



D2D Technology Center: ICT Report

Introduction

In May 2017 Determined to Develop (D2D) received a consignment of computer technology (ICTs) from the World Computer Exchange (WCE) as part of a collaborative project between D2D and Peace Corps for a technology center for local youth. The aim of this project was to boost computer literacy skills amongst community members, in particular female youth.

The original anticipated date by which the project would be complete was December 31, 2016 however, due to significant delays in the shipping of ICTs from the USA to Malawi, and extended time through customs, this did not happen. The project was further hindered by unforeseen additional costs and a proportion of ICTs in the shipment being found to be faulty.

Despite delays, the project continues, with the technology center now fully established and providing ICT lessons to local girls weekly.

Unforeseen Challenges:

- Receipt of ICT shipment was delayed by over six months, negatively impacting project beneficiaries
- D2D was required to pay a larger portion of duty and clearance costs through customs than was budgeted for
- Poor communication resulted in delayed and disjointed payments to customs
- The customs valuation was significantly higher than the WCE valuation resulting in higher than expected duty costs
- A proportion of the ICTs received were faulty
- Accurate receipts have been difficult to obtain when requested

1.0 Payments

Summary of Key Payments;

1. Peace Corps (LGL) purchase of ICTs from World Computer Exchange
2. D2D purchase of ICTs from World Computer Exchange
3. D2D payment of customs duty and clearing costs on shared shipment pallet

1.1. Purchase

In collaboration with D2D, Peace Corps purchased ICTs needed for the technology center from World Computer Exchange using a grant of \$2,404.25 from the Let Girls Learn (LGL) initiative. Separately, D2D also purchased additional ICTs to support a local high school.

The shipment of ICTs were sent on a pallet from Massachusetts, USA to Lilongwe, Malawi. In order to reduce shipping costs, the pallet space was also shared with another organization, School Net, which was also due to receive computer technology.

By the time the shipment arrived in Malawi, four months after the expected time of arrival, School Net did not come forward to collect the ICTs it had ordered, leaving D2D to cover duty costs of the entire pallet. Consequently, D2D acquired School Net's portion of the pallet, without incurring purchase costs. A summary of purchases can be found in Table 1.

Table 1. ICTs Purchased by Peace Corps* and D2D**

July 2017

Items Purchased	Purchases						
	Unit cost (\$)	Peace Corps	Peace Corps Costs (\$)	D2D	D2D Costs (\$)	School Net†(Invoice Total – Peace Corps - D2D)	Invoice Total
Duo core/Pentium 4 desktop with keyboard, mouse & USA cord	35	11	385	6	210	20	37
Preload of Xubuntu, Libre/Office, WCE Content (in English)	15	12	180	6	90	-18	
LCD monitor with cable and USA power cord	30	14	420	8	240	21	43
New digital projector with volt adapter and speakers	300	2	600	0	0	0	2
Used digital projector	100	0	0	1	100	2	3
Used refurbished laptop with adapter and bag	85	0	0	0	0	6	6
Small used router with cables (3), box of used parts (4), used replacement CD ROMs (4)	5	0	0	0	0	11	11
Total Items		39	\$1,585.00	21	\$640.00	42	102
Shipping			\$523.50		\$291.00		
5% Peace Corps reduction			-\$54.25		-\$32.00		
Collection costs			\$350.00				
Total Paid			\$2,404.25		\$899.00		\$3,303.25

*Based on Invoice #457-B-LGL and Peace Corps grant application budget

**Based on Invoice #457-A provided by WCE

†School Net purchase costs not applicable

1.2 Customs Duty

On arrival at Lilongwe the shipment passed through customs, at which time D2D was required to pay duty tax to the Malawi Revenue Authority (MRA) in accordance with national customs and excise law. Payment by D2D was made for the entire pallet, covering duty for all ICTs purchased by D2D, Peace Corps and School Net. D2D had expected to pay duty on only its portion after a request for the MRA to waive the duty had been rejected.

