

PROJECT DESCRIPTION

Anguwan Sarki Dorayi Sorghum 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

Anguwan Sarki Dorayi Multipurpose Cooperative Society Limited (“ASDMCS,” “the Cooperative”) is wholly owned by forty small-scale low-income sorghum producers in and around Dorayi in Makarfi Local Government Area of Kaduna State in Nigeria. The Cooperative’s members cultivate sorghum on one hectare 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 in Nigeria. This has created two market opportunities for ASDMCS: first, to sell industrial grade sorghum to major end-users; and second, to produce high yielding seeds and operate threshing services for local farmers. However, ASDMCS is currently unable to seize these market opportunities because of insufficient business and financial management systems, lack of working capital, and reliance on 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

The Cooperative will contribute the land on which the demonstration farm will be developed, the land on which members’ individual plots are located, and the labor of its members to the Project.

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 ASDMCS' 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 in accordance with the Constitution to update members on ASDMCS's on-going activities.
- B. Improved financial management capacity as evidenced by:
 - 1. ASDMCS produces financial statements that include monthly income, balance sheet and cash flow statements, consolidated quarterly and annual statements, and implements 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 technical capacity as evidenced by ASDMCS receiving two letters of intent to purchase sorghum from two major wholesalers or retail outlets.

VII. Activities

- A. Business and Financial Management Improvement Activities
 - 1. ASDMCS will recruit a general business manager by month four of Project Year One. The general business manager will have overall management responsibility for the Cooperative's operations. A member of the Cooperative will work closely with the general business manager in order to acquire the skills to take over the position at the end of the Project.
 - 2. By month six of Project Year One, ASDMCS will hire an accountant to manage its financial systems, and a financial systems consultant to work with the accountant. The accountant and financial systems consultant will create a manual of procedures that establishes internal controls and documents accounting policies by the end of month eight of Project Year One, with the aim of receiving ADF financial certification by the end of Project Year Two. A member of the Cooperative will work closely with the accountant in order to acquire the skills necessary to take over the position at the end of the Project.

3. ASDMCS' Board of Trustees, executive council, and members will be trained in monitoring and evaluation techniques. The training will be conducted by month six of Project Year One, and a follow-up training session will occur by month ten of Project Year Two.
4. ASDMCS' Board of Trustees, executive council, and members will be trained in group dynamics by month six of Project Year One. The training will focus on encouraging a healthy working relationship among Project participants.
5. ASDMCS' executive council and members will be trained in 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 completed by month six of Project Year One.
6. ASDMCS' Board of Trustees, executive council, and selected members will be trained in 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 Cooperative objectives. The training will be completed by month six of Project Year One.
7. ASDMCS will recruit a management consultant who will collaborate with ASDMCS' executive council and members to establish a manual describing management policies related to personnel, procurement, and training. The consultant will be engaged by month eight of Project Year One.
8. By month ten of Project Year Two, the general business manager, with the help of ASDMCS' executive council and the management consultant, will develop a comprehensive five-year business plan detailing opportunities for further expansion and sustained profitability. The business plan 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 year one of the Project, 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 of the Cooperative's products and services;
 - g. explore options for additional income generation activities for the Cooperative;

- h. provide an assessment of the success of the revolving loan fund in its first twelve months, exploring opportunities for the expansion of the fund;
- i. provide an assessment of current market trends as well an analysis of related risks; and
- j. 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.

B. Production Improvement Activities

1. ASDMCS will recruit an agronomy consultant by month six of Project Year One. The agronomist will provide technical assistance related to modern agronomic practices on members' individual farms, as well as the shared Cooperative demonstration farm. The agronomist will help members choose high-yielding seeds and environmentally sound herbicides, and advise members on land preparation, weed control, and sorghum cultivation practices.
2. ASDMCS will establish a demonstration farm by month ten of Project Year One. The plot will be used to cultivate high-quality seeds. A technical assistance consultant will train ASDMCS members on modern agriculture techniques, safe pest control strategies, and fertilizer practices.
3. By month ten of Project Year One, ASDMCS executive council and select members will attend a lessons learned workshop, where similar ADF-funded cooperatives will share their challenges and successes.
4. By month ten of Project Year One, ASDMCS will establish a revolving loan fund for members to purchase seeds and inputs such as fertilizer, hybrid seeds, and other crop protection products, when prices are relatively low. ASDMCS will store the inputs in collection and storage facilities until they are needed by members.
5. ASDMCS will procure diesel powered threshing machines by month twelve of Project Year One. By month eight of Project Year One, members will attend a training session on the proper use of the threshing machine, as well as proper storage and quality control techniques.
6. By month twelve of Project Year One, ASDMCS will rent facilities to serve as collection and storage points for members' harvests. ASDMCS will put the sorghum in bags with the Cooperative's logo.

C. Marketing Improvement Activities

The general business manager will work with the management consultant to develop a two-fold marketing and sales strategy by month one of Project Year Two. First, it will focus on marketing the Cooperative's quality sorghum to major end use buyers. Second, the strategy will promote threshing services and the provision of improved seeds to local farmers.

VIII. Roles and Responsibilities of the Parties

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