets to the farmer it may be 18 to 20% or higher.

**9 October 2007 MPO Headquarters:**

A power point presentation was given to the staff and others at the MPO headquarters. The lecture was to familiarize them with the financial power point presentation and with their input's what additions or deletions should be made to better suit the need of the trainees.

**Recommendations:**

The overall assessment of the conditions and status of the emerging farmers is this: if it were not for the influence of the Milk Producers Organization (MPO) almost all of the farms that contained livestock, dairy, beef or goats given to the emerging farmers by the government would not be in business. The overall problem facing the MPO is long term, for over the next several years, as it has in the past, MPO's mission will be training the commercial, subsistence and emerging farmers in animal health, milk production, milk recording, hygiene and quality, vaccines and immunization, nutrition, breeding, reproduction, financial management and training and technology. And I hope if the banking industry still does not loan funds to the livestock farmer, MPO and Land O'Lakes will include in their training program the setting up and training of SME

cooperative savings associations. The MPO has access to several partners with unlimited resources that I hope will assist them with this training project.

As I see it, the overall negative situation of the subsistence emerging farmers and their workers is their educational level with some being uneducated, some illiterate or semi-literate. They lack the management expertise and the availability of outside funds and purchasing power for the necessities to efficiently run a cost effective farm enterprise. Financial institutions will not loan money without first considering the risk.

I visited with Mr. Johan Venter, Standard Bank, and he stated that the bank is looking into using the USAID's scheme to underwrite 50% of the collateral in the dairy and livestock industry but as yet they have not pursued the idea further.

These SME's must produce financial records, budgets, net worth statements or balance sheet, collateral, cash flow and a fairly detailed business plan if they expect banks to loan them money. It will take the MPO and Land O'Lakes several years to develop the required results through training with the hope of developing sustainable agri-businesses in South Africa.

A micro agri-business financial association could be the answer. Saving through a cooperative saving association by those who work the land and the members that are share owners who do not work the land might supply the needed production credit required by the farm for inputs or expansion. This proposal requires time, money and extensive training of the cooperative members and officers to make it a success. This Mentorship and training division most likely should be another entity within MPO but attached to the livestock and dairy division since it will be their responsibility to do the required financial training. If this section could be partnered with banks, large agri-cooperatives, land bank and the federal government for the required training and funding it would have a great impact on its success. The government should see the wisdom in partial funding of this program and the banks would have another new source for loaning money besides the commercial industry. One of the best kept secrets in the banking industry is that agriculture lending is profitable.

I have attached a training manual covering the "Formation and Management of Farmer's Savings and Loan Association". This was produced through funding by USAID by another private, non-profit-making, international development organization providing technical expertise that I have had the privilege to work for. This may be a starting point for MPO to train subsistence and e-farmers to form saving associations or cooperatives who, then together, form another larger association in which they all belong. The financial institution loans money to the larger association; they then loan the money to the farmer association groups from where it trickles down to the individual farmer. The manual is very basic. I feel even then it may be too complicated for some of the emerging farmers. I was requested by the author to read the manual and make changes I felt were needed. The copy attached to this report is not the revised edition. The trainer should change the lesson plans to fit the educational, economic and the need-to-know level he feels best suits the place, time and situation. Dr. Nico Schuttee informed me that Land

O'Lakes receives a portion of the USAID funds and is fielding research development on ways for banks to loan money to dairy and livestock farmers with training in business for profit.

In a discussion with Dr. Schutte here at MPO, I had never heard mention of the World Bank in any of our conversations. I worked in Latvia for the World Bank that was setting up a bank for farmers since credit, like here, was unavailable. The World Bank had loaned the country twenty five million dollars and the Latvian government was to match that amount making the start-up capital of the bank fifty million dollars. One of the big problems was the Latvian government had matched part of the funds with IOU's owed the government. This caused all sorts of problems especially since some of the IOU's belonged to the mafia. Our greatest hurdle to overcome was the lack of record keeping by the farmers, and the ability to fulfill our request for balance sheets, cash flow, budgets and business plans. The lack of trust on both sides of the desk was another hurdle to overcome. Farmers all over the world do not like to give out information concerning their net worth or income to anyone, especially to a banker. Farmer loan requests were followed-up by a personal visit to their farm where an assessment was made concerning the farmer's character (his expertise in farming), collateral he wished to pledge, capacity and his ability to repay the loan. In Latvia, having been a Russian satellite, most farm loans were almost considered a grant and the need to repay the loan was not a priority. Per phone conversation with the World Bank while here in Pretoria, Prets St Pta Box 12629 Hatfld Htlfld 012 431 3100 they are only working with land reform and the environmental issues and they do not loan money to South Africa. I do not have the name of the gentleman I visited with but in our conversation I ask the question; is the World Bank thinking of setting up a bank for the emerging farmers so they can receive credit? The answer was no, that only 4% of the land was purchased by the government from commercial farmers and given to the disadvantaged farmers. Evidently this did not constitute a large enough borrower base for the World Bank to be interested in setting up a bank for emerging farmers.

### **Conclusion:**

I can see that the demand on MPO is growing so fast that it cannot fulfill all requests and obligations for training. There is lack of support staff. I found only one officer covering the scheduling of training programs which is one of their primary purposes. Trainers with expertise in the production of milk (covering all the aspects, animal health, feeding, management and etc.) need to be added to the staff. Presently there are 8 full time instructors and two of the main office personnel, Dr. Jan Du Preez and Mr. Jas Wasserman, also give lectures and instruction to emerging, subsistence and commercial farmers. I realize this takes funding and the MPO budget will be stretched to the breaking point. As was pointed out to me by CEO Dr. Schuttee their requests for funding will increase next year and they do expect to receive more money from the S. A. Dept. of Agriculture.

