

PROPOSED JOINT OPERATION OF ICS AND SASOL

BUSINESS PLAN

1. OBJECTIVES OF PROPOSED JOINT OPERATION.

Following discussions with ICS representative, Mr. Chip Bury, it was decided to prepare a draft proposal for a joint venture in which SASOL Foundation Kenya will act as executive organisation for ICS sponsored projects in East Africa.

It is suggested in the enclosed business plan to establish a joint office in Nairobi, whereby the initial capital outlay be made by ICS, and thereafter the running costs be shared proportionately by ICS and SASOL.

SASOL's existing infrastructure provides a good basis and is poised to proceed with the management of all the projects currently in progress, subject to the injection by ICS of the necessary financial support.

2. ONGOING ACTIVITIES OF BOTH NGO'S IN KENYA

2.1 SASOL

CSP Kitui
S/W in Kitui (result of food emergency programme)
Mukuru (St Mary)
Simsim.

Out of the four projects we are engaged in presently, three are integral parts of the Schools' Approach Programme in Kitui District, namely Child Sponsorship Programme (CSP), Shallow Wells (S/W) and sim-sim. Due to the complete failure of the long rains this year the sim-sim programme had to be terminated in May 1993.

Again there is drought in the country. Intervention in the form of school feeding programmes may be necessary. Stocks of maize and beans from last season will soon be exhausted and parents are no longer in a position to contribute to programmes as they

did last year. SASOL is rather reluctant to enter once more in such activities as these are politically highly sensitive.

Mr. Sam Mutiso, our project manager in Kitui, reports an enthusiastic response to SASOL projects. It is his opinion that we have earned trust and respect in the community for achievements in soil conservation, organic farming, water supply provision, crop diversification, as well as helping them through the last drought and introducing the idea of school shambas as sources of food self-sufficiency. Field workers have established good rapport with teachers and parents alike and the goodwill promises to yield productive co-operation in the future.

If this momentum is to continue and an impact to be made on the long-term quality of life for Kitui people, we will need to maintain our shallow well programme and expand our child sponsorship gradually to enable more children to receive an improved education, as well as gain access to more optimal means for living in the ASALS.

The fourth project, Mukuru Primary School, is at the cutting edge of slum development and is playing a vital part in retrieving street children from living as social outcasts. Supporting these endeavours in the form of direct improvements to the school will be a way of contributing to the rehabilitation of these children into meaningful and socially productive lives.

2.2 ICS

- Lamu
- Uganda
- Other programmes (through Interaid?).

3. PRO AND CONS OF JOINT OPERATION

3.1 Pro's

- Joint use of office and transport facilities
- Efficient use of office staff
- Involvement of ICS Resident Representative in Sasol

activities
Reduced overheads
Direct monitoring of progress.

3.2 Con's

Conflict of interest for managers
Conflicting demands on facilities and transport
Complicated bookkeeping.

4. "BUSINESS PLAN"

The attached business plan consists of a series of tables in which initial investment requirements, projected running costs, and future expansion are itemized. It is apparent from Table C that for the next two years, SASOL will need to rely on subsidies from ICS to off-set its overhead requirements until the volume of projects increases. At the point where the turnover is such that the overheads do not exceed 18%, further subsidies by ICS will be rendered superfluous. We calculate this to be the situation no later than 1995. SASOL intends to undertake independent fund-raising and membership drives with a view to covering these costs as soon as possible. However, initial capital outlay for particular items is requested of ICS in order to establish the immediate and full operation capacity vis-a-vis all 4 projects currently in existence. We have tried to budget all the expenditures as realistically as possible, in Table B, while at the same time keeping the levels of staffing and transport down to minimum. In order to avoid excessive responsibilities, short-term labour and transport will be contracted as needed.

