

Atsikana Pa Ulendo Education Community

Third Phase Program Definition

March 2018

Note: This Program Definition will be considered by the directors in March 2018. If approved, it will become our point of reference for contractual reasons.

The Program definition will be revised from time-to-time. After each revision, the version number will be increased. The Version number is part of the file name, which is shown in the footers of the pages and also here:

APU-MEFDefinitionV14.docx

For further information, or to arrange a presentation, please contact:

Christie Johnson
650 Pearson College Drive
Victoria, BC V9C 4H7
Canada

cjohnson@pearsoncollege.ca

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A. Introduction

From a bold vision first articulated in 2005, APU has emerged as one of the most successful secondary schools for girls in all of Malawi.

The First Phase of development saw the creation of a secondary school, which includes three class blocks, a science lab block, 4 hostels for students, three duplex residences for teachers, a large cafeteria with kitchen, and an infrastructure of facilities for water, sewer, electricity, roads, and pathways.

The Second Phase of development saw the creation of additional buildings for the secondary school, including a science lab and a library. Also completed were some buildings for a primary school that is needed to educate the children of teachers and other staff of APU. The primary school also educates some children from the area around APU.

The land secured for the First Phase also includes a few hectares of farm land. Its functions are: to provide economical, nutritious food for the School and; to support education in nutrition. The farm is also a focal point for agricultural outreach to neighbouring villages.

The secondary school is outstandingly successful. At the ends of Forms 2 and 4, students must write a comprehensive set of national exams. APU students routinely produce astonishingly good results on these exams.

The primary school is also very successful. It has a sterling reputation that attracts students from a wide area. It appears as if the primary school could expand without limit. However, its size will be limited by its purpose: to educate the children of teachers and other staff of APU. At that size, the Primary School will produce some income to support the Secondary School.

The secret to APU's success lies in a partnership of two determined teachers: Memory Mdyetseni in Malawi and Christie Johnson in Canada. Memory and Christie have received strong support from Memory's husband, Henry, from a board of Trustees in Lilongwe (APU Trust), and from a Canadian charity called APU Malawi Education foundation (APU MEF).

APU is now beginning a Third Phase of development that will:

- Gradually expand each Form of the secondary school from 80 students each to 120 students each.
- Complete the infrastructure of the primary school.

The secondary school is becoming self-sustaining through excess private student fees.

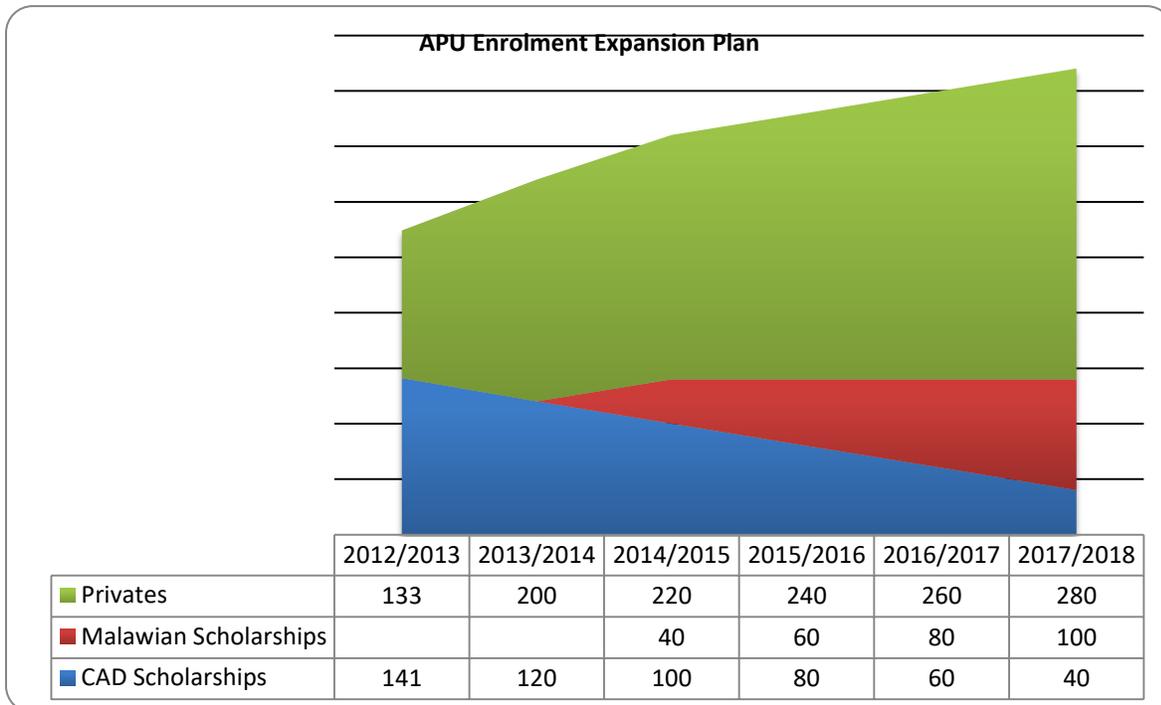
APU is able to charge fees in excess of costs because its excellent facilities and excellent academic performance make it the school of choice for Malawian families who are considering a private school for their daughters. The intention is that the excess fees from each paying student will support two scholarship students.

