

PROJECT DESCRIPTION**Diaguily Vegetable and Fruits Production and Marketing****Mauritania****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 Agricultural Cooperative of Diaguily, Khollé Mukke was formed in 1994 in Diaguily, a small village on the Senegal River in the Guidimakha region of Mauritania. Rain-fed agriculture and irrigated gardening are the primary means of income generation for Diaguily and other communities in this area.

Diaguily constructed a system of irrigation canals and acquired equipment (pipes and motor pumps), which have now begun to deteriorate and wear out. The community members also need to reinforce their technical knowledge and experience in agriculture and gardening, as well as create a better system to purchase more affordable and better quality agricultural inputs.

III. Funding**A. ADF Contribution**

The financial plan for ADF's contribution is set forth in Appendix A.-1 of 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. Khollé Mukke Contribution

The cooperative will contribute a portion of its existing assets and labor (members and seasonal employees). The assets for contribution valued at MRO 8,537,000 include 34.9 hectare of land (MRO 1,500,000) and a caretaker house (MRO 5,235,000). The labor force contribution is estimated at MRO 780. The cooperative will also pay for the pump operator and caretaker salaries. Members will pay for seasonal workers and agricultural inputs used on their respective individual plots.

IV. Project Goal

The goal of this Project is to improve the standard of living of the people in Diaguily, Mauritania.

V. Project Purpose

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

VI. Project Outputs

By the end of this project, it is expected that Khollé Mukke will achieve the following results.

- A. Improved management and operating systems capacity, as indicated by the following:
 - 1. an improved accounting system is in place and Khollé Mukke satisfies ADF's financial and reporting requirements for final financial certification;
 - 2. quarterly reports and financial statements are routinely produced and used by management to trace financial transactions;
 - 3. Khollé Mukke follows a business plan that defines its strategic objectives and includes marketing strategies.

- B. Improved production capacity, as indicated by the following.
 - 1. Production area will increase from 30 hectares in the baseline year to:
 - a. 38 hectares in Year 1; and
 - b. 42 hectares in Year 2;
 - 2. Production volumes will increase from 60 tons in the baseline year to:
 - a. 117 tons in Year 1; and
 - b. 185 tons in Year 2;

VII. Project Activities

Khollé Mukke will carry out the following major activities with the help of consultants and trainers as necessary.

- A. Improved Organizational and Financial Management Capabilities of Khollé Mukke:
 - 1. recruit an accountant;
 - 2. hire a cooperative-management training technical assistant, who will train members in improved organizational structure and governance;
 - 3. develop a long-term business plan that identifies new markets; and
 - 4. develop and utilize a manual of procedures.

B. Building the technical capacities of the women members:

1. recruit an agricultural technician who will be available for the first year to provide assistance, develop a handbook of technical procedures, and lead training sessions on improved farming techniques and water conservation methods;
2. train members in motor pump operations and pump maintenance; and
3. provide training in business management and marketing techniques.

C. Improve the production capacity of Khollé Mukke:

1. increase members' access to affordable agricultural inputs by purchasing bulk inputs with working capital to resell to individual members and conduct a study to define a suitable framework for cooperative members to establish a microcredit finance fund;
2. improve the existing irrigation system by purchasing two new motor pumps and conducting a survey to determine the most appropriate technologies required for restoration and improvements; and
3. conduct a study on prospective markets in order to reach new clients.

VIII. Roles and Responsibilities

The ADF Partner in Mauritania will provide the standard ADF training in bookkeeping, monitoring, and remediation assistance to Khollé Mukke. Group members are responsible for ensuring the proper management and implementation of the grant.

IX. Monitoring and Evaluation

The ADF Partner in Mauritania will closely monitor the activities of the Project to ensure proper reporting, adherence to the Project implementation plan by the Grantee, and progress made toward the achievement of Project objectives. The Partner Organization will assess the Project risks and take remedial actions on an ongoing basis. Monitoring by the Partner Organization will be an important aspect of the on-going coaching and advisory service. The Partner will review the Grantee's quarterly reports and will discuss its comments and observations with the Project management team. Such an interaction will be part of an on-going performance assessment.