



Chipunga Development Committee
c/o Mr. Daniel Mthuti / Mr. Bastian Hase
P.O. Box 611
Mzuzu
Malawi

March 8, 2009

Approval of the pilot chicken scheme at Chipunga

Dear Mr. Mthuti,
Dear CDC members,

Last Friday we received a very comprehensive picture on your chicken production written by Bastian Hase. His description includes a rough estimate of all investments and expected profits. Even you created facts by ordering the first 100 chicks the plan sounds reasonable and clear. So, GRACE completely agrees to it. As this letter may not appear to CDC until the start of the project, consent will be dispatched via SMS as well.

Your estimated financial model has been summarized as follows:

Membership fee: 5 members pay MKW 2'000 (MKW 500,- in cash + 2 times MKW 750,- deduct of wage) **MKW 10'000,-**

Fixed costs: to be covered by GRACE (various equipment for the shed) **MKW 10'000,-**

Running costs: to be covered by GRACE (buying of chicken, feed, vaccination, paraffin, etc.) **MWK 50'000,-**

Estimate of total expenditures: MWK 70'000,-

Proceeds: (expected to come after 8 weeks time of growth) **Estimate gain of sale: MWK 80'000,-**

Estimate gain w/o running cost: MWK 30'000,-

Minus 25% return of proceeds of MWK 30'000,- goes back to GRACE **MWK 7'500,-**

Remaining gain to all members **MWK 22'500,-**

Remaining gain per member **MWK 4'500,-**

Total gain minus membership fee **MWK 2'500,-**

As this is the pilot of a series of repetitions all expenses and gains should be tracked very accurately. Thus, we are very much looking forward to get details about purchase costs for chickens, feed, feeders, drinkers, planks, wire netting, paraffin, vaccination, and all other running costs. As proposed by your group the running costs should go completely to a second round (the 25% return too). Based on the success of your pilot loop all future loops and other chicken growing groups can calculate on your good experience.

Please forward the full account as quickly as everything is running and in addition a copy of the mentioned "contract", signed by the group members. As you are going to start soon (Tuesday, 10 of March), I really recommend that the CDC and Bastian supervises the scheme and the budget very close. Certainly Bastian could take snapshots of the whole thing from the very beginning till the end of your pilot work.

We wish you good luck and great success in this first incoming generating scheme at Chipunga.

With kind regards,

Dr. Jens Diedrich
President GRACE charity