Another suggestion I would make to the company is that a Management Meeting take place at least once a week or once every two weeks with a scheduled time and place for all personnel in the dairy division of MPO with no absentees. All office personnel should

be required to attend. This does not include the 8 full time instructors who most likely will be in the field. If attendance is not enforced (except for illness and family) this management meeting will not work. No absentees or cell phone calls during the meeting can be allowed and an agenda should be in place to expedite the meeting. Minutes of the meeting should be taken and each member should have in his possession last week's minutes and the new agenda. The head of the institute should chair the meeting. Having every employee of MPO attend the meetings, all will know exactly what is happening in the mentor program as well as the scheduled training program. A large scheduling board at the back of the room that is easy to read and kept up-to-date showing all of meetings and training scheduled would be one idea. Each division of MPO going their own way and all of the employees not on the same page can be disruptive to your cause. I realize this is another meeting when everyone is so busy but I have found that the open trading of ideas and concerns can only help the company in its mission.

My meeting with Dr. Nico Schutte was most informative covering the MPO budget. MPO receives their funding from S.A. Dept. of Agriculture, conferences, School Milk Program, their partners, USAID, S. A. milk producers and others. I do have a concern (**not misappropriation of funds**) of the accounting methods of the MPO and MPO/SA (main office). Visiting with Mr. Gert van Niekerk I learned the money received from USAID is transferred to a savings account and checks cannot be written on this account. Bills are presented without receipts, and a classic example of this is an insurance bill for R10,000. was paid without an invoice. As for me I would not pay any bill without an invoice (even if it was God Himself) except small (transportation, taxi, highway tolls and etc.) and these should be presented collectively in a timely manner with an officer's signature. The accounting balances sent to USAID at the end of each month should match the bank statement balance, which it does not without reconciliation. The bookkeeping would be so much easier without the chance of mistakes, if the USAID money was placed into a normal checking account and invoices paid directly from that account. Example: On 5/09/07 MPO was sent a bill for 40 meals @ R50 = R2,000. USAID paid for 11 meals @ R50. @ R550. and the Institute paid for the remaining @ R1,450. One check was written for the full R2,000. and then the account had to be rectified most likely back to the Institute from USAID. It would be so much better if there was a single checking account for USAID and much more cost effective. I do not believe the interest received on the USAID account can pay for the time needed by an employee to rectify over and over, each invoice back to the institute account. After visiting with the main bookkeeping section of MPOSA I found that they think it is easier to pay with one check than issuing two checks and having the vendor wondering why he received two checks. To me it would make no difference what the vendor thought or did not understand the reasoning for being paid with two checks as long as it saved my company money and time. It is not the responsibility of MPOSA to hold a vendors hand in a situation like this.

It is my hope that the power point presentation will be included in their training seminars around the country so the farmers will understand exactly what is needed by their credit associations or banks to receive a loan. Stressing that records are one of their basic tools in the business of making money, just like the plow, hoe and milking bucket is essential.

MPO does face obstacles, lack of sufficient funds for growth, qualified teachers and mentors, but none that they cannot rectify. The work they do to help the subsistence, emerging and commercial farmers with sound advice is not available elsewhere. The government or the extension service does not have the capabilities or motivation to prepare these groups of farmers for the task ahead, primarily to become SMME or emerging/developing commercial farmers to alleviate poverty and to feed the nation. MPO is dedicated to this task. It is my hope that USAID will continue funding grants to MPO enabling them to continue their training and mentorship program.

The programs funded by the United States Government that I came into contact with during my two months in South Africa, namely USAID's grant to MPO and the underwriting guarantees of loans to the emerging farmers, is money well spent to alleviate poverty. The USAID grant to MPO helps make it one of the most successful non-profit organizations in South Africa with its central purpose of alleviating poverty.

MPO/Ist Mission Statement tells it all:

To provide ongoing, relevant training to subsistence and emerging farmers on behalf of the Milk Producers' Organization by using the services of well-trained staff in order to empower farmers, increase productivity and ensure a better life for all.

***Recommendations to IESC for future similar projects:***

If a request is made by one of the not-for-profit organizations and its major emphasis is helping the disadvantaged and alleviate poverty in South Africa I would recommend that IESC honor that request with a volunteer. South Africa's government is looking to alleviate poverty and spread the wealth for its disadvantaged citizens. The government does not have the experienced mentors and trainers at their disposal to accomplish this task.

William R. Eyman  
IESC Volunteer 12 October 2007

Attachments for: IESC Washington (MPO has all attachments in their possession)  
Company Profile  
Lesson Plans for E-Farmers South Africa  
Power Point Presentation  
Statutory Project Presentation 2008 (Business Plan)  
Courses: Training Workers  
Formation and Management of Farmers' Savings and Loan Associations  
Article "As I See It" written for MPO Magazine  
Pictures

