



Chipunga Development Committee
 P.O. Box 611
 Mzuzu
 Malawi

August 2, 2006

Ref.: Your report dated April 20, 2006

Dear CDC members,

Thanks for your properly written report. The content of your letter and the ongoing development were discussed at the annual meeting of GRACE a couple weeks ago. The following was agreed by the assembly:

In General: Due to the local set of laws in Germany and due to our guidelines an inventory of every single project is mandatory. All inventory has to be approved by our representative Dr. Ehret who forward it to us.

School Fee: The way CDC abandoned the 2 boys from their school fee grant was appreciated very much. Embezzling, cheating or failing an examination shall not waste our funds. The plan is to continue excellent and willing pupils only. Very well done, thank you!

For the 1st term 2006 a charge of MK 66.400,- was reported (16 pupils). We presume that this is the total of our 75% spend without the 25% self-contribution? If not please clarify. Please give details on how the self-contribution is paid back to GRACE? As mentioned above we expect to get a full inventory with details for every single pupil 3 times a year (after every term). Please find an example for such a listing underneath.

Inventory of school fee reimbursement for the 1st term in 2006:

| Name of the pupil | term | grade | name of the school | total fee per term (MK) | receipt on fee filed (date) | 25% self-contribution of total fee (MK) <i>paid back (to GRACE) in full (date)</i> | 75% of total fee to be paid by GRACE (MK) | 75% GRACE part paid to parent (date) | CDC treasurer sign-of (signature and date) |
|--------------------------|-----------------|-------------------|--------------------|-------------------------|-----------------------------|---|---|--------------------------------------|--|
| A | 1 st | secondary grade X | XY Mzuzu | 4.000 | May 23, 06 | 1.000 <i>Aug 8, 06</i> | 3.000 | April 2, 06 | |
| B | 1 st | secondary grade Y | ZZ Nkatabay | 3.600 | Feb 17, 06 | 900 <i>June 18, 06</i> | 2.800 | April 2, 06 | |
| C...etc. | | | | | | | | | |
| TOTALS: 16 pupils | | | | 88.000 | | 22.000 | 66.000 | | |
| | | | | | | Approval by CDC chairperson: | | | |
| | | | | | | Approval by GRACE representative: | | | |

CDC must provide a rough estimate of the total educational budget per year. In an easy forecast additional pupils, the more costly examination term, and a general boost of cost can be built-in. In anticipation we get your forecast GRACE is scheming a total of MK 220.000,- per year (with 2 terms of approx. MK 70.000,- and 1 examination term of approx. MK 80.000,-).

Blankets and Mattresses: According to your cost estimate one mattress sized ¾ x 4' is about MK 7.000,- and a blanket double size is about MK 1.500,-. The amount GRACE can cover is MK 262.500,- for 50 mattresses (self-contribution is MK 87.500,-) and MK 56.250,- for 50 blankets (self-contribution is MK 18.750). A tracking list, like the inventory for the school fees must be prepared, approved and forwarded to GRACE.

Credit Management System Project: We acknowledge the receipt of your very comprehensive overview on such a project. Generally GRACE is ready to give the start-up capital for such a project. Our treasurer Mrs. Barbara Schwarz will discuss feasibility and details during her stay in Malawi in August/September.

With warm regards,

Dr. Jens Diedrich
 President