

PROJECT DESCRIPTION**Ndatani Dairy Feeds Capacity Building****Malawi****I. Introduction**

This appendix describes the activities to be undertaken and the results to be achieved with the funds obligated under this Agreement. Nothing in this Appendix A shall be construed as amending any of the definitions, conditions, or terms of the Agreement.

II. Background

Ndatani Investments is a company that produces and sells urea mineral licking blocks and dairy mash in the Central Region of Malawi. In addition, the company provides training programs for dairy farmers in animal husbandry and supplies cooking oil (byproduct of animal feed production) to farmers. Ndatani Investments would like to take advantage of unmet market demand for urea mineral licking blocks and dairy mash in Malawi but to do so the organization needs to improve its management and technical capabilities as well as its financial management systems.

III. Funding**A. ADF Contribution**

The financial plan for ADF's contribution is set forth in Appendix A-1 to this Agreement. The Parties may make changes to the financial plan without formal amendment, if such changes are made in accordance with Article 8 of the Agreement and do not cause ADF's contribution to exceed the obligated amount specified in Article 4, section 4.1 of the Agreement.

B. Grantee Contribution

Ndatani will contribute land and labor.

IV. Project Goal

The goal of the Ndatani Investments grant is to improve the standard of living for farmers in Malawi.

V. Project Purpose

The purpose of the Project is to improve Ndatani Investments' prospects for sustained expansion as demonstrated by the development of a comprehensive five-year business plan that ADF deems suitable for funding by a donor or other financial institution.

VI. Project Outputs

By the end of the Project period, Ndatani Investments will achieve the following.

- A. Improved technical capacities as demonstrated by the value of raw material purchases from farmers increasing from MWK 2,200,000 per year to at least MWK 25,000,000 per year by year two.
- B. Improved management and operating systems capacity as demonstrated by:
 1. improved business systems and accounting systems are implemented and Ndatani Investments is certified as compliant with ADF financial and reporting requirements; and
 2. management uses financial and accounting reports and audited yearly account reports in its decision making.

VII. Project Activities

Ndatani Investments will ensure the following major activities are implemented.

- A. Improve the management and institutional capability of Ndatani Investments by:
 1. training Ndatani Investments board and management in good governance;
 2. preparing a comprehensive business plan including plans for environmentally sound disposal of production waste;
 3. developing a marketing plan;
 4. developing a personnel manual;
 5. establishing a more professional leadership core by recruiting and paying association staff including a general manager; and
 6. acquiring additional office equipment that will increase the organization's accessibility to the farmers and potential buyers.

- B. Institute improved financial and operating procedures by:
1. hiring an accountant to manage the financial accounting system and handle the finances of the association; and
 2. developing accounting processes and roles specifically tailored to the operations of Ndatani Investments and documenting them in a financial manual.
- C. Improve production systems by:
1. purchasing working capital inputs;
 2. training farmers in dairy cattle feeding procedures;
 3. purchasing safety equipment for production staff; and
 4. improving product quality through certification from the Malawi Bureau of Standards.

VIII. Roles and Responsibilities of the Parties

ADF's Partner in Malawi will provide the standard ADF training in bookkeeping, monitoring and assessment. Ndatani Investments is responsible for ensuring the proper management and implementation of the Grant. The ADF Partner in Malawi will provide Ndatani with technical and management assistance during implementation.

IX. Monitoring and Evaluation

Within sixty days of the effective date of this Agreement, the Grantee, working with the ADF Partner, will form a monitoring and assessment committee composed of a representative cross-section of the Grantee's organization. The committee will provide the Partner input for the Project monitoring plan. In addition, during implementation, the committee will have responsibility for ensuring that the Project follows the implementation plan, and that problems identified through monitoring and evaluation are properly addressed in a timely manner.