**ATTACHMENT 4**  
**FINAL REPORT**  
**CAPE REGIONAL CHAMBER**

PROJECT # 36635

TITLE: THE VOLUNTEERS FOR ECONOMIC GROWTH ALLIANCE/ SOUTH  
AFRICA  
VEGA/SAAGA

BY  
B J SHANNON

FROM: 15 OCTOBER TO 11 NOVEMBER 2007

**Project Final Report to VEGA**

VOLUNTEER PROJECT NUMBER #36635

CAPE REGIONAL CHAMBER

DATE OF ASSIGNMENT: FROM 15 OCTOBER TO 11 NOVEMBER 2007

NAME OF VOLUNTEER: B J SHANNON

## **I. Executive Summary**

- a. Name of program under which project is delivered
  - The Volunteers for Economic Growth Alliance/South Africa Annual Program Statement Grants Administration Program {VEGA/SAAGA}
- b. Country/countries in which project took place
  - South Africa
- c. Start/End dates of the project:
  - 15 Oct -11 Nov, 2007
- d. Name of volunteer selected to deliver program activities:
  - B J Shannon
- e. Industry sector
  - Membership based business organization
- f. Project goal(s)/objective(s)
  - Develop a training module, within the training philosophy and learning strategies of the Cape Regional Chamber, for the training and capacity building of SME's in the area of Sales and Selling techniques. Train and mentor Cape Regional Chamber's trainers to train the developed module.
  - The desired results of project as specified in the SOW were: 1] Develop a fully comprehensive Sales and Selling Techniques Training Module, suitable for the local environment. 2] Prepare a full comprehensive set of train the trainer notes. 3] Present a training program on the Sales and Selling Techniques Module. 4] Assess the participants in the implementation of the module
- g. Brief overview of the problem to be addressed.
  - No specific "Problem Statement" was communicated to me. However, it is my impression that comments from, primarily, newly, established businesses in the Cape area, indicated to the Regional Chamber that there were major business functions that owners and managers just did not understand and it was impacting their businesses. The Chamber being a member responsible organization, feels this project is a way to assist the Chamber in its Mission as well as helping the Trainers and the individual members.
- h. Types of organizations assisted
  - The Primary recipient of the benefits of the project are all of the people involved in the training and of the private consultations provided. These Chamber members will be, immediately, benefited in their own businesses. In addition, all of the nearly 5,000 Chamber members who participate in future Sales and Selling Technique training programs will also benefit. The Chamber itself will certainly be a major beneficiary of the project, also.
- i. Types of activities delivered
  1. A 4 day [6 hours per day] training program on: Sales and Selling Techniques was presented to business operators. Every topic covered in the training included interactive sessions on business issues.
  2. A Sales and Selling Technique Module was developed and provided to

the host { note outline is below in I- j. }

3. A training program was requested after I arrived in Cape Town for the Chamber Sales Staff. This program was for the staff that sells Chamber membership to businesses in the area. There were 7 female and 0 males participating in this ½ hour session

4. A sequence of train the trainer notes was developed prior to my leaving the US, and was intended to be provided to the host. [This was prepared but the Host decided they didn't want it after I arrived on site. The preliminary outline is below in I-j.]

5. After arriving in Cape Town I was requested to meet with other [than sales] Chamber staff to provide them with some information about business and to answer any questions they might have. I agreed to do so but this session was never scheduled.

6. Some individual businesses were visited to establish a baseline for the development of the other activities mention here.

7. After arriving in Cape Town I was asked to write two articles for the monthly Chamber member publication. I was happy to do so. One article was entitled "Is Your Business "Guilty" of Making These Selling Mistakes? The second was "Selecting Those Highly Important Intermediate Customer of Ours."

8. Twenty two businesses requested and were provided a private consultation regarding problems and issues in those businesses. About 60 hours were spent in these consultations. 20 females and 17 males represented the businesses in these confidential consultations. These industries were represented in these consultations.

- Accounting services
- Security systems
- Electronic drilling and milling equipment
- Car Washes
- Tourism
- Grocery and fast food
- Advertising Agency
- Cell Phone Service
- Executive recruiting
- Export gourmet foods
- Tea room/retail store and distributor
- Construction industry
- Trucking – transportation
- Interior decorating
- Dental equipment supplier
- Chocolate manufacturing, retail and distributor
- Glass Manufacturing
- Membership sales
- Brick Manufacturing
- Space [efficient use of] Agency
- Engraving Products for printing industry

- Clothing design and manufacturing
- j. Brief overview of recommendations
  - This is the **Table of Contents** for the Sales and Selling Technique Module: provided to the Chamber:
    - A. First Things First**
      - 1. Sales Planning and Training \* for the Store Manager
    - B. Selling Skills Background**
      - 2. Selling [Δ]
      - 3. Reasons for Business Marketing – Assuming You Want Your Business to be Successful
      - 4. Selling Formula
      - 5. Why People Buy
    - C. The Sales Relationship**
      - 6. Sources of Sales Leads
      - 7. Anatomy of a Sales Relationship
      - 8. When to Use “Closed Ended” Questions
      - 9. Questions for Customers and Employees
      - 10. Rules of Selling
    - D. Dealing with the Prospective Buyer**
      - 11. Commonly Heard Objections
      - 12. Selling to Difficult Customers
      - 13. Buying Signs to Close the Sale
      - 14. Body Language Can Tell You
      - 15. Solving Problems Not Just Selling Products/Services
      - 16. Satisfying Customer Needs
      - 17. Understanding the Customer Needs, Ask
    - E. The Business from the Customers Perception**
      - 18. Image Audit of Your Business/Facility
      - 19. Image Audit - Develop a Clear Vision
      - 20. Sales- Job Interview Evaluation Checklist
    - F. Consultative/ Persuasive Selling and Training**
      - 21. Building Blocks for Better Sales Skills
      - 22. Skills Needed to be a Good Sales Person
      - 23. Selling Success - Personnel Keys
      - 24. Skills That Help Sales People be More Productive
      - 25. Job Tasks For ”Retail Salespersons”
      - 26. Sales Training Topics
      - 27. Persuading - Not Selling
      - 28. The Consultative Selling Process:
      - 29. Selling- The Way Customers Want to Buy
      - 30. Insights on Selling to Women
    - G. Mistakes, Problems and Doing it Right**
      - 31. Common Mistakes Retail Salespeople Make
      - 32. If You Don’t Get the Sale
      - 33. Reasons Why People Don’t Return to Buy From You
      - 34. Follow Up Strategies After the Sale

35. Ready or Not Here They Come
36. A 15 Point Plan to increase Sales in Your Stores
37. Selling Skills Assessment

#### **H. Suppliers, Customers and Competitors**

38. Supplier Checklist
39. Preferred - Customer Database Fields
40. Analyzing Your Competitors

#### **I. Customer Service Assures Sales**

41. Good Customer Service Made Simple
42. The Customer Service Words of Wisdom
43. Dealing with Dissatisfied Customers
44. Excellent Customer Service is:

- This is the preliminary **Table of Content** developed for the Train the Trainer Notes that I prepared for the Host prior to my leaving home but after I arrived in Cape Town the Host deleted this from the tasks requested.