An initial MWK 107,926 was paid as duty by cash to the MRA on 03.28.2017. Subsequently D2D was required to pay a further 1,022,211 as the first payment had been deemed insufficient. A check for this sum was written out on the same day, totaling duty of MWK 1,130,137.

Later, an additional payment of MWK 480,000 was requested by the MRA to top up the duty so on 04.21.2017 a check was made for this amount to be paid on collection of the shipment. While the shipment was being collected by D2D it then became apparent that this figure was

incorrect, with the actual figure to be paid being MWK 482,602. Therefore an additional MWK 2,602 was paid by cash in hand to make up this difference.

In total D2D paid MWK 1,612,739 to the MRA in duty taxes for 102 items. Table 2 details a summary of duty payments and Table 3 a breakdown of the duty by item.

Table 2. Duty Payment Summary

Date Paid	Payment Method	Duty Amount (MWK)	Conversion into USD (\$)*
03.28.2017	Cash	107,926	146.94
03.28.2017	Check	1,022,211	1,391.73
04.21.2017	Check	480,000	653.51
04.21.2017	Cash	2,602	3.54
Total	~	MWK 1,612,739	\$2,195.73

*Exchange Rate 734.4898

Table 3. Breakdown of Duty by Item (Sourced from MRA Customs and Declaration Form 12)

Item Description (According to MRA)	Quantity	Duty per Item (MWK)	Total Duty (MWK)	Conversion into USD (\$)*
Used desktop computer**	43	11,549.77	496,640	676.17
LCD flat monitor	43	14,095.67	606,114	825.22
New digital projector†	5	98,364.80	491,824	669.61
Small used router	11	741.91	8,161	11.11
Processing fee	~	~	10,000	13.61
Total	102	~	MWK 1,612,739	\$2,195.73

*Exchange Rate 734.4898

**Includes 6 laptops

† Includes new and used projectors

Table 4. Duty per Organization

Item Description (According to MRA)	Peace Corps Items	PC Duty (MWK)	D2D Items	D2D Duty (MWK)	School Net Items	School Net Duty (MWK)	Total Duty (MWK)
Used desktop computer**	11	127,047	6	69,299	26	300,294	496,640
LCD flat monitor	14	197,339	8	112,765	21	296,009	606,114
New digital projector†	2	196,730	1	98,365	2	196,730	491,824
Small used router	0	0	0	0	11	8,161	8,161
Processing fee	1/3	3,333	1/3	3,333	1/3	3,333	10,000
Total	~	MWK 524,450	~	MWK 283,762	~	MWK 804,527	1,612,739
Conversion into USD (\$)*	~	\$714.03	~	\$386.34	~	\$1,095.35	\$2,195.73

Percentage of Total Duty	~	32.52%	~	17.60%	~	49.89%	100.00%
--------------------------	---	--------	---	--------	---	--------	---------

*Exchange Rate 734.4898

**Includes laptops

† Includes new and used projectors

1.3. Clearance

The pallet of ICTs was held in Lilongwe by freight handlers, MPK Freight, to which D2D paid a total sum of MWK 342,025 (\$465.67) for the service (clearance costs). Again, this covered costs for all ICTs purchased by D2D, Peace Corps and School Net. This cost was not originally budgeted for by D2D as WCE said these costs were included in the shipping costs paid for by itself, but then charged to D2D.

1.4 Allocation of costs per organization

The percentage proportion of costs for each organization have been calculated based on initial purchases (Charts 1, 2 and 3), which have then been used to allocate actual costs of purchases, duty tax and clearance costs per organization for budgeting purposes. It should be recognized that D2D was responsible for covering all duty and clearance costs to date.

