

PROJECT DESCRIPTION

Dwangwa Sugarcane 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

Dwangwa Sugar Farmers Association (Dwangwa) is a registered farmers association located in Nkhotakota, Malawi that provides extension services and marketing assistance to local sugarcane farmers. Dwangwa would like to take advantage of an increased demand for sugarcane; however, inadequate financial management systems, weak governance capability, a lack of formalized procedures and policies, and a lack of strategic planning prevent the organization from capitalizing on the market demand.

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

Dwangwa will contribute their time, skills, labor, and knowledge to the implementation of the Project.

IV. Project Goal

The goal of the Dwangwa Sugarcane Capacity Building Project is to improve the standard of living of smallholder sugar farmers in Malawi.

ADF  Dwangwa 
T. K. M.

Page 1 of 3 – Grant Agreement No. 2147-MWI

V. Project Purpose

The purpose of the Project is to improve Dwangwa's prospects for sustained expansion as demonstrated by the development of a comprehensive three-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, Dwangwa will achieve the following.

- A. Improved management and operating procedures as demonstrated by:
1. Dwangwa produces financial statements and reports that include monthly income, balance sheet and cash flow statements, consolidated quarterly and annual statements, and it establishes adequate financial controls, accounting procedures, policies, and systems that meet international audit standards;
 2. the management team routinely utilizes the management and financial reports produced, such as performance reports, budget expenditures, profit and loss statements, cash flow statements, and balance sheets, in tracing financial transactions and making financial and management decisions for the Association;
 3. staff management procedures are implemented in accordance with written plans and procedures; and
 4. management of the revolving loan fund is formalized in accordance with plans and procedures codified in the revolving loan fund manual.
- B. Improved technical capacities of smallholder farmers who receive training and technical assistance from Dwangwa as demonstrated by the value of raw materials purchased from the farmers increasing from MWK 196,895,950 in the Project's base year to GHS 200,000,000 in Year 1.

VII. Project Activities

Dwangwa will ensure the following major activities are implemented.

- A. Improve the management and institutional capability of Dwangwa by:
1. Dwangwa will work with a consultant to prepare a comprehensive business plan. At a minimum, this business plan should include a marketing analysis, a technology analysis, a production plan, a worker safety analysis, an environmental analysis, and a financial analysis;

2. the Association will procure a trainer to implement governance training to improve leadership skills of the Board of Governors;
3. Dwangwa will ensure that farmers receive training on improved cultivation techniques. This will include training on proper smoke management for harvest; and
4. the Association will acquire office equipment that will increase the organization's financial management and communications capacity. This equipment will include computers, desks, and chairs, as well as a printer and a scanner.

B. Institute improved financial and operating procedures by:

1. developing accounting processes and roles specifically tailored to the operations of Dwangwa and documenting them in a financial manual;
2. developing staff management procedures and documenting them in a policy manual;
3. developing a revolving loan fund manual that describes the policies, procedures, forms, financial instruments, and record-keeping requirements for the fund and identifies any training needs to ensure the fund is managed effectively; and
4. purchasing, installing, and training key staff on the use of Pastel accounting software to enhance Dwangwa's accounting and internal control systems.

VIII. Roles and Responsibilities of the Parties

ADF's Partner in Malawi will provide the standard ADF training in bookkeeping, monitoring and assessment. Dwangwa is responsible for ensuring the proper management and implementation of the grant. The ADF Partners in Malawi will provide Dwangwa 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 Partners, will form a monitoring and assessment committee composed of a representative cross-section of the Grantee's organization. The committee will provide the Partners 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.