

APPENDIX A

PROJECT DESCRIPTION

Dangha Rice Production and Marketing

Mali

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 *Société Coopérative des Producteurs de Blé de Dangha* ("Dangha") is a cooperative of small-scale farmers engaged in the production of wheat, rice, and vegetables. Dangha has identified a growing demand for cereal products at local stores, at fisheries and livestock farms, which use cereals in fodder, and at major industrial plants in Ségou. The women in the cooperative also grow vegetables and have identified market demand for processed vegetables. Currently, the cooperative is not able to take advantage of these market opportunities because it lacks appropriate agricultural equipment and the management capacity to organize collective marketing.

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 Dangha cooperative will contribute their land, members' tools and implements, and labor to the implementation of the Project.

IV. Project Goal

The goal of the Project is to improve the standard of living of farmers in the Timbuktu Region of Mali.

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- C Improved marketing capacity as evidenced by an increase in the cooperative's revenue from rice and wheat sales from a baseline of 0 to:

1. CFA 61,500,000 in Year 1;
2. CFA 95,000,000 in Year 2;
3. CFA 135,000,000 in Year 3;
4. CFA 151,250,000 in Year 4; and
5. CFA 160,000,000 in Year 5.

VII. Activities

A. Management Improvement Activities

1. Dangha will hire an accountant who will manage the financial system of the Cooperative. 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 cooperative.
2. Dangha will hire a manager responsible for overall management of the cooperative, including preparing work plans, monitoring activities, assessing and analyzing implementation problems, investigating and applying corrective measures, and helping to organize the training sessions and technical assistance services. The business manager will be hired by month four of Project Year 1.
3. Dangha will establish an office for its management team. The office will be equipped with computers and solar panels to operate accounting software and management will be trained in the proper use of accounting software.
4. Dangha will develop a manual of procedures. The manual will document administrative, governance, and accounting policies.

B. Production Improvement Activities

1. Dangha will strengthen its extension delivery system by purchasing a motorbike and canoe for use by the management team. The manager will visit members to assess implementation of project activities and address concerns that members have during Project implementation.
2. Dangha will purchase agricultural inputs such as seed and fertilizer in bulk and make them available for members.
3. Dangha will procure five motor pumps for crop irrigation. Three of the pumps will be used for rice and wheat production, and two will be used for the women's vegetable garden. During the first year of the Project, Dangha will engage a consultant to train selected members in proper use and maintenance of the pumps. The management team will oversee a monthly allowance of funds for lubrication and maintenance of the pumps.

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V. Project Purpose

The purpose of the Project is to increase the incomes of Dangha and its members, as indicated by an increase in the Cooperative's net income (before depreciation and taxes) from a baseline of 0 to:

- A. CFA 28,809,500 in Year 1;
- B. CFA 57,929,345 in Year 2;
- C. CFA 98,089,899 in Year 3,
- D. CFA 113,742,333 in Year 4; and
- E. CFA 120,562,074 in Year 5

VI. Outputs**A. Improved financial management as evidenced by:**

- 1. Dangha produces financial statements and reports that include monthly income, balance sheet and cash flow statements, consolidated quarterly and annual statements, and it establishes adequate financial controls, accounting procedures, policies, and systems that meet international audit standards, and;
- 2. the management team routinely utilizes the management and financial reports produced such as performance reports, budget expenditures, profit and loss statements, cash flow statements, and balance sheets in making financial and management decisions for the cooperative.

B. Improved production capacity as evidenced by the following.

- 1. An increase in rice production from a baseline of 270 tons per year to:
 - a. 300 tons in Year 1;
 - b. 440 tons in Year 2;
 - c. 600 tons in Year 3;
 - d. 650 tons in Year 4; and
 - e. 700 tons in Year 5.
- 2. An increase in wheat production from a baseline of 70 tons per year to:
 - a. 210 tons in Year 1;
 - b. 340 tons in Year 2;
 - c. 500 tons in Year 3;
 - d. 574 tons in Year 4; and
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4. Dangha will engage a consultant to conduct a training session on modern rice and wheat cultivation techniques. The training will emphasize labor and time saving techniques.
5. Dangha will purchase and operate a rice processing facility equipped with threshing machines and hullers. Members will be trained on proper use of the equipment.
6. Dangha will purchase and operate a wheat grinder for women members. The manager will ensure that members are trained to use the grinder to process wheat flour into food products such as bread and pasta.
7. Dangha will establish a revolving fund for the women in the cooperative. The management team will operate the fund based on policies described in the manual of procedures. The fund will be used to purchase and distribute wheat, vegetable seeds, and other inputs for the women's garden.

C. Marketing Improvement Activities

The management team will establish a collective marketing system, whereby the cooperative will collect members' production. The manager will develop a marketing and sales strategy that targets major wholesalers from Ségou and regional retail outlets. The management team will negotiate sales with merchants and distribute the income to members according to terms in the manual of procedures.

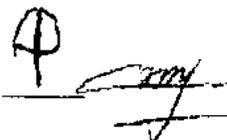
VIII. Rules and Responsibilities of the Parties

The staff and elected leadership of Dangha are responsible for the management and the proper implementation of the Project. ADF's Partner Organization in Mali will provide training in the area of standard ADF bookkeeping, monitoring, and assessment. The ADF Partner Organization in Mali will also provide technical assistance and management during implementation.

IX. Monitoring and Evaluation

ADF's Partner Organization in Mali will be instrumental in the success of the Project. The ADF Partner Organization will closely monitor the activities of the cooperative 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 action 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 the cooperative as part of the on-going performance assessment.

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