Chart 1. Proportion of Bought ICTs per Organization

Bought ICTs
Peace Corps:D2D:School Net bought ICTs

■ Peace Corps ■ D2D ■ School Net

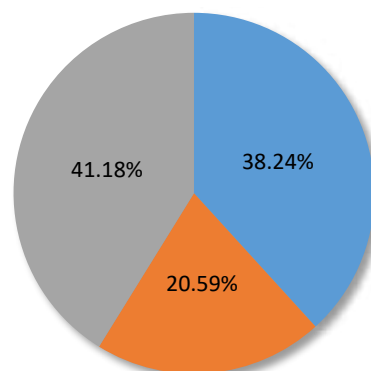


Chart 2. Proportion of Duty per Organization (100% paid by D2D)

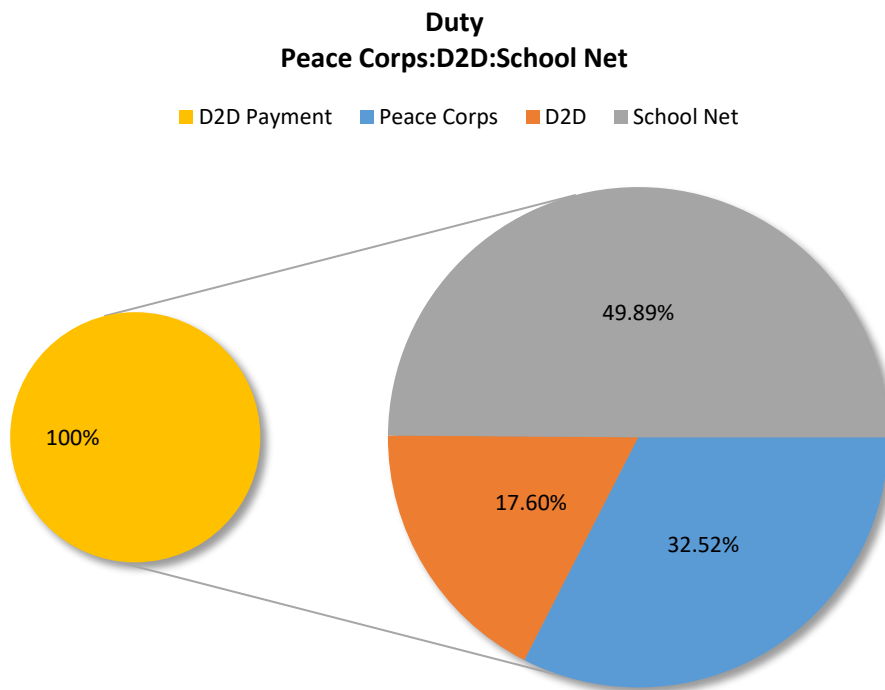


Chart 3. Proportion of Clearance Costs per Organization (100% Clearance Costs paid by D2D)