The following chart shows the enrollment expansion plan and the sources of student fees for the period 2013-2018. The sections are:

- The lowest wedge (blue) represents scholarships from Canada that are gradually declining in number.

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- The middle wedge (red) represents Malawian scholarships funded by paying students and other local income.
- The top area (green) represents private, paying students.



The work of raising funds for the Third Phase is referred to as the Program. The Program will operate from July 2018 through June 2021.

This Program Definition describes how the Third Phase of development will be managed. The Program Definition will address three major questions:

- What is the Program trying to accomplish?
- How will the Program be carried out?
- How will Malawians be prepared to use the results?

B. What Is The Program Trying To Accomplish?

B.1 Program Purpose and Expected Outcomes

The Program purpose is to provide financial support and advice as required for the Third Phase of development. The expected outcome is that APU MEF will deliver funds to APU Trust to execute this Program.

APU MEF has identified these Critical Success Factors:

- **Sufficiency:** The funds must be sufficient to allow the Third Phase to be successful.
- **Accountability:** Financial supporters must receive satisfactory communication about the use of their donations.

- Security: Funds must be transmitted securely to APU Trustees who will manage the development of the Third Phase.
- Timeliness: Funds must be available in Malawi in time to pay for development costs in accordance with the agreed pace of construction subject to cash resources of APU MEF from time to time.
- Appropriate design: Memory and Henry have studied successful schools in rural Malawi to learn about model practices for the designs of the facilities and the curriculum.

B.2 Program Scope

The scope includes:

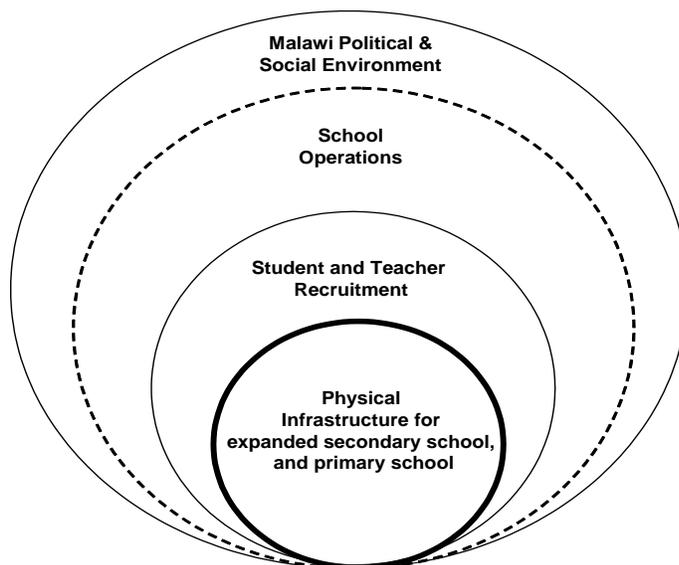
- defining the Third Phase Program in sufficient detail to satisfy the enquiries of potential donors;
- raising funds;
- communicating satisfactorily with donors to the effect that donations continue to be received; and
- ensuring that the Program is being executed satisfactorily through oversight, monitoring, and site visits.

The scope does not include:

- defining functional requirements for the Third Phase;
- creating the physical plans;
- supervising construction;
- designing programs to be delivered in the schools; nor
- operating and maintaining the schools.

The Program scope is illustrated within the heavy line in the following diagram:

Interpretation of Third Phase Program Scope



B.3 Program Objectives

Objectives are measurable, time-bound targets that the Program is intended to accomplish. The defined Objectives are:

- Stage 1 – Complete a comprehensive Program Definition by 31 March, 2018.
- Stage 2 – Fund incremental construction of the Third Phase as shown in Appendix 3 – Building Schedule.
- Stage 3 – Fund complete construction of the Third Phase by June 30, 2021.

B.4 Program Risks

Risk assessment is not a static exercise but rather one which should become part of ongoing management decisions of both APU MEF and APU Trust. Once defined, risk issues must be considered in every related management decision.

The risks associated with this Program include areas such as Strategy, Operations, Compliance, Internal Audit, Financial Statements, Fraud, Customers, and Information Technology. Although there are other possibilities and all areas can be important, the few areas described below are most critical for the continued success of APU. APU MEF directors will devise mitigations for the most important risks.

