

## PROJECT DESCRIPTION

### Diloro Milling Project Botswana

#### 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

The Diloro Development Association (DDA) is a community initiative formed to encourage residents of Diloro Village to identify ways they can improve their economic and social status and participate in the decisions about development in their village. DDA and Action for Economic Empowerment Trust (AEET), ADF's partner in Botswana, undertook a participatory development methodology exercise to help the residents identify their development priorities. Based on this process, the residents chose to undertake a grain milling enterprise. DDA lacks the financial capability to launch the project.

#### 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 7 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. Client Contribution

DDA will finance its office expenses, salaries and capacity building training activities after Project Year 1. DDA's members will contribute their labor to the project. DDA will also contribute a building in which the milling plant will operate.

#### IV. Project Goal

The Project's goal is to improve the standard of living of poor grain farmers in the Central District of Botswana.

#### V. Project Purpose

The purpose of the Project is to increase the incomes of DDA and selected members of Diloro village, as demonstrated by the following.

ADF

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APPENDIX A

- A. DDA's income (before taxes and depreciation) will increase from a baseline of Botswana Pula (BWP) 0 to:
  - 1. BWP 15,375 in Project Year I;
  - 2. BWP 30,844 in Project Year II; and
  - 3. BWP 66,860 in Project Year III;
  
- B. The participating community members' income from the milling production plant will increase from a baseline of Botswana Pula (BWP) 0 to:
  - 1. BWP 42,750 in Project Year I;
  - 2. BWP 47,025 in Project Year II; and
  - 3. BWP 51,727 in Project Year III;

VI. Outputs

- A. Increased capacity of DDA to produce and sell sorghum flour and other processed products as measured by the following indicators.
  - 1. DDA's annual production volumes will change from a baseline of 0 tons to:
    - a. 100 tons in Project Year I;
    - b. 120 tons in Project Year II; and
    - c. 132 tons in Project Year III.
  
  - 2. DDA's projected annual gross revenues will change from a baseline of Botswana Pula (BWP) 0 to:
    - a. BWP 430,000 in Project Year I;
    - b. BWP 510,000 in Project Year II; and
    - c. BWP 560,000 in Project Year III.
  
- B. Increased capacity of DDA to support and coordinate community development projects, as demonstrated by the following.
  - 1. DDA's management routinely utilizes documents produced during the Project, such as quarterly bank reconciliations, budget expenditures, profit and loss statements, balance sheets and cash flow statements in making financial and management decisions for how to advance income generation activities.
  
  - 2. DDA utilizes the established purchase, production and marketing methods from the small-scale milling project to determine a method to increase the participation of village residents.

## VII. Activities

### A. Milling Production

Through a participatory process the residents of Diloru Village identified unemployment, poverty, poor health, and lack of financial resources as major problems in their community. Village members decided that the establishment of a milling processing plant would help them address these problems. This Project will provide DDA with the resources needed to coordinate the milling activity and expand its capacity to further develop milling processing in the village.

The following activities will be undertaken to achieve the production and sales outputs.

1. DDA will procure the necessary equipment to implement the planned milling business.
  2. DDA will refurbish the building donated by the community to house the milling plant and facilitate the commissioning and installation of the machines.
  3. DDA's members will be trained in milling and marketing through workshops and ongoing mentoring by the facilitator and AEET PDM staff.
  4. DDA will develop and arrange for the basic marketing system for its members' products including advertising in local newspapers and transport to the local market.
- B. Increased capacity to coordinate community development projects by a consolidation and successful continuation of the PDM-CI process to guide DDA's growth in the short, medium, and long term.
1. DDA will hire a facilitator to work closely with the trust, members of the interest groups and continue to work with AEET in the PDM-CI process to guide growth of the organization and its capabilities. The facilitator will manage and ensure that project activities are implemented for the first two years of the Project.
  2. By month six of year two of the Project, DDA, with the assistance of a technical expert, will complete a business plan and marketing strategy that will guide the growth of the milling production and determine the most cost-effective method of further expansion.
- C. Management
1. DDA will hire a qualified bookkeeper that will be trained in financial management to perform the bookkeeping functions necessary to inform DDA of its progress, to produce financial records and financial statements, and develop appropriate financial procedures.
  2. DDA will engage technical specialist to train DDA leadership and staff on governance and organizational dynamics to guide the operations of DDA.

**VIII. Roles and Responsibilities of the Parties**

The staff and elected leadership of DDA are responsible for the management and the proper implementation of the Project. AEET, ADF's PDM-CI Partner in Botswana, will provide training in the areas of management, ADF reporting, corporate and cooperative governance and business planning. The Partner will also provide technical assistance to the members and leadership in those areas.

**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.

**X. Other Implementation Issues**

- A. DDA will comply fully with the Government of Botswana's regulations regarding safety gear in the grain milling industry.
- B. DDA will request routine plant inspections from the District Council Department of Public Health to ensure compliance with safety standards.

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