# PROJECT DESCRIPTION

## Jidda Fadama Farmers Sorghum Capacity Building

## 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

Jidda Fadama Cooperative Union (JFCU) is an organization of small-scale low-income sorghum producers located in and around Jidda in Kubau Local Government Area of Kaduna State in Nigeria. The Cooperative's members cultivate sorghum on small individual plots and on a three hectare demonstration plot. Growth in the food, beverage, and animal feed industries has led to increased demand for high quality sorghum. This has created two market opportunities for JFCU. First, there is the opportunity for members to sell industrial grade sorghum to major end-users. Second, JFCU aims to produce high yielding sorghum seeds and operate threshing services for local farmers. However, JFCU is currently unable to seize these market opportunities because of inexperienced management, weak accounting skills, and inefficient production techniques.

## 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

JFCU will contribute NGN 671,500 toward leasing a three-hectare seed multiplication /demonstration farm, one hectare to be cultivated by each member, the labor of members for all production activities on the demonstration farm, and funds for the payment of wages to four processing assistants.

## IV. Project Goal

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

## V. Project Purpose

The purpose of the Project is to improve JFCU'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:

1. an active board of trustees and an active executive council that meet at least quarterly to assess management progress and address implementation constraints necessary to move the organization forward; and

2. members convene the Annual General Meeting (AGM) in accordance with the Constitution and By-laws to update members on JFCU's on-going activities.

B. Improved financial management capacity as evidenced by:

1. JFCU 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 international 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 the Cooperative.

C. Improved production capacity as evidenced by JFCU receiving at least two letters of intent from two major wholesalers or retail outlets.

## VII. Activities

A. Financial Management Improvement Activities

JFCU will hire an experienced accountant to manage its finances by the end of month four of Project Year One. The accountant will work with a financial systems consultant to create a manual of procedures that establishes internal controls and documents accounting policies by the end of month eight of Project Year One. 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 will work closely with the accountant as an understudy in order to acquire the skills to take over the position at the end of the Project.

B. Management and Operations Improvement Activities

1. JFCU will recruit a general business manager by month four of Project Year One who will have overall management responsibility for the Cooperative's operations. A member of the Cooperative will work closely with the general business manager as an understudy in order to acquire the skills to take over the position at the end of the Project.

2. A technical assistance consultant will train JFCU members, the board of trustees, and the management team in group dynamics and good governance by month five of Project Year One. The training will focus on encouraging a healthy working relationship among Project participants.

3. The management team, board of trustees, and selected 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 Society and will help ensure that all members understand Society objectives. The training will be completed by month five of Project Year One.

4. The management team 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 a sorghum production enterprise. The training will be complete by month five of Project Year One.

5. JFCU will recruit a management consultant who will collaborate with JFCU's members and management team to establish a management manual. The manual will describe management systems and procedures related to personnel, procurement, and training. The consultant will be engaged for a period of about ten months, to begin by the end of month six of Project Year One.

6. A technical assistance consultant will train JFCU members, the board of trustees, and the management team in monitoring and evaluation techniques. The training will be conducted by the end of month seven of Project Year One, and a follow-up training session will occur before the end of the Project.

7. The general business manager, with the help of the executives of the cooperative and the management consultant, will develop a comprehensive five-year business plan detailing opportunities for further expansion and sustained profitability. The business plan will be developed by month eight of Project Year Two and will:

   a. determine the most cost-effective ways of production and marketing of the Cooperative's products and services;

   b. project the returns on investment;

   c. document lessons learned from Project Year One, particularly in the implementation of industry best practices;

d. explore options for expanding membership of the Cooperative and/or providing benefits to non-members;

e. develop indicators that track benefits to Cooperative members, such as income and sorghum production on individual plots;

f. develop a business strategy for marketing the Cooperative's products and services;

g. explore options for additional income generation activities for the Cooperative;

h. provide an assessment of current market trends as well as an analysis of related risks; and

i. include any other additional analyses that will prepare the Cooperative for expansion and sustained growth, to be determined during the design process of the business plan and through implementation of this Project.

C. Production Improvement Activities

1. JFCU will recruit an agronomy consultant for a period of about ten months, beginning in month eight of Project Year One. The agronomist will provide technical assistance related to modern agronomic practices. The agronomist will help members choose high-yielding seeds and environmentally sound herbicides. He or she will also advise members on land preparation, weed control, and sorghum cultivation practices. The agronomist will provide extension services to members' individual farms, as well as the shared Cooperative demonstration farm.

2. JFCU will clear land, construct water management bunds, and plough its three hectare field by month eight of Project Year One. The field will be divided to avoid cross-pollination and will be used to produce high quality seeds.

3. A technical assistance consultant will conduct a training session on modern agriculture techniques, safe pest control strategies, and fertilizer practices. Members will apply herbicide once before planting and manually weed the field at least twice during the planting season. Training will be conducted by month seven of Project Year One.

4. JFCU will procure two diesel powered threshing machines with a capacity of four metric tons per day. Members will attend a training session on the proper use of the threshing machines, as well as proper storage and quality control techniques. The threshing machines will be acquired and members trained by month eight of Project Year One.

5. JFCU will rent two facilities to serve as collection and storage points for members' harvests. JFCU will put the sorghum in bags with the Cooperative's logo and store them on pallets. Facilities will be rented by month six of Project Year One.

6. Representatives from JFCU will attend a lessons learned workshop, where similar ADF-funded cooperatives will share their production challenges and successes. The workshop will be help by month six of Project Year Two.

7. JFCU will establish a revolving loan fund for members to purchase seeds and inputs. JFCU will buy fertilizer, hybrid foundation seeds, and other crop protection products at the end of the cropping season, when prices are relatively low. The business manager and the management consultant will ensure that the inputs come from certified sources and authorized dealers. JFCU will keep the inputs in a storage facility until members need them. Members will be extended credit for a three month period, with a one month grace period, at 15 percent interest per annum. The revolving loan fund will be in place by month eight of Project Year One.

D. Marketing Improvement Activities

The general business manager, with the aid of the management consultant, will develop a two-fold marketing and sales strategy. First, it will focus on marketing the cooperative's quality sorghum to major end use buyers, such as beverage companies, food producers, and the animal feed industry. Second, the strategy will promote threshing services and the provision of improved seeds to local farmers. The marketing and sales strategy will be developed by the end of Project Year One.

## VIII. Roles and Responsibilities of the Parties

The staff and management of JFCU 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 JFCU 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 JFCU as part of the on-going performance assessment.