B.4.1 APU MEF

- Operations/Management – The Canadian operation is heavily dependent on the knowledge, commitment, and energy of key leaders: Lori Messer, Pat Killoran, and Christie Johnson.
- Financial/Customer – The ability to fund the school is heavily dependent on maintaining and cultivating the donor base. This need will increase with an expanded facility and programming.
- Compliance/Financial Statements – Donor development is, in part, dependent on MEF's ability to issue income tax receipts. Compliance and financial accounting will be a growing and important area of responsibility.

B.4.2 APU Trust

- Operations/Management
 - Senior leadership – The school leadership is extremely dependent on two people: Memory and Henry Mdyetseni.
 - Recruiting teachers – The school must be competitive in salary, benefits, working conditions, and living conditions.
 - Maintaining a high standard of education – To maintain a strategy that depends on tuition paying students, standards must remain high.

- Staff and student safety – Development of facilities and programming must consider safety issues (physical, health, economic, and political).
- Financial
 - Canadian funding – An interruption or impairment to the flow of funds from Canada could create survival challenges.
 - Tuition-based students – The current financial strategy is based on tuition-paying students. Instability in this area for any reason will create financial challenges.
 - Loss of use of assets – Loss of a building by fire, weather, or civil disobedience would be a setback to the school.
 - Inflation – a significant escalation in purchased cost of inputs would be a risk. This risk could be related to poor weather, politics or, oddly enough, a successful economy.
- Political – political stability and the palatability of political policy is an ongoing concern in a country that has experienced recent political challenges and change.

C. How Will the Program Be Carried Out?

C.1 Program Governance

This refers to oversight and guidance of the Program.

APU MEF will operate the Program in Canada and USA. APU Trust will oversee the Program outcomes in Malawi.

APU Canada raises funds from organizations such as Rotary Clubs and from individual people. Other donors have included schools, groups of professionals, and groups associated with universities.

Funds are transferred to Malawi for specific construction projects as requested by APU Trust.

C.2 Program Process

The Program is divided into several Stages, as described below. Each Stage will:

- have defined scope;
- build on the results of the previous Stage (e.g., to incorporate lessons learned); and
- provide an increasingly precise estimate of cost and time for the remainder of the Program, especially for the next Stage.

C.2.1 Stage 1 – Complete a comprehensive Program Definition by March 31, 2018

In this completed Stage, the Program defined the physical and financial resources needed to implement the Third Phase. The necessary physical resources, generally, include:

- Land: There is room on the APU land for the school expansion and the primary school.
- Buildings: The Third Phase will require construction of buildings as shown in Appendix 1 – Building Needs. Related costs are shown in Appendix 2 – Building Costs.

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- Utilities such as water, sanitation, and electricity: The existing APU utilities could accommodate the Third Phase.
- Equipment such as furniture, school supplies, and laboratory instruments.

Memory and Henry studied several other schools in Malawi to gain insights about a suitable size, the physical resources needed, and appropriate staffing. This research led to the planned physical resources shown herein.

C.2.2 Stage 2 – Fund incremental construction.

This Stage is currently underway.

In this Stage, APU MEF will raise construction funds in North America. Some construction funds have already been donated by specific donors.

Donors must be assured that their money will be used appropriately. All funds are held in trust by APU MEF, a registered charity. APU MEF provides tax receipts for donations made in Canada.

C.2.3 Stage 3 – Fund complete construction of the Third Phase by 30 June 2021.

In this Stage, the physical structures of the entire Education Community will be completed, furnished, and placed into operation. The detailed schedule and costs, as requested by the Trust, are shown in Appendix 1 – Third Phase Capital Plan.

C.2.4 Summary

A summary schedule and cost for constructing the entire Third Phase is shown in the following table.

School Year	Funds Required
2018/2019	\$75,000
2019/2020	\$75,000
2020/2021	\$105,000
TOTAL	\$255,000

The above schedule will only be possible if MEF is successful in raising the indicated funds according to the schedule. This fundraising is difficult and uncertain. If fundraising does not keep pace with the schedule, then the Third Phase will take more time than indicated. If fundraising proceeds faster than the schedule, it is not certain that the Trust will have the capacity to proceed faster than the schedule.

C.3 Stakeholder Involvement

This is the need for active involvement of several interest groups as participants, contributors, and validators. Stakeholders must ensure that true needs are addressed. Stakeholders include

donors and APU staff. One principal stakeholder is the Malawi Department of Education, which must licence the secondary school and certify the graduates.

Memory formed a Parent-Teacher Association for APU and the parents have embraced the idea with enthusiasm.