#### **A. Fundamentals of Business Training**

1. Benefits of Training
2. Levels of Training

#### **B. Training Adults**

3. Principles for Effective Adult Learning
4. Reasons Adults Participate in Training
5. Barriers to Adults Learning
6. Adults as Learners

#### **C. The Trainer**

7. Good Trainers Should
8. Benefits of Being a Trainer
9. Characteristics of Effective Trainers List of Don'ts
10. Train the Trainer Instructional Techniques
11. Train the Trainer Guide

#### **D. Training Guide and Manual**

12. Topics for Train the Trainer [example]
13. Training Manual – How to Develop a Training Plan
14. Training Manual - The Very Beginning
15. Training Manual – Find Out About your Audience
16. Finding Out About Your Audience - More Background
17. Training Manual – Presentation Framework
18. Training Manual – Before You Begin Your Presentation
19. Before you Begin Your Presentation - More Background
20. Training Manual – During the Presentation
21. Speaker Tips – Handling Questions From the Audience
22. More on handling Audience Questions
23. Training Manual – Getting Participants Involved
24. Training manual – How You Are Perceived

## **E. Training Follow Up**

### 25. Five Ways to Follow up on Training

- k. Brief overview of actual and expected results
  - As the people having been trained begin to use their new/revitalized selling and customer service approach, the participants business will rapidly demonstrate improved sales and profitability.
  - As word gets around about the responsiveness of the Chamber to its members, I expect that member satisfaction will improve and membership could increase.
  - Many of the businesses with whom I had private consultations, informed me that they had immediately implemented many of the recommendations I gave them, and successfully so.
- l. Quantitative Overview
  - i. Number of organization(s) assisted.
    - There were 25 business represented during the training program. There were 14 women and 15 men participating
    - Of the 22 businesses for which I provided private consultation, there were 20 females and 17 males represented.
  - ii. Number of individuals directly assisted (female/male)
    - Directly there were 34 females and 32 males assisted
  - iii. Number of individuals that may benefit from the assistance provided
    - Thousands of business employees and many, tens of thousands of customers they serve will be benefited
  - iv. Other quantitative information
    - N A

## **II. Overview of Country Conditions and Business Environment**

- a. What are the country conditions and/or business environment under which this project was implemented?
  - Nothing unusual to my knowledge
- b. Provide a brief overview of the industry/sector in the country or region
  - I did not have the opportunity to evaluate any other business membership organization so am unable to comment.
- c. What are the opportunities for the industry/sector as a whole
  - The opportunity for membership organizations is tremendous as many of the people whom I met and worked with had a desire to be in their own business but did not have the educational or experience background to deal with all of the issues of running, even a small business.
- d. What are the challenges for the industry/sector as a whole
  - Having the ability to finance the needed staff and activities from membership dues and other sources of income, to provide the programs and services the members need.

### III. Project Goal(s) and Scope of Work (SOW)

- a. What were the goal(s)/objective(s) of the project?
  - As stated in I f. above and then revised as indicated below.
- b. What was the agreed upon SOW between you and IESC?
  - Develop a fully comprehensive training module for the training and capacity building of SME's in sales and selling techniques.
  - Train and mentor Chamber trainers to train the Selling Modules developed
  - Develop a fully comprehensive set of Train the Trainer notes.
  - Present a training program for Chamber trainers on the Sales and Selling Technique module
  - Assess the trainers in their implementation of the module and notes.
- c. To what extent did the agreed upon SOW match with client needs?
  - Essentially, they did not match at all, as the tasks were changed almost completely after I arrived in Cape Town. The remaining similarities with the original SOW were that 1] I did present a training program on the topic of "Revitalizing your Sales and Selling Techniques," but for a totally different audience and purpose. 2] I did prepare and provide to the Host a training module on Sales and Selling Techniques.
- d. To what extent did your SOW or approach had to change, if at all, once you started working with the client? If it changed, describe how.
  - Materials requested in the SOW, that required hours of preparation time prior to my leaving home were not required at all.
  - Originally a great deal of emphasis was requested on issues related to Train the Trainer. None of that was required during the implementation of the project.
  - The initial training program was to train trainers on the subject of Sales and Selling techniques. The audience was changed to be owners and managers of actual businesses instead of trainers so the material and approach had to be changed to be appropriate and of immediate value to the participants. When asked how much time I would need for the training, I suggested that we have 7-8 days of training to be able to accommodate everything I was asked to do. For a variety of reasons, primarily having an available facility, I only had 4 days to do the training so some things had to be cut.
  - There had been no initial mention of working with the Chamber staff, so no preparations were made to do so. It was necessary to prepare materials and information of value to these two different audiences.
  - There was nothing included in the SOW about doing individual business consultations with Chamber members and others, but this requested change was done and, in my opinion, was an, extremely, valuable part of the project.

**IV. Organization, Beneficiary or Group targeted for assistance (If more than one, list each individually)**

- a. Where is the organization located?
  - Cape Town, South Africa
- b. Type of organization assisted
  - Regional Chamber of Commerce and Industry
- c. What services or products does the organization provide?
  - The Mission of the Chamber is “To serve the interests of business by satisfying the needs of our members through representing their views and providing services of value.”
- d. What is the size of the organization?
  - Annual revenue is about \$1,100,000: Have 29 employees and 4,800 members
- e. Who is the point of contact?
  - Brian E. Adams, Business Information Manager: brian@capechamber.co.za
- f. Female/Male-owned or managed organization?
  - N.A.
- g. Number of individuals assisted in the organization
  - A total of 10 staff, 8 female and 2 male, were involved in some parts of my activities.
- h. Number of individuals that may benefit from your assistance
  - The thousands of member staff and the tens of thousands of their customer will certainly benefit from the project.
- i. Describe any assessments you conducted to determine client/beneficiary needs. What were your findings?
  - N. A.
- j. Follow-on recommendations for this client
  - Implement the information in the leave behind module I developed for the Chambers use.

