

**APPENDIX A:  
PROJECT DESCRIPTION**  
Luyengo Dairy Association Social Enterprise Project - Swaziland

**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**

Fresh milk has become a common and popular drink in this region of Africa and has become the focus of encouragement by the Swazi government. The Swaziland Dairy Development Board (SDDDB) believes there is substantial room for the country's nascent dairy industry to increase its production as Swaziland imports significant quantities of milk products from South Africa. Luyengo Dairy Association is one of the oldest and most organized farmer associations and it is hoping to exploit the untapped market potential that exists. However, Luyengo does not have sufficient market or industry information to determine demand for locally produced dairy products. It does not have the ability to overcome major constraints to increasing production. In particular, its members lack access to working capital, water, improved pasture and sufficient numbers of livestock. Luyengo's capabilities are also challenged by ineffective delivery systems and a lack of equipment to produce and sell quality products.

**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 3, Section 3.1 of the Agreement.

**B. Grantee Contribution**

Luyengo Dairy Association's contribution to the project includes membership assistance in planning and coordinating various project activities. Luyengo Dairy Association will directly contribute to the project by renovating a partially completed building for use as office space. Luyengo members will paint the building, install a steel sliding door, and provide a fence for the office site.

ADF



Grantee



### C. Other Contributions

The Swaziland Dairy Development Board (SDDB) will continue to provide technical advice on dairy management through a dedicated extension officer working with Luyengo.

### IV. Project Goal

The goal of the Project is to improve the income of Luyengo Dairy Association members.

### V. Project Purpose

The purpose of this Project is to improve Luyengo's production and marketing capacity as indicated by the following:

- A. Luyengo will increase its fresh milk sales revenues at shop cooler sites from zero in the base year to:
  - Year 1: SZL 100,653
  - Year 2: SZL 175,380
- B. Luyengo will increase volume sales through shop coolers from zero in the base year to:
  - Year 1: 23,965 litres
  - Year 2: 39,859 litres
- C. Improve the level of grantee's operational and management capabilities in order to make better use of investment capital.
- D. Improve the operational processes, business management and financial systems infrastructure required to effectively expand and establish a competitive dairy enterprise.

### VI. Outputs

The project will generate the following outputs:

- A. Improved Financial and management systems, as evidenced by the following:
  - Development of a business/marketing plan that will increase Luyengo's milk production and its profitability.
  - Maintenance of membership records and milk production records on a computerized system by month 6 of the project.
  - Agreements between Luyengo Dairy Association and its members for farmgate purchase prices and dividend sharing by month 5 of the project.

  


- Agreements between Luyengo Dairy Association and retailers for the timely distribution, sales and payment of Luyengo's fresh milk.
  - Improvements in Luyengo's financial status.
  - Strengthening of Luyengo's governance system by a 90 percent attendance rate at monthly and other association meetings and 90 percent payment-on-time rate of its annual and monthly subscription fees.
  - Luyengo, in collaboration with LULOTE, will have written financial management procedures.
- B. Improved farmer production capacity, as evidenced by the following:
- Establishment of a shop cooler network provides a larger outlet for farmers' production.
  - Luyengo will have a complete water feasibility survey with terms of reference, maps, identification of members' locations, identification of members' water needs and access, identification of specific irrigation equipment needs, and other information needed to understand project feasibility.
  - Pasture management improved through at least ten farmers with milking cows planting half a hectare of improved pasture.

## VII. Activities

### A. Strengthening Management

- Luyengo will hire a part-time Project Coordinator, and a part-time accountant/secretary from within the membership.
- Luyengo's Management/Project Development Committee members and new staff will monitor the project and make marketing contacts and contacts with ADF staff.
- LULOTE staff will visit Luyengo twice a month to monitor and follow-up.
- LULOTE will offer on site management support in project management, financial accounting, and technical management to ensure that they have an acceptable financial management system, good record keeping and proper implementation of planning, quarterly reporting, governance, and association management.
- Luyengo will establish an office space with electricity, phone connection, office supplies, computers, software, fax, printer, filing cabinets, office furniture, improved security so that they may conduct day-to-day business.
- Luyengo will procure shop coolers, milk cans and buckets, safety equipment, test kits and a generator to improve its production and marketing operations.
- Luyengo will hire technical assistance providers to carry out a comprehensive water survey and a market survey to improve production, marketing and business operations.

ADF  Grantee SM  
SD

B. Training

- ADF will train appropriate Luyengo staff on ADF-mandated training to comply with ADF procedures, policies, accountability, and reporting.
- LULOTE and other technical assistance providers will train appropriate Luyengo staff on group dynamics, business planning and development, computer training on MS Word and Excel.
- SDDB will provide a dairy cattle management refresher course and technical support for farmers to plant improved grass species.
- ACAT will provide HIV/AIDS training to appropriate staff.
- Luyengo will send select members on an educational tour to the Sengani Dairy Association to exchange ideas and learn best practices.

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

ADF Representative Office staff, consultants and interim partner, REDI, will provide the necessary standard ADF training in bookkeeping and monitoring and assessment.

Luyengo Dairy Association will elect a five member Project Development Committee which will draw members from the Executive Committee, general membership and the part-time project coordinator and secretary. This committee will be responsible for project implementation, quarterly planning, and reporting to the Executive Committee and general membership of project related issues.

Luyengo will enter into a Memorandum of Understanding with LULOTE to provide grant management and reporting support. This will be in addition to the specific skills trainings from LULOTE. LULOTE will also assist Luyengo in contracting the market survey and water survey vendors and ensure that appropriate Terms of Reference are developed to capture Luyengo's expectations from each of the surveys.

**IX. Monitoring and Evaluation**

Within sixty days of the effective date of this Agreement, the Grantee will form a monitoring and assessment committee composed of a representative cross-section of the Grantee's organization. The committee will provide 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. While REDI will monitor overall grant performance, LULOTE will provide monitoring and evaluation support as part of the business plan development process. The SDDB extension officer will also provide technical guidance on monitoring and evaluation of dairy activities among the farmers. The SDDB extension officer will assist Luyengo in monitoring the efficiency of the milk delivery and marketing process at shop cooler sites.

ADF  Grantee   


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