The people of the local villages are delighted that APU has been created in their area. Dozens of local people have been employed in the construction and operation of the school. They have developed important skills in construction and carpentry. They are proud of APU's outstanding academic performance.

Many local people attend APU for adult education opportunities. APU expects to continue and enhance such educational outreach to the wider community.

D. How Will Malawians Be Prepared To Use The School?

D.1 Student Readiness

This refers to activities undertaken by APU Malawi to recruit students for the secondary school. Activities include creating appealing messages to define the programs that APU offers and why those programs are especially desirable.

D.2 Community Readiness

This refers to activities undertaken by APU Trust to prepare the broader community to use and promote the secondary school.

APU Malawi is gradually increasing the geographic scope of its communication program within Malawi. Initial communications concentrated on recruiting secondary students. Further communications will encourage people and organizations to provide scholarships for the students.

E. Operating Costs

E.1 General

The First Phase Program included responsibility for operating costs from late 2007 through June 2013. Those costs were expressed in terms of scholarships for students at the secondary school.

The school operating costs were originally estimated as \$1,000 per year for each student. In fact, like every enterprise, the costs are a mixture of fixed and variable costs. Based on the first 10 years of operations, it appears as if the fixed costs were about \$64,000/year and the variable costs were about \$800/student/year.

E.2 Third Phase Scholarships

The First Phase included a plan to provide scholarships of \$1,000 each to the secondary school students. In the Second Phase, the number of scholarships declined to about 30% of the students. The last scholarships are to be given to the students who entered APU in the autumn of 2017.

These students will be graduating in June 2021. Students entering after June 2021 are expected to be either paying to attend or supported by locally-generated scholarships.

The MEF plan for scholarships is shown in Appendix 2 – Third Phase MEF Scholarship Plan.

The combined plan for capital and scholarships is shown in Appendix 3.

F. Next Steps

The next steps in the Program will generate additional support for the Program in Canada, the USA, and Malawi. Specific steps include:

F.1 Contract For Execution of This Program

APU MEF must establish a contract with APU Trust for execution of this Program. APU Trust has indicated that it is willing to accept this responsibility.

F.2 Extend Support in Canada

Several service clubs and individuals in British Columbia, Alberta, Ontario, and Nova Scotia are supporting the school. However, some population centers, such as Vancouver, have produced negligible support. We will extend support into such population centers.

Recent publicity in The Rotarian and Rotary Canada has alerted hundreds of Rotarians and dozens of Rotary Clubs to the outstanding success of APU. We should be able to use that publicity to recruit new supporters across Canada.

F.3 Extend Support Internationally

APU has received some support from a few clubs and individuals in the USA. We will expand on this support in the USA, the UK, and other countries.

Appendix 1 - Third Phase Capital Plan

Note:	This Schedule was requested by the Trust.						
	However, MEF has not committed to provide funds at the indicated rate.						
	Consequently, the actual schedule might be slower than indicated herein.						
	Figures for the last year of Phase 2 are shown for comparison.						
Last Year of Phase 2							
	Legacy Building	Primary Block #4	Hostel #7	Hostel #8	Duplex #5	Duplex #6	Totals
2017/2018	\$60,000	\$50,000	\$45,000				\$155,000
		40,000					
Phase 3							
2018/2019			\$45,000		\$30,000		\$75,000
2019/2020				\$45,000	\$30,000		\$75,000
2020/2021				\$45,000		\$60,000	\$105,000
Phase 3 Totals							\$255,000

Appendix 2 – Third Phase MEF Scholarships Plan

Note:	This plan shows the gradual decline and ending of MEF scholarships.					
	By the end of Phase 3, APU should be self-sustaining.					
	Figures for the last year of Phase 2 are shown for comparison.					
Last Year of Phase 2						
	Form 1	Form 2	Form 3	Form 4	Total #	Total \$
2017/2018	14	15	15	20	64	\$64,000
Phase 3						
2018/2019		14	15	15	44	\$44,000
2019/2020			14	15	29	\$29,000
2020/2021				14	14	\$14,000
Phase 3 Totals						\$87,000

Appendix 3 – Third Phase Combined Capital and Scholarship Plan

	The Capital schedule was requested by the Trust.					
	However, MEF has not committed to provide funds at the indicated rate.					
	Consequently, the actual building schedule might be slower than indicated herein.					
	Figures for the last year of Phase 2 are shown for comparison.					
Last Year of Phase 2						
	Capital	Scholarships	Total \$			
2017/2018	\$155,000	\$64,000	\$219,000			
Phase 3						
2018/2019	\$75,000	\$44,000	\$119,000			
2019/2020	\$75,000	\$29,000	\$104,000			
2020/2021	\$105,000	\$14,000	\$119,000			
Phase 3 Totals	\$255,000	\$87,000	\$342,000			
		Check:	\$0			