Clearance Costs Peace Corps:D2D:School Net

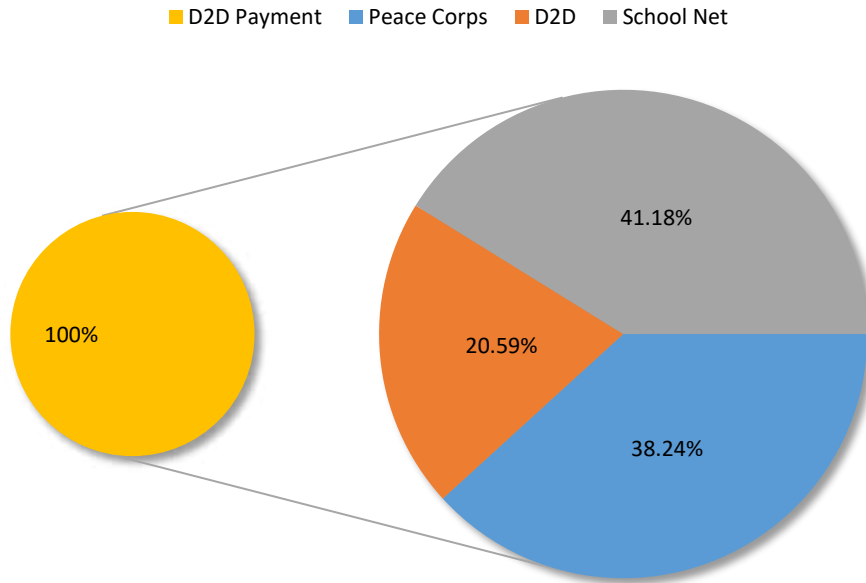


Chart 4. Apportioned Costs by Organization

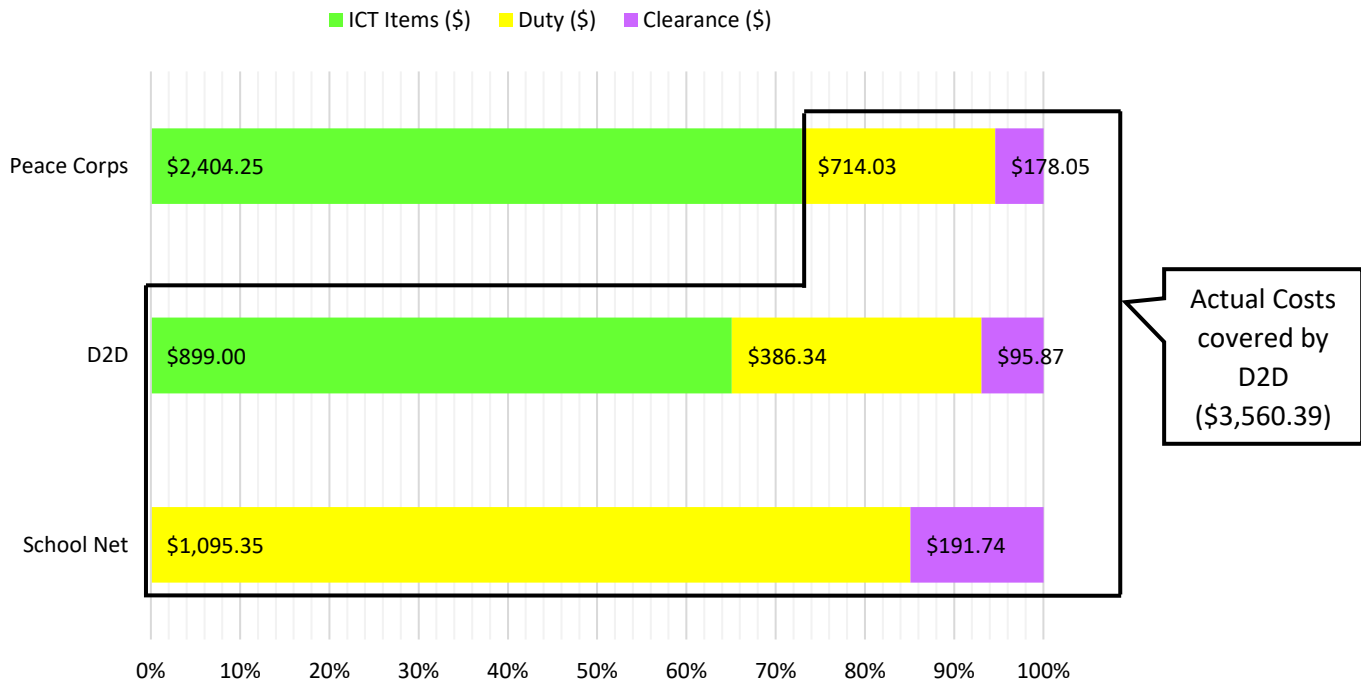


Table 5. Total Allocated Costs per Organization

	Peace Corps	D2D	School Net	Total	Costs Covered by D2D
ICT items (\$)	\$2,404.25	\$899.00		\$3,303.25	\$899.00
Duty (\$)	\$714.03	\$386.34	\$1,095.35	\$2,195.73	\$2,195.73
Clearance (\$)	\$178.05	\$95.87	\$191.74	\$465.66	\$465.66
Total	\$3,296.33	\$1,381.21	\$1,287.10	\$5,964.64	\$3,560.39

