

PROJECT DESCRIPTION

ETACOP Production and Marketing of Organic Fertilizer Based on Fish By-Products

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

ETACOP is a Nouakchott based company engaged in the production and sale of organic fertilizer made from fish waste. The company uses the byproducts of Mauritania's large fishing industry to create organic fertilizer, which it sells to farmers. There is high demand in farming communities for fertilizer, but ETACOP is unable to produce fertilizer and transport it to market to satisfy this demand. Currently, the company lacks the management capacity to handle rapid growth, the infrastructure to scale-up production, and the resources and technical know-how to market its products to more farmers and train them in the proper use of the fertilizer.

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

ETACOP will contribute the site for the new production facility and all staff salaries after month three of the Project.

IV. Project Goal

The goal of this Project is to improve the standard of living of the poor in Mauritania.

V. Project Purpose

The purpose of the Project is to increase the incomes of ETACOP and its employees. The verifiable indicators to monitor achievement of this purpose are as follows.

- A. ETACOP's annual net income (before depreciation and taxes) will increase from a baseline of MRO 3,195,800 to:
 1. MRO -1,164,000 in Project Year I;
 2. MRO 1,866,400 in Project Year II; and
 3. MRO 4,364,680 in Project Year III.

- B. The value of annual salaries paid to employees of ETACOP will increase from a baseline of MRO 3,500,000 to:
 1. MRO 19,380,000 in Project Year I;
 2. MRO 22,287,000 in Project Year II; and
 3. MRO 26,744,400 in Project Year III.

VI. Outputs

ETACOP's capacity to produce and sell organic fertilizer made from fish by-products will increase, as indicated below.

- A. ETACOP's production volume of organic fertilizer will increase from a baseline of 100 tons to:
 1. 315 tons in Project Year I;
 2. 383 tons in Project Year II; and
 3. 428 tons in Project Year III.

- B. ETACOP' gross annual revenues from fertilizer sales will increase from a baseline of MRO 9,999,600 to:
 1. MRO 31,500,000 in Project Year I;
 2. MRO 38,200,000 in Project Year II; and
 3. MRO 47,025,000 in Project Year III.

- C. The number of farmers trained in proper use of fish-based organic fertilizer will increase from a baseline of 0 to:
 1. 200 in Project Year 1;
 2. 300 in Project Year 2; and
 3. 300 in Project Year 3.

- D. The number of employees at ETACOP will increase from a baseline of 20 to 24 by the end of the Project.

VII. Activities

A. Management Improvement Activities

1. ETACOP will hire an accountant who will manage the financial system of the Company. During the first two years of the Project, the accountant will receive technical assistance in the preparation of financial reports. The accountant will be responsible for setting up internal control systems, recording financial transactions, and reporting on the financial status of the Company.
2. A consultant will train the company's management team in financial and administrative management practices. A manual of procedures will document the company's policies for matters such as human resources, input sourcing, and customer relations.
3. ETACOP will establish an office for its management team. The office will be equipped with a computer and accessories.

B. Infrastructure and Production Improvement Activities

1. ETACOP will build a composting facility with 15 pits for the processing of fertilizer. Employees will build a fence around the facility.
2. ETACOP will construct a warehouse that will store organic fertilizer.
3. ETACOP will construct a water basin that provides water for the composting pits to transform the fish waste into fertilizer.
4. ETACOP's manager will procure fertilizer production equipment, including a mill, power generator, scales, and mixing tools.
5. ETACOP will hire four waste collectors, who will be responsible for gathering fish by-products from major fish producers. The waste collectors will transport the raw materials to ETACOP's processing facility with a vehicle bought during the Project.
6. A technical assistance consultant will train ETACOP staff in the proper methods for composting fish byproducts and bagging, storing, and transporting fertilizer.

C. Marketing Activities

1. ETACOP will hire a marketing director, who will be responsible for creating and maintaining contacts with buyers. The marketing director will work with an expert consultant and the management team to create a marketing and business strategy that re-enforces ETACOP's brand recognition and identifies new markets and creates methods to penetrate them.

2. ETACOP will use a scale, tools, and accessories to measure and package fertilizer.
3. ETACOP will purchase a truck capable of transporting 10 tons of fertilizer to buyers throughout the region.
4. ETACOP will train farmer cooperatives and interest groups in the proper and safe application of organic fertilizer.

VIII. Roles and Responsibilities of the Parties

The staff and management of ETACOP are responsible for the management and the proper implementation of the Project. ADF's Partner Organization in Mauritania will provide training in the areas of standard ADF bookkeeping, monitoring and assessment. ADF's Partner Organization will also provide technical assistance and management assistance during implementation.

IX. Monitoring and Evaluation

ADF's Partner in Mauritania will closely monitor the activities of ETACOP to ensure proper reporting, adherence to the project implementation plan by the Cooperative and movement towards the achievement of Project objectives. The Partner will continuously assess risks 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 ADF's quarterly reports and will submit comments and observations to the management of ETACOP as part of the on-going performance assessment.