Explanatory Notes

- a. Various cost estimates are based on experience of a comparable sized consultancy firm in Kenya.
- b. All cost estimates have been converted in Dutch f1. because present rate on inflation in Kenya (>50% per year) makes a projection for the next few years impossible.
- c. Salary levels are still rough and arbitrary.

d. Secondary benefits for managers should include 1 trip outside Kenya per year, house rent and possibly other benefits (telephone, transport, electricity and water e.t.c.); this is important to reduce the direct income tax component.

e. Vehicle running costs is based on 2000 kms. per month @ Ksh 20, while motorbike running costs amount to 1,500 kms @ Ksh 5.

f. Income for SASOL for 1993 is reasonably realistic, while for the next year a modest increase of the CSP in Kitui is foreseen. Also a second shallow well programme should be started in Kitui. At the same time a new CSP programme, for 200 children, should be started elsewhere in Kenya. A start could be made with activities in Uganda.

g. The required overhead costs are calculated as a percentage of the total turnover for Sasol. During the first year (1993) this is still a rather high percentage (>25%). For 1994 this can be reduced to 23%, while with further projected expansion this could be reduced to 18% in 1995. However, this can only be realised when the total turnover amounts to the estimated Df1. 859,000 or more.

We foresee an expansion of these and other activities increasing our turnover while maintaining our overhead budget at 18%, since the volume of work should not necessitate any significant increase in staff, transport or administration costs. These calculations are reflected in our projections in Table C. At the same time, direct costs to ICS will remain extremely low since we will be sharing all the facilities as is shown in Table B.

We trust that the relative apportioning of costs listed in Table A meets with the agreement of ICS. In order to optimize the efficiency of the operation, we have suggested some initial capital outlay on transport and office equipment itemized in Table D.

5. STAFFING

5.1. Existing staff Nairobi

Currently there are no staff in Nairobi.

5.2. Existing Staff: Kitui

- 1 Project Manager
- 1 Construction Specialist Foreman

5.3. Future Required Staff.

a. Project Management Staff

Number:

Two staff are envisaged.

Work Stations:

Project managerial staff capable of running both field and headquarters programmes in Kitui and Nairobi.

Qualifications:

1. Be graduates of a recognised university.
2. Have at least ten years of experience in development or management work. A combination will be an advantage.
3. Have a track record of supervising staff.
4. Be able to write project proposals for funding.
5. Be able to write work plans.
6. Be able to write project activity narrative and financial reports to donors.
7. Be able to work independently and prepare Board reports.
8. Be able to handle liaison work with the Government of Kenya at local and national levels.

Tenure:

Staff will be employed on consultancy basis for the duration of specific funded activities. This way social costs will be deferred.

b. Specialised Field Staff

1. Well Construction Programme.

One Specialist Construction Foreman

Qualification:

At least five years experience in well construction and supervision of masons undertaking such work.

Tenure:

Will be employed with a clear understanding that such employment depends on availability of funding for the programme.

Work Station: Currently the work station will be Kitui but must accept to work elsewhere.

Four Specialised Masons

Qualification:

At least five years experience in construction of water structures.

Tenure:

Employment will be for work done as long as funding for water well construction is available.

2. CSP Kitui Staff

Two Extension Staff

Qualification: The basic qualification will be post-secondary academic training in agriculture or rural development. Preference will be given to staff who worked on the terminated sim sim programme.

Tenure: Will be employed with a clear understanding that such employment depend on availability of funding for CSP activities.

c. Specialised Office Staff

Accounting and Secretarial Staff

Number: Two Staff

Qualification: They must have either advanced typing/word processing and office administration certificates or bookkeeping

training with typing/word processing qualifications. Must be fluent in Kikamba, Kiswahili and English.

Tenure: Will be employed with a clear understanding that such employment depend on availability of project funding.

Work Station: Must accept rotation between field and headquarters work stations.

Driver/Messenger

One driver messenger is envisaged.

Qualification: Must have ordinary and heavy duty licence and working knowledge of mechanics. Must have worked on similar position for at least five years.

Tenure: Will be employed with a clear understanding that such employment depend on availability of project funding.

Work Station: Must accept rotation between field and headquarters work stations.

Subordinate Staff

Number: Three

5.4. Staff Fees and Secondary Benefits.

These will be determined by the SASOL Board from time to time on individual basis on recommendation of the Project Managers.

6. NAIROBI OFFICE

Residence:

SASOL will not provide this.

Office Space:

The required office space in Nairobi should not be more than two/three offices. Although they are to be shared with ICS, access by field staff and non-driving people and field supervising Board member should be major criteria for selection.

Facilities:

These are enumerated in the financing attachment as furniture, computers, copier, fax, etc. So as to enable SASOL viability,

they should be its property.

Transport:

If only one vehicle is funded, it should primarily be for field use and not Nairobi bound for in the final analysis field operations will make or break SASOL. Nairobi based staff have alternatives.