**V. Activities Delivered to Address Targeted Problems/ Challenges**

- a. Describe each activity delivered.
  - i. Individual technical assistance —
    - Private, confidential consultation took place with 22 separate businesses. Assistance included the following:
      - o Pricing determination
      - o Marketing assistance
      - o Staff relations
      - o Financing
      - o Packaging
      - o Selling Intangibles
      - o Cash Flow, being paid, etc.
      - o Product promotion
      - o Business plans
      - o Managing
      - o Leasing Equipment and machines

- Distributor selection and relations
  - Distance learning
  - Attitude modification
  - Gap analysis
  - And others
- ii. Training/workshops/seminars —
- (Include number of individuals attending, number of companies represented, number of sessions held, subject matter presented, date and length of event)
  - 29 participated, 14 were female and 15 male, in a 4 day 6 hour a day training program entitled “Revitalizing Your Sales and Selling Techniques.” The topics presented were:
    - Introduction to business in today’s market economy
    - Communications
    - Strategic/Business Planning
    - Marketing
    - Customer Service
    - Profitability
    - Pricing
    - Competition
    - Selling skills
    - Complaint handling
    - Conflict resolution
    - Staff training
    - Many interactive tasks by the participants were based primarily on a fictitious Cape Town business which I developed.
    - Roles plays were used to demonstrate specific points and were greatly appreciated by the participants
- iii. Trade show related activities —
- No Trade Shows attended, although one of the Selling interactive tasks during the training, related to the fictitious business mentioned above. The groups worked on the task of doing the planning for having an exhibit and selling at an industry trade show.
- iv. Trade linkage assistance —
- One of the private consultations dealt with this. I provided the business owner with information on selecting and working with agents or distributors in other countries.
  - I was asked to write two articles for the Chamber publication, one of which related to aspects of trade linkage.
- v. Meetings attended —
- (Describe purpose and content of meetings attended and include date of meeting, attendee names, organizations, and outcome)

- Attended an Awards Banquet for the Cape Area Export Businesses, on 17 October, sponsored by the Cape Regional Chamber of Commerce and Industry
- Attended Annual General Meeting of the Cape Regional Chamber of Commerce and Industry, on 7 November 2007
- vi. Other activities
  - N A
- b. Describe why each activity was key to addressing the stated problems/challenges.
  - N A
- c. What deliverables did you produce for the project?
  - Prepared and distributed more than a dozen pages of materials to training program participants that were primarily used for the Interactive/Case studies during the training program
  - Developed and organized 25 Train the Trainer documents to assist the Chamber in improving the skills of those members who serve as Chamber Trainers. As mentioned above after arriving in Cape Town, the Host decided these were not needed.
  - Wrote two articles for the Chamber monthly member publication. The first appears in the November 2007 issue.
  - Developed a 44 document with about 50 pages of material, "Sales and Selling Technique," leave behind module, which the Chamber requested I develop.
    - i. ***Please send copies of any photos (preferably with descriptions) to the IESC Program Manager (electronic preferred and then prints if electronic copies are not an option).***
      - None Available
    - ii. ***Include the deliverables you may have completed as Attachments to this report and reference here.***
      - Two Table of Contents are referenced above in section"1- j" above.
- d. What are your recommendations to the organization(s) assisted or for the program for the future?
  - Have an experienced business person and two experienced trainers review the Sales and Selling Technique module. Adapt and modify the material so it closely reflects the business and other conditions that exist in the Cape area.
  - Review and revise as appropriate the Chamber of Commerce and Industry's existing "New employee indoctrination and training program"
  - It appears to me that there are a significant amount of complaints and concern expressed by members of the Chamber that are not understood or acted on by the Chamber. It is my recommendation that the Chamber immediately review the existing procedures of learning about and acting on issues/suggestions/complaints from the members and others. Upgrade the current policy and make sure that there is an efficient procedure in place to handle such important

issues. There must be a clear understanding by all, members and staff alike, related to this procedure and that remedial or follow up action takes place in appropriate situations.

- Working in my temporary office at the Chamber, and having to use the Internet to do research and/or obtain requested information for the businesses with whom I consulted, I found that the Internet connection was extremely slow and it took an inordinate amount of time waiting to get information. For the Chamber staff who are required to use the Internet, there will be a great deal of wasted time in their daily activities. It is my suggestion that the Chamber explore obtaining an Internet provider that can provide much faster Internet connections and downloading, which should be available at a cost not greatly different than what is paid today for the current service.
- There were a number of people receiving notification about the training program and the potential to have me consult with them privately. A significant number either misread or misunderstood the message. I suggest that before similar communications are sent out in the future, that the draft is evaluated by non involved people to verify clarity.
- Review and revise as appropriate the internal Chamber mechanism of keeping staff informed, especially through regular staff meetings. There are, ever changing, issues of relevance to the Chamber and staff, that do need to be communicated. These include but are not limited to, things like these common management & staff training topics.

- Marketing & sales plans
- Selling skills
- Management issues and procedures
- Priorities and priority setting
- Service understanding
- The market & the marketplace
- Customer service
- Telephone
- New employees
- Policies
- Changes in policy
- Operations & changes in operations
- Role plays
- Scripts
- New services
- Problem areas
- Complaints & resolving complaints
- Recovering from mistakes
- Technical abilities

- Negotiations
- Stress management
- Team building & teamwork
- New technology or innovations impacting the members
- Updates from meetings attended or articles in journals
- Conflict & conflict resolution
- Member retention
- Getting new members
- Membership categories and related dues
- Financial performance
- Competition & competitive strategy
- Profitability
- Business ethics
- E-commerce
- Finding new markets
- Improving quality & productivity
- Leadership & management
- Human resources related
  - Compensation
  - Employee relations
  - Employee supervision
  - Laws related to employees
  - Hiring and firing
  - Safety issues
  - First aid
  - Interpersonal skills
  - Recruiting and staffing
  - Employee handbooks
  - Job descriptions
  - Employee benefits
- Environmental management implications for members
- Advertising & promotion
- Communications
- Training, coaching & development
- Strategic planning
- Innovation
- Community relations
- Management skills
- Communications
- Computers and the internet
- Personal development
- Brainstorm pertinent topics to get employee or member input

**VI. Actual or Expected Results**

- a. To what extent did the project meet the goals stated in the SOW?