1.5 Value

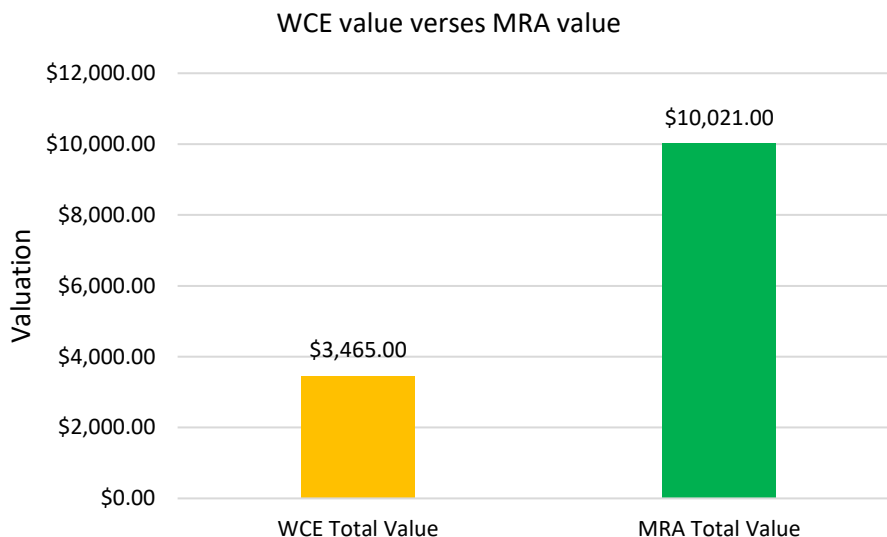
In order to determine duty costs, the MRA valued the shipment of goods that arrived at customs independently from the WCE, which also valued the goods. The WCE based its valuation on the price of items while the MRA used a standardized price and the weight of items to create a statistical value. The result of this was that the MRA valued the goods with a total statistical value of \$10,021.00. Compared to the WCE value of \$3,465.00, this was a 65% increase on the value which was then used to calculate the duty costs which D2D paid. Table 6 and Chart 5 indicate these differences in valuation. Consequently, in addition to larger duty costs, D2D also paid higher costs than anticipated due to the increased value.

Table 6. WCE value verses MRA value

Item Description	Quantity	WCE Item Donation Value (\$)	WCE Total Value (\$)	MRA Item Value (\$)	MRA Total Value (MWK)	MRA Total value converted into USD (\$)*
Used desktop computer	37	25.00	925.00	89.55	2,828,123.59	3,850.46
Used laptop	6	85.00	510.00			
LCD monitor	43	25.00	1075.00	116.31	3,673,418.52	5,001.32
New digital projector	2	300.00	600.00	220.38	809,319.62	1,101.88
Used digital projector	3	100.00	300.00			
Small used router	11	5.00	55.00	6.12	49,460.54	67.34
Total Value			\$3,465.00		MWK 7,360,322	\$10,021.00

*Exchange Rate 734.4898

Chart 5.



2.0 Faulty Equipment

On receipt of the consignment at the D2D project site all equipment was set up and tested with a proportion of the equipment found to be not working or faulty. Moreover, discrepancies were found between the invoice and actual amount of equipment received, with there being more ICTs received than bought (Table 6).

