



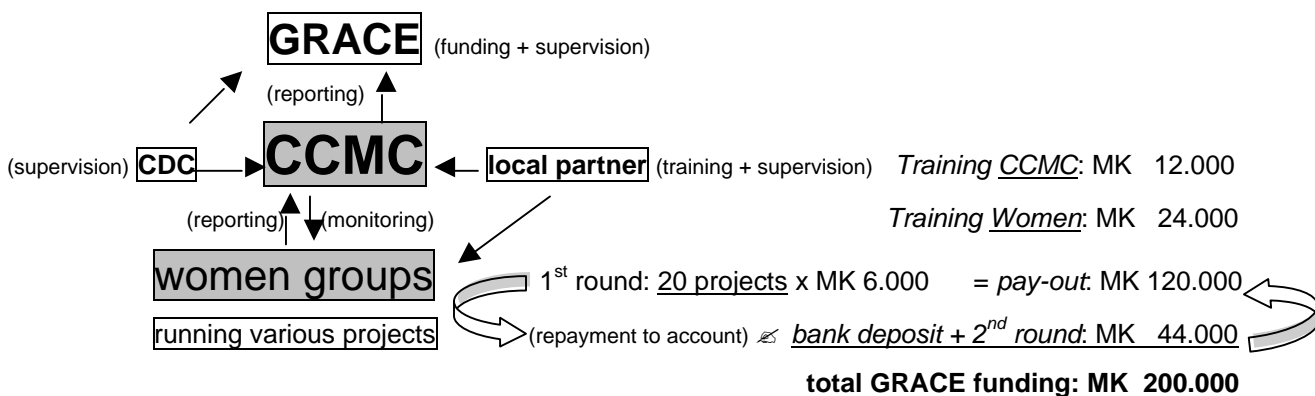
Chipunga Credit Management Committee  
 P.O. Box 611  
 Mzuzu  
 Malawi

August 2, 2006

**Ref.: Chipunga Credit Management System Project**

Dear Mrs Chihana, Dear CCMC members,

We acknowledge the receipt of your comprehensive proposal on a credit management project at Chipunga. Let me illustrate the described group links, costs, and responsibilities according to my understanding first.



I got the following questions:

- 1.** How is the cash flow process organized and in particular who is tracking disbursement and repayment?
- 2.** How shall projects where repayment is failing be covered?
- 3.** Is there a legislation of getting money back through the husbands salary?
- 4.** How do women supervise each other within their groups?
- 5.** How can one ensure that the sum of MK 6.000 is used for the project only?
- 6.** Shouldn't monitoring and supervision visits of the local partner be budgeted or is this service included in the training costs?
- 7.** What is your estimate on follow-up funds to be covered by GRACE after 1<sup>st</sup>, 2<sup>nd</sup>, and 3<sup>rd</sup> year?
- 8.** Have you visited a comparable project within your region? If no, ask Mr. Mbalika from Chikwina whether he could arrange a visit to exchange experience. If yes, how were your observations?
- 9.** Are all the single projects fixed in a written contract?

GRACE is ready to give the asked for start-up capital for this interesting project. But we have to talk to the local represent of the ministry of gender, child and welfare and community services Mr. Mbalika first. This could be done by Dr. Ehret together with our treasurer Mrs. Schwarz during her visit in August/September.

I'm pretty optimistic that we can bring a credit management project to run and we look forward to receiving your descriptive answers to my 9 questions above.

With kind regards,

Dr. Jens Diedrich  
 President

Copies to: Chipunga Development Committee  
 GRACE representative Dr. W. Ehret