- Very closely to the revised goals
- b. To what extent did you complete/not complete the goals stated in the SOW?
  - Every thing was completed with in the time available. I had about ½ the time I needed to cover all I would have liked in the training program but the participants gave good course evaluation so I consider that we did it all.
- c. Did any significant changes in the client condition occur during or immediately after the project that are attributable to your services?
  - Nothing except that the materials will be used in all future training program.
- d. What tangible results do you anticipate the client will achieve in the future? Numerical estimates of improvement are preferred.
  - More business and more profits by the Chamber members who participated in the training program and for those who will participate in future Sales and Selling related training.

## **VII. Conclusion**

- a. What best practices/lessons learned did you glean from this project?
  - Nothing I personally had not previously experienced
- b. Describe any successes that occurred during the course of the project.
  - The enthusiasm of the participants
  - The relatively high evaluations of the training course by the participants
- c. What obstacles/problems did you face during the course of this project and what are your suggestions on alleviating those obstacles/problems?
  - Nothing that caused any significant problem
  - Having 2 IESC/VEGA sponsored projects overlapping was not desirable as there was a facility availability problem, staff support difficulties, burden on the members who had to be away from their businesses for many days if they participated in both training programs, i.e. 2 days in a week for 4 consecutive weeks.
  - i. What, if any, actions were taken to address problems during the course of the project?
    - N A
- d. What opportunities has this project opened up and what challenges lie ahead?
  - For Whom? I am unsure what the question is asking.

What are your recommendations to IESC for future similar projects?

- I am not convinced that education should be a significant activity for a Chamber in the long term, due to the vast differences in the needs of the members. Industry Associations can and could provide industry specific help to its members. If it falls in the “Mandate” of the organizations, I suggest IESC and VEGA undertake activities to develop or assist associations who in turn may be better geared to help their members. For instance, there are a significant number of Attorneys in the Chamber. The Bar Association [or by whatever name] should be much more aware of appropriate training issues than might a Chamber. The Chamber is certainly filling a need but IESC/VEGA may want to invest some of your program resources in helping to develop associations.

**ATTACHMENT 5**

**VEGA/SAAGA SUBAWARDEES PERFORMANCE INDICATOR TABLE**

**FISCAL YEAR 2008 (October 1 - December 31, 2007)**

<b>Indicator</b>	<b>Subawardee</b>	<b>Target FY07 (Feb 1 – Sept 30 2007)</b>	<b>No. achieved as of Sept 30 2007</b>	<b>October-December 2007</b>	<b>Reason for exceeding/not exceeding targets</b>
Net change in private sector employment of USG assisted enterprises (Custom Indicator) [same as previous SO9 employment indicator— includes self-employment/ income sources] <sup>2</sup>	<b>Red Cedar-Natural Botanicals 2007</b>	7	7.5	8	
	<b>World Ed – LINK 2007</b>	117	1328	201 182 male/19 female	
	<b>Milk Producers Org</b>	280	359		
Number of sales contracts supported (Custom Indicator)	<b>Red Cedar-Natural Botanicals 2007</b>	750	389	91	
	<b>World Ed – LINK 2007</b>	29	75	36 20 male/16 female	
Rand Value of sales contracts supported (Custom Indicator)	<b>Red Cedar-Natural Botanicals 2007</b>	R80,000	R109,206	R50,178	
	<b>World Ed – LINK 2007</b>	R17,500,000	R141,535,250	R55,32,485	

<sup>2</sup> Among the VEGA/SAAGA subawardees, only Red Cedar meets the stringent definition of “net change in employment” provided in the SO9 PMP.

<b>Indicator</b>	<b>Subawardee</b>	<b>Target FY07 (Feb 1 – Sept 30 2007)</b>	<b>No. achieved as of Sept 30 2007</b>	<b>October-December 2007</b>	<b>Reason for exceeding/not exceeding targets</b>
Number of firms receiving USG supported assistance to improve management practices (previously collected as Number of SMMEs assisted) [this is exactly the same as previously collected—if an SME was assisted by us—we count it]	<b>Red Cedar-Natural Botanicals 2007</b>	1	1	1	
	<b>World Ed – LINK 2007</b>	1458	1967	488 85 male/403 female	
	<b>BSSA</b>	75	60 41 female-owned 19 male-owned	51	
	<b>Cape Chamber</b>	90	90		
	<b>Milk Producers Org</b>	90	206		
Number of SMEs receiving USG supported assistance to access bank loans or private equity [whether successful or not to get the funds]	<b>Red Cedar-Natural Botanicals 2007</b>	0	1		
	<b>World Ed – LINK 2007</b>	292	530	26	
Number of SMEs that successfully accessed bank loans or private equity as a result of USG assistance	<b>Red Cedar-Natural Botanicals 2007</b>	0	1		
	<b>World Ed – LINK 2007</b>	15	9	9	
	<b>Milk Producers Org</b>	2	0		

Indicator	Subawardee	Target FY07 (Feb 1 – Sept 30 2007)	No. achieved as of Sept 30 2007	October-December 2007	Reason for exceeding/not exceeding targets
Rand Value of all finance accessed (Custom Indicator) [this is very broad and includes supplier credit, etc. the same as under SO9 PMP]	<b>Red Cedar-Natural Botanicals 2007</b>	0	R33200		
	<b>World Ed – LINK 2007</b>	R5,833,333	R3,149,055	R31,859,917	
	<b>Milk Producers Org</b>	R350,000	0		
Number of people trained (Using TraiNet figures disaggregated by gender and training location)	<b>Red Cedar-Natural Botanicals 2007</b>	10	10 10 female	10 10 female	
	<b>World Ed – LINK 2007</b>	1050	1588 693 female 895 male	220 121 men/99 women	
	<b>BSSA</b>	930	806		
	<b>Cape Chamber</b>	120	90		
	<b>Milk Producers Org</b>		1939 687 female 1252 male	148 77 female/71 male	

## ATTACHMENT 6

### SUCCESS STORY

#### CAPE REGIONAL CHAMBER

##### Patrick Johannes of Kabwe Mechanical and Tambo Engineering

Headline: A much more aware, balanced and confident businessperson

Subhead: Only wanted accounting, but realised lots of issues needed to be worked through

Photograph caption: “The iSBDP programme tied up all my loose ends – my personality, my future ideas, my present ideas, my marketing, my accounting, everything. And I’m very happy for that.”