Table 7. Inventory and Condition of Received Shipment

Item	Condition		Received Total	Invoice Total
	Fine	Faulty		
Desktop computer	20	17	37	37
Monitors	33	10	43	43
Keyboards	38	2	40	37
Mouse	34	1	35	37
Power cord	77	0	77	43
VGA cable	40	0	40	43
Projector	5	0	5	5
Laptops	6	0	6	6
Cords/cables	38	0	38	~
Router	1	0	1	1
Parts box	1	0	1	1
Total	293	30	323	253

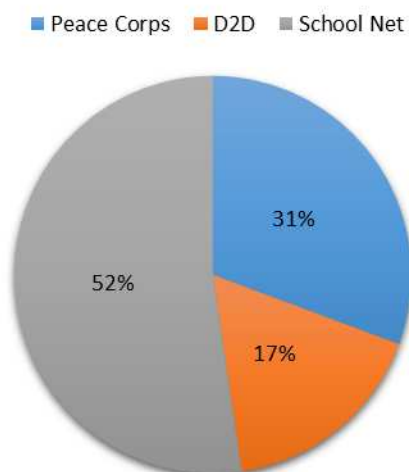
Table 8. Proportion of Fine to Faulty Items per Organization

		Percentage of Total Items	Proportion of Working Items	Proportion of Faulty Items

Item	Received Total	Peace Corps	D2D	School Net	Peace Corps	D2D	School Net	Peace Corps	D2D	School Net
Desktop computer	37	29.73%	16.22%	54.05%	6	3	11	5	3	9
Monitor	43	32.56%	18.60%	48.84%	11	6	16	3	2	5
Keyboard	40	29.73%	16.22%	54.05%	11	6	21	1	0	1
Mouse	35	29.73%	16.22%	54.05%	10	6	18	0	0	1
Power cord	77	29.73%	18.60%	48.84%	23	14	38	0	0	0
VGA cable	40	32.56%	18.60%	48.84%	13	7	20	0	0	0
Projector	5	40.00%	20.00%	40.00%	2	1	2	0	0	0
Laptop	6	0.00%	0.00%	100.00%	0	0	6	0	0	0
Cord/cable	38	0.00%	0.00%	100.00%	0	0	38	0	0	0
Router	1	0.00%	0.00%	100.00%	0	0	1	0	0	0
Parts box	1	0.00%	0.00%	100.00%	0	0	1	0	0	0
Total					76	44	171	9	5	16

Chart 6.

Proportion of Faulty Items according to Bought Items by Organization



2.1 Allocation of faulty items

Given that some of the ICTs were faulty it is necessary to proportionately divide up faulty items between the purchasing organizations so that equipment may be fairly distributed between the projects they are supporting. Each item has been divided up into a quantity of fine and faulty items which reflects the percentage that each organization contributed to

monetarily. Calculations have been based off the invoice total rather than the received total, with extra items received being represented in the School Net figures.

3.0 Conclusion

Peace Corps' total grant of \$2404.25 has covered the costs of ICTs for the D2D technology center to boost computer literacy skills of local youth. D2D also purchased additional ICTs at \$899.99 to support a local high school.

The ICTs purchased by both organizations from World Computer Exchange were, however, severely delayed, suspending the project for over six months. Further miscommunications also resulted in disjointed and unforeseen payments to the Malawian Revenue Authority to cover customs duty tax.

Overall, D2D sustained costs for the duty taxes and clearance costs on the whole pallet when its intention was to only pay a portion as it had agreed to split the costs with the organization School Net which was sharing the pallet. As School Net never reclaimed its ICTs after the long delay, D2D paid its portion and acquired additional ICTs, including faulty items, since it could not inspect the consignment before paying. In total, D2D paid \$3,560.39 when it should have only contributed \$2,273.29 and of that \$3,560.39, many items are worthless. Moreover, the valuation of the shipment by the MRA, which was higher than that of the WCE, resulted in duty costs that were also higher than expected.

The consequence of the unbudgeted costs which D2D incurred now means that D2D is short of funds that would have otherwise been allocated to other community projects and the upkeep and operation of the technology center itself. The severe delay in receiving technology also meant that the beneficiaries of the project missed out on learning computer literacy skills for over six months, and although D2D is now in a position to pursue the technology center project once more as all ICTs have been received, 9% of the technology was found to be faulty.