

PROJECT DESCRIPTION

Sab-Zuro Women Ginger Farmers Capacity Building 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

Sab-Zuro Ginger Farmers Cooperative Society ("SGFCS," "the Cooperative") has sixty low-income ginger farmer members in Kaduna State. Members of SGFCS produce and process ginger on small-scale individual plots. Demand for high quality processed ginger is increasing in both the domestic and international markets. However, SGFCS faces several constraints including inadequate working capital, insufficient knowledge of modern production and processing techniques, insufficient equipment, and weak business and financial management skills that prevent it from taking advantage of the demand in these markets.

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

SGFCS will contribute the labor of its members and up to Nigerian Naira (NGN) 837,500 toward production and operating costs at its demonstration farm and processing facility.

IV. Project Goal

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

V. Project Purpose

The purpose of the Project is to improve SGFCS's prospects for sustained growth and expansion through 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 financial management capacity as evidenced by the following:
1. SGFCS produces financial statements from financial and accounting systems that include monthly income statements, balance sheet and cash flow statements, consolidated quarterly and annual statements, as well as adequate financial controls, accounting procedures, policies and systems that will be capable of being audited by an independent accounting or audit firm; and
 2. SGFCS's 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 the Cooperative.
- B. Improved management capacity as evidenced by a functioning and active Board of Directors that meets quarterly, in accordance with its constitution, to assess management implementation progress, addresses implementation constraints necessary to move the organization forward, and convenes the Annual General Meeting to update members on SGFCS's on-going activities.
- C. Improved technical capacity as evidenced by SGFCS processed (split-dried) ginger improving to meet export quality specifications that require 8.0 percent maximum total ash, 2.3 percent maximum acid in soluble ash, 12.0 percent maximum moisture content, 1.5 percent minimum total oil, and 8.0 percent maximum alcoholic soluble extract by the end of Project year two.
- D. Improved marketing as evidenced by SGFCS obtaining letters of intent from two major domestic and international buyers of processed (split-dried) ginger.

VII. Activities

A. Production Improvement Activities

1. The Cooperative will purchase all inputs and raw materials for its three hectare (ha) demonstration farm under its early input procurement scheme by month three of Project year one.
2. The Cooperative will establish a three ha demonstration farm which will be used to provide practical demonstrations of modern ginger production and best practices for adoption on members' individual ginger farms. The demonstration farm will be established by month four of Project year one.
3. The Cooperative will hire an agronomy consultant to conduct training in modern ginger production and agronomy. The consultant will be hired by month three of Project year one.
4. The Cooperative will establish a two ton/day capacity ginger processing facility to improve the quality of SGFCS ginger to market standards. The Cooperative will purchase and install a ginger washing machine, ginger splitting machine and other equipment necessary to process ginger. The facility will also be used to render processing services to other ginger farmers. The ginger processing facility will be in place by month six of Project year one.
5. Technical Assistance Provider(s) will train SGFCS members and the SGFCS Board of Trustees in industry best practices in ginger agronomy, modern ginger processing and post-harvest production, quality control, environmentally-friendly techniques, and Hazard Analysis and Critical Control Point issues. Training will be complete by month six of Project year one.
6. SGFCS will hire an agronomist to ensure that the Cooperative and its members adopt the modern agronomic practices that enhance productivity while reducing production costs. The agronomist will also provide extension services on the SGFCS three hectare demonstration farm and to SGFCS members at their individual farms. SGFCS will hire the agronomist by month three of Project year one.
7. SGFCS will hire a production supervisor to supervise activities at the Cooperative's processing facility. The production supervisor will mentor members of the Cooperative's Executive Council to increase their management capabilities. SGFCS will hire the production supervisor by month four of Project year one.

B. Management and Accounting Improvement Activities

1. SGFCS will hire a general business manager to have overall management responsibility for the Cooperative's business operations. The general business manager will mentor members of the Cooperative's Executive Council to increase their business management capabilities. SGFCS will hire the general business manager by month two of Project year one.
2. SGFCS will hire a management consultant to work with the general business manager and the Cooperative's Executive Council to develop a comprehensive five-year business plan detailing opportunities for further expansion and sustained profitability of the Cooperative. The consultant will be hired by month one of Project year two and the business plan will be developed by month three of Project year two. The business plan will:
 - a. document lessons learned from Project year one, particularly in the implementation of industry best practices;
 - b. determine the most cost-effective ways of producing and marketing the Cooperative's products and services;
 - c. explore options for additional income generation activities for the Cooperative;
 - d. explore options for expanding Cooperative membership and/or providing benefits to non-members;
 - e. develop a strategy for marketing the cooperative's products and services;
 - f. project returns on investment;
 - g. develop indicators that track benefits to beneficiaries;
 - h. provide an assessment of current market trends as well an analysis of related risks; and
 - i. perform any other additional analysis that will prepare the Cooperative for expansion and sustained growth, to be determined during the design of the business plan and through implementation of this Project.
3. SGFCS will hire an accountant to develop and operate the Cooperative's financial systems and advise the management team and Executive Committee on the financial status of the Cooperative. The accountant will mentor members of the Cooperative's Executive Council to increase their financial management capabilities. SGFCS will hire the Accountant by month two of Project year one.

4. SGFCS will hire an accounting consultant to work closely with the accountant and Executive Council to develop and operate appropriate financial accounting procedures, policies and systems. The accounting consultant will document these in a financial systems manual. The consultant will mentor and provide training to the accountant, the management team, the Executive Council, and the Board of Trustees to develop their financial skills and provide training in financial principles. The accounting consultant will be hired by month two of Project year one.
5. SGFCS will hire technical assistance provider(s) to train SGFCS members, the management team, the Executive Council, and the Board of Trustees in business principles, monitoring and evaluation techniques, group dynamics, organizational development, and business entrepreneurship. The technical assistance provider(s) will work with the management team to develop a management manual, including a comprehensive set of organizational policies, procedures and internal controls. The technical assistance provider(s) will be hired by month three of Project year one.

C. Marketing Improvement Activities

1. The general manager, with the aid of the management consultant, will develop a business expansion and marketing strategy that will focus on marketing the cooperative's high quality processed (split-dried) ginger to both the domestic and international markets. This strategy will target major buyers and end users within and outside the country. The strategy will also focus on marketing the Cooperative's ginger processing services to other farmers and marketers in the project area. The business expansion and marketing strategy will be in place by month six of Project year one.
2. SGFCS will hire a web consultant to develop a website for SGFCS. Through the website, SGFCS will enhance the marketing of the Cooperative's products and services in the domestic and international market. The website will also facilitate the development of networks and trade linkages for the Cooperative's products and services. The web consultant will be hired by month nine of Project year one and the website will be in place by month one of Project year two.

VIII. Roles and Responsibilities of the Parties

The staff and management of SGFCS are responsible for the management and the proper implementation of the Project. Diamond Development Initiatives (DDI), ADF's 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 SGFCS 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 SGFCS as part of the on-going performance assessment.

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