“The iSBDP gave me my self-confidence back and I appreciate that. The programme helped a lot of people – providing a confidence boost and practical support.”

Patrick Johannes is a confident businessperson right now. But this wasn’t always the case. He is a skilled tool, jig and dye maker with lots of interesting life experiences: he used to work for Anglo American as a design draftsman, teach, and do fundraising and helped run a small engineering business with friends. Then he went through a rough patch for a couple of years including being unemployed.

In November 2006 Patrick left the world of unemployment and employed two people to help Kabwe Mechanical repair City Council trucks. He used his house as collateral and bought equipment worth R200,000 and fixed up the workshop for R100,000. Basically Patrick helped turn around a business colleague’s repair business that was losing money, generating a turnover of R1.2 million last year. Kabwe currently employs 6 people.

Now he has invested in recreating an engineering business (Tambo Engineering) similar to the one he had in an earlier partnership. He invested a further R250,000 in equipment and secured an engineering parts contract with international company Alstrom (John Thompson). Tambo currently has a two month contract with Alstrom that looks like it will grow into a year long contract worth R2 million. Tambo employs 3 people and the two businesses share two staff that does marketing and administrative work.

After his rough patch of unemployment, Patrick did not look forward to the iSBDP programme in its entirety. He only wanted to do the accounting component to work on some finance issues. In his words, “I wasn’t prepared to listen to the trainers and everyone else with their airy fairy kind of issues. ... [However] after the first week I realized there were lots of issues I needed to deal

with.” One exercise in particular, where the participants get in a circle, get their arms intertwined and knotted and have to untangle the knots, led to profound insights for Patrick. It made him realize that he couldn’t see the whole picture of the problems to solve, or organise and control and direct the untangling process by himself. He needed all the resources of the whole group to solve the problem. This has helped him to listen better to others, to delegate more in his business and to trust his staff to get on with work they are especially skilled at.

The accounting block of training really helped Patrick get a much better understanding of accounting and it also served to tie up all the other parts of the course for him. But it was the whole programme, including mentoring, that helped Patrick feel like he is a more balanced businessperson.

The iSBDP programme helped Patrick in a range of other ways. He believes strongly in the importance of continuous professional development and felt that the programme helped him become more professional in his approach to business. He thinks the course would add value to many businesspeople in helping them run their businesses in more professional ways. The most significant impact of the programme for Patrick was **restoring his confidence** which had taken a battering in the recent past. This confidence boost also helped him think and act in more entrepreneurial ways, like starting Kabwe Engineering and fixing up his house to rent it out to overseas tourists. During the course Patrick was introduced to the Small Enterprise Development Agency. SEDA staff have helped Patrick to get his ISO9001 accreditation which has been very helpful to his business.

USAID’s partnership with the iSBDP programme through the Cape Chamber, which includes linkages with other service providers, is adding practical value to small business owners like Patrick in the greater Cape Town area.

## ATTACHMENT 7

### SUCCESS STORY

#### MANTOMBAZANA FAITH MBATA – SJL HOMES

*“Whenever I’m feeling down, I just look at my house and know that it is all worth it.”*

Faith Mbata, owner of SJL Homes, is now a well-established, experienced businesswoman who has not only built her own home but the homes of others. Getting to this point has not been easy for Faith.

Her husband passed away in 2002 and she faced a tough choice: quit her job of 18 years, working as a personnel manager in the government or take over her husband’s construction business. Faith chose the latter.

The reason? She felt compelled to make a success of a failing business.

Her husband’s construction company had a large overdraft from a bank and had spent the deposits on two houses yet to be finished. Faith did not have the capital to pay these clients back and opted to continue building. In addition, she faced the NHBRC’s request to sign a declaration assuming her husband’s liabilities or cancel the certificate. To build, she needed the certificate.



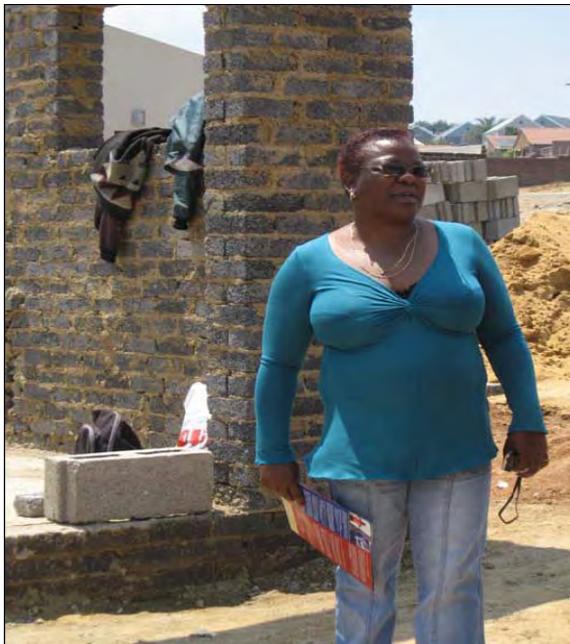
**It has been a long struggle to get where she is. Mantombazana Faith Mbata, owner of SJL Homes, is proud of the houses she builds.**

Thus began the slow and painful journey for Faith. Initially, she was overwhelmed by a period of deep mourning and denial. The odds were stacked against her: she had no experience in construction and felt she was a woman in a man’s world, intruding where she was not wanted with little guidance and support. The pressures were relentless: bad debt; unscrupulous developers who did not pay for work done; lack of experience and hobbled by previous obligations that had to be completed; and, dealing with all the compliance regulations and administrative procedures which do not come cheaply given renewals, monthly payments and annual subscriptions. This was Faith’s daily ordeal.

