



Chipunga Development Committee
Attn. Mr. Watson Msisya
P.O. Box 611
Mzuzu
Malawi

November 1, 2005

Response to the CDC application letter dated October 5, 2005

Dear Mr. Msisya,

Thank you very much for your detailed communication and further thanks to Dr. Ehret for his kind assist to commit to paper. A good narrative as well as a detailed breakdown of items and costs is half the way to get understood. Thus the members of the executive board could examine your proposals without problems.

In general the board have some concern whether all workers can afford to raise the self contribution for all of the projects at once. We reason from discussions with the MD and Dr. Ehret it would be good to stretch the individual projects over a period of quite a few months. However, the general decision on that matter is to be done by the CDC. Please bear in mind that projects shall offer equal possibilities to all of the workers. *Activities and cash flow must be covered by clear listings and invoices* and will be supervised by Dr. Ehret.

Improvement of houses: We agree on the redoing of floors and painting in- and outside with lime. You are obliged that all manual labour is provided by the community. **Total granted: MK 59.400,-.**

Sunflower scheme: As the idea is anticipated to having a long-term outcome we are in agreement to provide 25 kg of fertiliser to every worker w/o self contribution. **Total granted: MK 81.875,-.**

Fertiliser SACCO: In theory SACCO is: one saves money up to an in advance defined percentage amount of the total. After the money is saved the applicant gets the rest to the total. This rented cash must be paid back later on. According to your application you expect GRACE to donate 50% of the total. This an altered SACCO model. Therefore we would like to call it "*fertiliser patronage*" as we are going cover not repayable 50% of the price. Future aid should be based on the usual SACCO theory. **Total granted: MK 154.125,-.**

Farming equipment: The application seems reasonable and will be financed as proposed. Please ensure that both, hoe and bush-knife are going to be handed out first after the worker has paid her/his self contribution of MK 80. **Total granted: MK 25.000,-.**

Household equipment: We will compensate 75% of the costs for a cooking pot and 6 metal dishes per family. **Total granted: MK 28.125,-.**

Water well improvement: If you are willing to organize and to provide labour to dig the well and to get everything finalized we **grant a total of MK 17.500,-.** CDC is obliged to ensure that the community of interest will take care of the shape of the well and the place around.

Blankets: We will cover 75% of the initial outlay of additional 50 blankets. **Total granted: MK 18.750,-.**

An interim report on the situation and performance of the projects must be given till end of the year.

With best wishes to all people at Chipunga,

A handwritten signature in blue ink, appearing to read 'J. Diedrich', written in a cursive style.

Dr. Jens Diedrich
President