

Charles Bury
ICHS
Box 34401
Nairobi 18/10/93

Dear Mr. Bury,

Re: 1994 Plans, Computer and Vehicle Financing.

There are several purposes to this letter. First, the Kitui Sasol Office has large volume of work now and there is need to provide them with a computer. Procurement of the same has been discussed severally. It is advantageous to buy internationally as duty is high. We need a 486 machine with 120+ MB hard disk, 4 MB ram and printer. Can any of the partners supply? If not can we get an advance of Ksh.350,000 and get it deducted from the cash to be forwarded over the next two years?

Second, is transportation. We will need a motorcycle and a 4 wheel drive vehicle next year. The rationale for these is simply that the distances are enormous. As you are aware, vehicle costs have trebled in the past two months because of devaluation of the local currency. We can finance part of the cost from the sale of the Volvo for which we expect Ksh. 1 m. We need another Ksh. 3 m. Can we be advanced this money and then it is deducted from the next two years reimbursements?

Third, in January 1994, we increase staff by two, namely a secretary to handle the Kitui office and a field worker for the extra sponsored children.

Fourth, it would be advantageous to increase the sponsored children to 1,000. When the selection for Netherlands sponsorship is completed this month, there will be 750 sponsored children. We would like to go to 1,000 by April so as to maximise staff effectiveness for current staff cannot handle the existing sponsorships comfortably and yet an extra person will not be fully occupied at the lower figure. Our strategy is to maximise staff effectiveness and we will appreciate the partners considering picking up the extra sponsorships.

Finally, we in Sasol are very happy about the work undertaken in the past five months. We now have a very effective field operation. We have not completed the reorganisation of the Board for two reasons. First, a lot of the past problems have legal implications and it is our judgement that these are better handled by the old board. Second, we have concentrated on implementation. We look for your continuing support.

Yours sincerely

Sasol Foundation

G-C. M. Mutiso
Chairman

Peter van Dongen

Treasurer

ICHS
Box 34401
Nairobi 1/3/94

Dear Sirs,

Re: Withdrawal of Purported Balance Sheet and Others

The main purpose of this letter is to withdraw a purported balance sheet submitted to you and discussed in a meeting on 23/2/94. We apologise unreservedly for submitting a shoddy document. The document was submitted without detailed review by SASOL field staff and Directors for reasons beyond our control. It was not signed by the directors although it was signed by the auditors. It had mathematical and conceptual errors. Accounting and Auditing of ICAC funds as well as ICS funds is underway and will be submitted soon. Towards that end, we have instructed our accountants and auditors to get in touch with your Chip Bury today so as to schedule a working meeting.

The second purpose of this letter is to request clear written instructions from yourselves on operational issues and procedures for informally agreed positions seem to change with circumstances. For example, it was agreed informally that SASOL overhead would be 18%. It was also agreed that ICAC funds would be used for field operations in Mbusyani Sublocation. These agreements took place when ICAC, ICS, ICHS and SASOL staff jointly visited the project in 1993 and subsequently held meetings in Nairobi with the SASOL Board. They are contested now.

It would be helpful if detailed, clear written instructions are given to SASOL on the following: budgeting, project areas, methods and procedures to include; reporting schedules, contracting, decision making by officials of ICAC and ICS on matters of interest to either or both and future plans.

We call attention to our letter to your Chip Bury, of 18/10/93 for which to date we have not got a formal written response although some discussion, whose limits are now in contention between us and ICAC, did take place.

It is our hope that we can solve problems amicably without getting trapped into personality issues.

Yours sincerely
SASOL Foundation

G-C. M. Mutiso

Chairman of the Board

cc. ICAC,ICS.

ICHS

Box 34401

Nairobi 7/3/94

Dear Sirs,

Re: Mode and Issues of Handover

This letter highlights risk management issues related to the handover. First, meeting on 23/2/94, the ICAC representative, claiming to speak for both ICAC and ICS, defunded programs. A takeover was to be discussed on 1/3/94 given his decision. This stormy meeting, adjourned in disarray when the ICAC representative and Chairman, walked out. Later a "proposal for the takeover of CSP Program " was faxed to SASOL and the wording negotiated on the phone. Following the letter and spirit of its instructions, on 2/3/94 SASOL cancelled office, group and vehicular insurances given defunding since the document specified asset takeover "effective 1st March, 1994". In the meeting of 1/3/94 you had indicated you were to take over all the staff "if they continued to perform". Thus their contracts were not cancelled assuming you would move speedily. In any case they are not mentioned in the takeover proposal.

On 3/3/94, Bury met Mutiso at Muticon offices, and had phone discussions with van Dongen on handover. It transpired that ICHS registration was not complete. This issue had been raised by SASOL in the 1/3/94 meeting and brushed aside. Accordingly this presented problems to him in taking over legal documents assuring takeover of assets and by implication staff contracts and insurances. Bury would not take over vehicle transfer documents which had been prepared on 2/3/94. This is puzzling since ICHS has a vehicle in Nairobi and has office and other insurances. Discussions were held on takeover alternatives which ranged from complete take over of SASOL by appointing new directors, through contractual specification that ICHS was in formation, short term contracting of consultants or SASOL. Chip Bury promised to get guidance on the preferred modality from ICS and ICAC " within twenty four hours".

Phone discussions between Bury, Mutiso and van Dongen on 4/3/94, and Bury and Mutiso on 7/3/94, made it clear that the ICHS principals have reacted differently on the proposed takeover of SASOL. This is of concern. First, given defunding, SASOL cannot continue staff, assets and insurance contracts. Today, it was reiterated to Bury that nobody objects to ICHS taking over SASOL by ICHS nominating its directors. Further, ICHS has to

immediately generate staff contracts: staff, office, vehicular and group insurance covers mediating the risks which are governed by Kenyan law.

Yours sincerely
SASOL Foundation

cc. ICAC, ICS through ICHS.