A person of lesser character would have crumpled under the pressure, but not Faith. She remained determined: formed by adversity with the realization that nothing comes easily.

”My experience in this matter is that I will survive regardless of those people who are selfish and fear nothing as they have no conscience. I thank God for keeping me strong and will always have faith that one day things will change. I don’t want to curse them but they will come crawling and ask for forgiveness.”

SJL Homes specializes in building double and single story homes, although previous contracts have included building RDP houses as well. To date, contracts have ranged from the building of 40 houses and some clinics around Soweto to the electrification of schools. Presently, Faith is completing a palatial double-story house in Strubens Valley and is waiting for the registration of three other houses she is earmarked to build.



Faith was selected as a candidate for the World Education Ntinga LINK 2007 Construction Mentorship Initiative that will provide her with a mentor and additional support for four months. To date she has attended a number of World Education Ntinga workshops on Tendering for Success; Joint Venture management; and, construction compliance.

Recently, Faith was assisted by the CIDB, launching a new program to strengthen the capacity of emerging contractors: the aim of the pilot program, for Faith, is to increase her ability to attract and manage higher value jobs thereby increasing her CIDB rating.

**How has Ntinga LINK helped you?  
In Faith’s own words...**

“From where I was I have moved to a position where I am getting assistance with both the technical and administrative aspects of construction. I am also getting notification of what tenders are out there and how to tender properly. If I encounter a problem I know I am free to contact World Education Ntinga to cry on their shoulders.”

## ATTACHMENT 8

### SUCCESS STORY

#### NATURAL BOTANICALS

##### **Gwen Snygans – soap maker and member of Red Cedar**

Gwen Snygans is a naturally talented lady. She is involved in all aspects of Red Cedar, including the finances. She is also a caregiver and has taken on the role of caring for her parents and her disabled sister. She is very committed to her Red Cedar activities and also to her family.

To get to the heart of another person's story it is helpful to be with them in their home environment and Gwen agreed to take me to her home. En route we walked past the Mission Store, which is where the locals buy some of their provisions. Nearing the Van Schalkwyk bakery we were greeted by the irresistible smell of fresh bread – so good that I can almost smell it now. As we walked along the road the familiar donkey cart passed by, carrying bricks for the building of much needed toilets.

As Gwen's story started to unfold I noticed that several of the village dogs were following closely in our wake, as if they too wanted to be a part of it all.

Gwen is a Wupperthalian of long lineage and her parents were both born in the village. Her mother, Margrieta, moved to Cape Town as a young person to do domestic work and then marriage took her to Port Elizabeth where she gave birth to seven children. After her husband died, Margrieta and her seven children moved back to Wupperthal, where they lived with her parents. Soon afterwards she met Gwen's father, Daniel, and married for the second time. They had three children together - Elfrieda, Andrew and Gwen. Daniel worked as a builder and did general handyman work.

Gwen attended school in Wupperthal and matriculated in Clanwilliam. By the time she finished school her mother was suffering from high blood pressure, diabetes and lower back problems, with the result that now she is not very mobile. Gwen's father also has high blood pressure, but he enjoys growing vegetables and keeping a pig, and these activities keep him relatively fit. One of Gwen's half sisters is epileptic. She had a bad seizure when she was very young, which left her disabled. Daniel and Margrieta get a pension and her sister gets a grant, but from an early age Gwen was needed at home to 'hold everything together'. She tried living in Cape Town for a year but it was not easy finding work and she found that she did not like city life. Gwen has a beautiful daughter, Gaylin, who is the apple of her grandparents' eye.

By the time we reached Gwen's home a significant part of the story had already been told. The house is nestled against the mountain above the road, which leads one in the

direction of outlying substations – Bekerskraal and Nuweplaas. Above the houses are the kraals where the residents keep pigs, goats, cows and sheep.

Gwen invited me in to meet her mother, Margrieta, who is a kindly, gracious woman. I commented that her English was excellent and she told me that it was the result of working for a doctor when she lived in Port Elizabeth. We chatted and I took photographs of mother and daughter. As we were leaving the house we looked out over the patchwork of vegetable plots on the fertile flatlands below the houses. Here and there gardeners were rhythmically turning the soil and directing the ‘leiwater’ to their crops.

Gwen and I set off again in the direction of Lekkerbekkie restaurant, which is situated between the information centre and the museum. From the verandah of the restaurant we could see the rooibos tea court, which is a very busy place in the season from January to April. Rooibos extract is used in all the Red Cedar products. We sat in the shade and quenched our thirst and then talked some more. Apparently in Wupperthal it is the custom that the oldest son gets the house when the parents pass on. However, in Gwen’s case her parents have left her the house in their will, which everyone thinks is only fair in view of the fact that she is the primary caregiver.

Gwen heard about the soap project through the church and applied for a job. When I asked her how the work had impacted on her life she said that mostly she feels uplifted by the knowledge she has gained. She also feels empowered through her earnings. Looking after family is now a choice, which she does willingly. Working for Red Cedar provides her with the opportunity to travel to Cape Town for marketing and she has also attended an expo. Wupperthal is socially very quiet for a young, single woman and Gwen embraces the chance to get out of the village every now and then. Gwen’s older sister, Elfrieda has offered to look after the family unit should Gwen have to travel for Red Cedar.

Work still needed to be done, so we finished our tea and headed back to the soap making facility, both expressing positive feelings about the future of Red Cedar.

Gwen’s quote: *“What Red Cedar told me was that I can stay in Wupperthal, still look after my parents, earn an income and improve the living conditions for myself and my daughter, Gaylin. I also learn new things and have the opportunity to travel with Red Cedar, which stimulates me and broadens my outlook on life.”*