

PROJECT DESCRIPTION

Kaban 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

Kaban Milk Producers Cooperative Society (“KMPCS,” “the Cooperative”) is an organization of low-income Fulani farmers in Kaban Village in the Igabi Local Government Area of Kaduna State in northern Nigeria. The 129 members of KMPCS are engaged in dairy animal husbandry and milk production. KMPCS sells raw milk to the Kaduna Federation of Milk Producers Cooperative Associations (MILCOPAL), a milk processing organization in northern Nigeria. MILCOPAL aims to increase the volume of raw milk it purchases from KMPCS to meet local demand for processed milk. However, low-quality dairy animal feed, low-quality breeding animals, inefficient milk-producing techniques, and inadequate management, accounting, and marketing systems constrain KMPCS from increasing its production of raw milk and its sales to MILCOPAL.

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 will contribute the labor of its members, the transportation of inputs and product within the locality, and the land on which the milk shade will be erected.



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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 KMPCS'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 constraints to moving the organization forward, and convenes the Annual General Meeting of all members.
- B. Improved financial management capacity as evidenced by:
 - 1. KMPCS 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. KMPCS'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 KMPCS.
- C. Improved technical capacity as evidenced by an increase in milk production from a baseline of 58,500 liters per year to:
 - 1. 60,000 liters by the end of Project year one; and
 - 2. 66,000 liters by the end of Project year two.

VIII. Activities

- A. Accounting and Management Improvement Activities
 - 1. KMPCS will hire an accountant to operate the Cooperative's financial systems and 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 necessary to take over the position at the end of the Project. The accountant will be hired by month four of Project year one.

2. A technical assistance provider will train the Accountant in proper financial management. The training will result in the development of a manual that establishes internal controls and documents accounting policies. The manual will be developed by month eight of Project year one, with the aim of KMPCS being able to achieve 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 completed by month eight of Project year one.
4. The management team and members of KMPCS will attend a training workshop on business skills and entrepreneurship. The training session will focus on identifying business opportunities, the importance of strategic planning, and methods for effectively managing dairy enterprises. The training will be completed by month eight of Project year one.
5. Members of KMPCS will attend a bi-annual lessons learned workshop for ADF grantees, where they will study the best practices of successful ADF grantees. Members of KMPCS will attend the workshop by month eight of Project year one.

B. Governance Activities

1. The Board, management team, and members of KMPCS 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 six of Project year one.
2. A technical assistance provider will train members of KMPCS 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. The training will be completed by month six of Project year one.
3. A technical assistance consultant will train the Board and the management team of KMPCS 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. The training will be completed and the manual will be developed by month eight of Project year one.

4. Members of KMPCS will attend a training session on conflict resolution. The training will teach conflict resolution strategies designed to reduce tension between pastoralists and farmers. The training will be completed by month eight of Project year one.

C. Technical Capacity Building Activities

1. KMPCS 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. The veterinarian consultant will be engaged by month eight of Project year one.
2. KMPCS 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. The milk shade will be constructed and members will be trained by month one of Project year two.
3. KMPCS 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. The dairy consultant will be engaged by month eight of Project year one.
4. KMPCS 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. The consultants will be engaged by month eight of Project year one.
5. Members of KMPCS will tour another, similar dairy cooperative, where they will study how this group applies principles taught in training sessions. The study tour will be completed by month nine of Project year one. Members of KMPCS will attend a trade fair to learn dairy management and marketing skills from other dairy cooperatives in the region. Members of KMPCS will attend the trade fair by month one of Project year two.

D. Business Expansion Activities

By month six of Project year two, KMPCS will engage a consultant to work closely with the management team, Board, and members of KMPCS to create a five-year business plan. The business plan will direct KMPCS in:

1. developing the optimal organization and staffing structure to operate a sustainable business, given KMPCS's background, mission, skills, and resources;
2. developing training schedules to teach skills to more members;
3. assessing the success of the artificial insemination program, and outlining steps to ensure a productive herd;
4. reviewing the system of veterinary extension services to ensure the sustained health and productivity of the dairy animals;
5. distributing benefits equitably, taking into account the long-term profitability of the Cooperative;
6. developing a strategy for expansion that assesses the human capital, training, and technical assistance requirements for sustainable growth;
7. estimating the livestock carrying capacity of members' farms versus the current animal populations, and determining proper soil and water management practices; and
8. considering whether pasture conservation and regeneration activities and soil and water management on farms are necessary.

VIII. Roles and Responsibilities of the Parties

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