7. KITUI OFFICE

Residence/Office:

SASOL will provide residence and office space by renting a house.

Facilities:

These are enumerated in the financing schedule as computer, fax, phone etc. this should be SASOL property.

Field equipment:

This will be bought from time to time as needed. It will be SASOL property.

Transport:

This will be provided for field staff as needed. It is envisaged that there will be one small vehicle, pick up for the Field Project Manager and staff. This is a project vehicle and not just for the transportation of the Project Manager.

Two motor cycles will be available for use by field staff and not dedicated for the personal transportation of a particular individual. Assignment of the two will be the responsibility of the field project manager who will make a transport use plan for consideration by the Field Activities supervising Board Member. Transport costs will be billed to each field activity separately. Worksheets showing the same for vehicles and motorcycles will be kept on daily basis.

Ownership of Vehicles and Motorcycles:

The vehicles will be owned by SASOL foundation.

Subcontracting:

1. Subcontracts will be issued under the authority of the SASOL Board.

2. Contracts will be invalid if not signed by the Operations Board Member and the Treasurer Board Member.
3. However, the Project Mangers will be authorised to tender.
4. A minimum of three tenderers quotations will be necessary for any tender.
5. The Operations Board member will adjudicate tenders.
6. Payments will be made on the signature of at least two board members, specifically the Treasurer and the Operations Board Member.

External Contracts including Funding:

1. No single Board Member will have the authority to enter into external contracts.
2. For any external contract to be valid, there must be a project document specifying project objectives; target populations; detailed activities; detailed budget costing all activities, equipment and SASOL overhead; implementation schedule; monitoring indicators; evaluation indicators; accounting procedures and costs; reporting intervals for the SASOL Board; and reporting intervals for the donor.

8. ORGANIZATIONAL ASPECTS

a. Composition of Sasol and ICS (Kenya) Boards:

There shall be two independent Boards for each of the organisations.

b. Procedures:

Each board will be responsible for its own procedures.

c. Frequency of Joint Board Meetings:

It is proposed that the two independent Boards authorise some board members to be responsible for joint Board meeting. It is further proposed that the joint Board Meetings be held at least once every quarter and as often as necessary. ICS will be responsible for convening and producing minutes of the Joint Board Meeting Minutes.

d. SASOL Representatives for Joint Board Meetings:
SASOL Nominates the Treasurer and the Operations Board Member to be the representative to the Joint Board Meeting.

e. Division of Labour between SASOL and ICS (K):
It is proposed that SASOL be a purely implementing agency. It is further proposed that ICS be fund-raising, funding, networking and monitoring organisation for all programmes in Kenya.

f. Preparation of Programmes/Project Proposals:
It is the responsibility of SASOL to prepare the programme/project proposals in consultation with ICS Kenya.

g. Liaison with GoK:
This can be most efficaciously done by SASOL.

h. Liaison with other NGO's:
This will be done by either on ad hoc basis.

i. Projects With Other Organisations:
Each organisation will be free to associate with any other organisation provided: 1. That such relationship does not conflict with the basic need for the two to cooperate 2. that the organisation get first refusal/acceptance on any planned activity or organisational relationship.

j. Projects in Neighbouring Countries:
These will be undertaken under the framework spelled above.

9. FINANCIAL PROCEDURES

Payments from ICS:
ICS should formally specify its payments procedures for SASOL information and consideration.

Payments from other Sponsors to SASOL:
SASOL shall inform ICS as specified in 8f, 8g, 8h, 8i, 8j.

Fund-raising in Kenya by SASOL:
Over the coming year, SASOL will be basically putting an implementation programme on solid basis.

Bank Accounts:

It is proposed that: 1. Each project opens a separate bank account. 2. That the signatories to the account be the Board Members of the particular organisation and there be no cross-overs in bank signatories.

Project Accounts:

SASOL will keep accounts on each project activity.

Accounting Format and Procedures:

The two organisations are incorporated under Kenyan law which specifies these. this will be followed unless ICS has specific requirements which will be communicated to SASOL on how particular projects are to be accounted for their purposes.

Accounting Auditing:

The accounting year for SASOL is the calendar year.

Project Audits:

The intervals and the content of project activity and financial audit will be specified in each programme and project document.