PROJECT DESCRIPTION

Acwec Omio Warehousing and Marketing Project

Uganda

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

Acwec Omio Cooperative Society Limited (ACWEC OMIO) is a registered smallholder farmer cooperative society located in Oyam District of Northern Uganda. ACWEC OMIO empowers its farmer members to increase agricultural productivity of their oilseed crops through training and agricultural extension services. The Cooperative has also started bulking members' produce for group marketing. However, the Cooperative has very limited resources to exploit its potential, especially in the bulking and marketing processes as well as in the management of its operations. ACWEC OMIO seeks to enhance its productivity by improving its infrastructure and production systems as well as by strengthening its managerial and technical capacity.

III. Funding

A. ADF Contribution

The financial plan for ADF's contribution is set forth in Appendix A-1 to this Agreement. 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. ACWEC OMIO Contribution

ACWEC OMIO will contribute land for the construction of the proposed warehouse, some of the building materials, as well as provide casual labor during construction. It will also pay for the purchase of locally made pallets for the new store and the salary of the security guard from the start of the Project, as well as contribute the time, skills, and labor of its volunteers and members in the operations of the Project. Starting in the third year, ACWEC OMIO will cover the additional costs originally covered by ADF including the salaries of the Project manager, the bookkeeper, the storekeeper, and all transportation costs.

IV. Project Goal

The goal of this Project is to promote the development of small scale agricultural enterprises and improve the economic welfare of smallholder farmers in Oyam District of Uganda.

V. Project Purpose

The purpose of this Project is to increase the income of ACWEC OMIO members and its employees. This will be evidenced as follows:

A. Increase in ACWEC OMIO's adjusted income (before taxes and depreciation) from UGX 4,381,000 in the Project's base year to:

1. UGX 49,348,000 in Year 1;
2. UGX 83,215,000 in Year 2; and
3. UGX 110,754,000 in Year 3.

B. Increase in the value of raw materials supplied by farmers from UGX 148,250,000 in the Project's base year to:

1. UGX 206,253,000 in Year 1;
2. UGX 263,993,000 in Year 2; and
3. UGX 337,898,000 in Year 3.

C. Increased payroll of ACWEC OMIO from UGX 1,000,000 in the Project's base year to:

1. UGX 11,000,000 in Year 1;
2. UGX 13,356,000 in Year 2; and
3. UGX 14,865,000 in Year 3.

VI. Project Outputs

By the end of the Project, the capacity of ACWEC OMIO and its members to grow, bulk, and sell farm produce will increase as evidenced by:

A. An increase in ACWEC OMIO's sales revenue from a baseline of UGX 222,177,000 in 2009 to:

1. UGX 309,684,000 in Year 1;
2. UGX 396,377,000 in Year 2;
3. UGX 507,347,000 in Year 3.

B. An increase in total volume of produce sold through the cooperative from 308,000 kilograms in 2009 to:

1. 385,000 kilograms in Year 1;
2. 442,750 kilograms in Year 2;
3. 509,163 kilograms in Year 3.

C. An increase in the number of farmers supplying farm produce to ACWEC OMIO from 777 in 2009 to:

1. 855 in Year 1;
2. 940 in Year 2;
3. 1,034 in Year 3.

D. Improved business systems as evidenced by functional manual financial management and accounting systems that routinely produce records and reports for the Executive Committee's and management team's use in decision making.

VII. Project Activities

ACWEC OMIO will ensure, with the assistance of consultants as necessary, that the following major activities are implemented.

A. Improvement in the capacity of ACWEC OMIO to bulk and market quality farm produce by:

1. construction of a central store to improve on the bulking process;
2. construction of a drying courtyard at the bulking store;
3. procurement and sales of tarpaulins to members to dry their farm produce;
4. employment of a Project manager to coordinate the bulking and marketing processes as well as other cooperative activities;
5. employment of a store keeper to manage the delivery and storage of farm produce and maintaining stock records;
6. regular use of moisture meters during procurement to improve the quality of farm produce procured from members;
7. strengthening of bulking systems at farmer cluster group level; and
8. development and implementation of an efficient crop finance system with the goal of increasing working capital each Project year in order to buy a larger percentage of members' produce each subsequent year.

B. Improvement in ACWEC OMIO members' production capacity by:

1. provision of transportation to management staff to assist and support farmers on a routine basis; and
2. training of farmers in good agricultural practices.

C. Improvement in management operations by procuring and installing a solar energy system for powering the computers to facilitate uninterrupted storage and retrieval of data and information that will aid in information management and decision making by the board and cooperative management.

D. Strengthening of financial management by:

1. employment of a bookkeeper to manage and report on ACWEC OMIO's finances;
2. improvement of the existing manual accounting system to allow for timely and accurate reporting of financial information for management; and
3. development and implementation of an accounting policies and procedures manual.

E. Diversification of markets for farmers' farm produce by implementing proactive marketing strategies.

VIII. Roles and Responsibilities

ADF's Partner in Uganda will provide the necessary standard ADF training in bookkeeping, monitoring and assessment. ACWEC OMIO is responsible for ensuring the proper management and implementation of the Project. The ADF Partner in Uganda will provide ACWEC OMIO with technical and management assistance during implementation.

IX. Monitoring and Evaluation

ADF's Partner in Uganda will closely monitor the activities of ACWEC OMIO to ensure proper reporting, adherence to the Project implementation plan by the Grantee, and movement towards the achievement of Project objectives. The Partner will continuously assess the Project risk and take remedial actions as needed. Monitoring by the Partner will be an important aspect of the on-going coaching and advisory service. The Partner will review ACWEC OMIO's quarterly reports and will submit comments and observations to the management of ACWEC OMIO as part of the on-going performance assessment.

X. Other Implementation Issues

To address food security concerns at the group level, ACWEC OMIO will develop a strategy to keep some food stock at the household level for home consumption by its members. To achieve this, link farmers and the volunteer extension workers will sensitize farmer members during their regular site visits on the importance of food security at the household level and encourage them to construct granaries needed for food storage.

To ensure development of a strong cooperative that serves all the farmer members, training on cooperative management, governance and leadership as well as group dynamics will be conducted for 45 selected cooperative leaders and farmer representatives. These 45 farmers will then conduct training of all five cluster groups to transfer the skills learned to all the cooperative farmers. Each set of trainers will develop and submit a plan and budget for their training prior to the disbursement of funds for this follow-up activity.