

PROJECT DESCRIPTION**Kushe Milk Producers Capacity Development Project****Nigeria****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

Kushe Producers Cooperative Society (KMPCA) is a registered cooperative society located in Kushe Village, a rural area in the Kagarko Local Government Area of Kaduna State in Nigeria. The 154 members are low-income Fulani pastoralists engaged in dairy production. KMPCA sells raw milk to the Kaduna Federation of Milk Producers Cooperative Associations (MILCOPAL), a milk processing organization in northern Nigeria. MILCOPAL wants to buy more raw milk from KMPCA to meet local demand for processed milk, but KMPCA lacks the capacity to furnish MILCOPAL with additional supplies of raw milk due to poor milk-producing techniques, lack of improved breeding stock and feed and inadequate business management, accounting and marketing skills.

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

The cooperative society will contribute the labor of its members, transportation of inputs and product within the pastoralists' locality, and the land on which the mill shed will be erected, valued at Nigerian Naira (NGN) 300,000.

IV. Project Goal

The goal of this Project is to improve the standard of living of low-income Fulani milk producers in the northern Nigerian State of Kaduna.

V. Project Purpose

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

VI. Outputs

- A. Improved management capacity as evidenced by an active Board of Trustees that meets quarterly to assess management progress and address implementation constraints necessary to move the organization forward, and convenes the Annual General Meeting (AGM) of all members.
- B. Improved financial management capacity as evidenced by:
 - 1. KMPCA produces financial statements that include monthly income, balance sheet and cash flow statements, consolidated quarterly and annual statements, adequate financial controls, accounting procedures, policies and systems that meet audit standards; and
 - 2. the management team routinely utilizes financial 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 KMPCA.
- C. Improved Technical Capacity as evidenced by an increase in milk production from a baseline of 60,682 liters per year to:
 - 1. 65,800 liters by the end of Project Year 1; and
 - 2. 82,000 liters by the end of Project Year 2.

VIII. Activities

- A. Accounting and Management Improvement Activities
 - 1. KMPCA will hire an experienced accountant. The accountant will operate the Cooperative's financial systems and will advise the

- management and board on the financial status of the organization. A member of the cooperative society will work closely with the accountant in order to acquire the skills to take over the position at the end of the Project. The accountant will be hired in month four of the Project.
2. A Technical Assistance Provider will provide training to the Accountant in proper financial management. The training will result in a manual of procedures that establishes internal controls and documents accounting policies by the end of month six of the Project, with the aim of achieving ADF financial certification by the end of the Project.
 3. A Technical Assistance Provider will train members of the Cooperative on participatory monitoring and evaluation techniques. This training will be held by month four of the Project.
 4. The management and selected members will attend a training workshop on business skills and entrepreneurship. The training session will focus on identifying business opportunities, the importance of planning, and strategies for managing dairy enterprises effectively. The training will be completed by month six of the Project.
 5. Members will embark on a tour of a similar dairy cooperative, where they will study how another group applies principles taught in the training sessions. The study tour will be completed by month nine of the Project.
 6. Members will attend a trade fair to learn dairy management and marketing skills from other dairy cooperatives in the region. KMPCA will also attend a bi-annual lessons learned workshop for ADF grantees, where it will study the practices of successful ADF grantees.

B. Governance Activities

1. The Board, management, and members will attend a training session on organizational development. The training will focus on team building, management techniques, and goal setting. The training will result in a clearly articulated vision and mission for the Cooperative and help ensure that all members understand its objectives. The training session will be completed by month four of the Project.
2. A technical assistance consultant will train the Board of Trustees and the management team on understanding their roles within the organization. The training will result in a manual of operational procedures and systems that describes job duties and personnel policies.

3. By month four of the Project, a Technical Assistance Provider will train members of the Cooperative Association on group dynamics. The training will teach concepts of formal group action, describe Nigerian laws and regulations relating to cooperative societies, and create internal checks and balances. The training will result in an environment open to discussion and the free exchange of ideas within the Cooperative.
4. Members will attend a training session on conflict resolution by month six of the Project. The training will teach conflict resolution strategies designed to reduce tension between pastoralists and farmers.

C. Technical Capacity Building Activities

- 1 By month nine of the Project, KMPCA will construct a milk shade at its milk collection center. The structure will be designed to ensure that milk is not contaminated by dust or other impurities. A consultant will train members on the importance of the milk shade and how to use it effectively.
- 2 By month six of the Project, KMPCA will engage a qualified veterinarian consultant with experience interacting with pastoralists. The veterinarian consultant will advise members on proper tracking of herds, inoculations, de-worming, de-ticking, and feed types. He or she will also facilitate the artificial insemination program by advising on the right breeds for optimal milk production capacity, and oversee the calving process.
- 3 By month six of the Project, KMPCA will engage a dairy consultant with experience working with pastoralists. The dairy consultant will teach members safe ways to collect and transport raw milk. He or she will also teach appropriate waste disposal techniques to ensure that old milk is properly discarded.
- 4 By month six of the Project, KMPCA will hire two female consultants with experience working with pastoral women engaged in dairy production. The consultants will advise member women, who do the milking, on hygienic practices.

D. Business Expansion Activities

By month nine of Project Year 2, KMPCA will engage a consultant to work closely with the management team, Board of Directors, and members to create a five-year business plan. The business plan will address the following:

1. develop the best organization and staffing structure to operate a sustainable business, given KMPCA's background, mission, skills, and resources;
2. develop training schedules to teach new skills to more members;

3. assess the success of the artificial insemination process, and outline steps to ensure a productive herd;
4. review the system of veterinary/extension services to ensure sustained health and productivity of the dairy animals;
5. distribute an equitable amount of benefits, taking into account the long-term profitability of the company;
6. develop a strategy for expansion that assesses the human capital, training, and technical assistance requirements for sustainable growth; and
7. explore new markets beyond MILCOPAL, especially major wholesale buyers and retail outlets in Kaduna State.

VIII. Roles and Responsibilities of the Parties

The staff and management of KMPCA will be responsible for the management and the proper implementation of the Project. Diamond Development Initiatives (DDI), ADF's local implementing partner in Nigeria, will provide training in the areas of standard ADF bookkeeping, monitoring and assessment. DDI will also provide technical assistance and management assistance during implementation.

IX. Monitoring and Evaluation

ADF's Partner in Nigeria will closely monitor the activities of the Cooperative in order 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 KMPCA as part of the on-going performance assessment.