

PROJECT DESCRIPTION**Zikpak Fantsuwam Shitabin 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

Zikpak Fantsuwam Shitabin Multipurpose Cooperative Society Limited (ZFSMCS) is a cooperative society wholly owned by a group of small-scale low-income cassava producers located at Manyii Village, Kafanchan in Jema'a Local Government Area of Kaduna State, in the northern part of Nigeria. ZFSMCS cultivates and processes cassava into garri. There is a large market demand for garri in northern Nigeria and market demand is supplied mostly by processed garri from the south. As a result, there is a market opportunity for ZFSMCS as a small-scale producer of garri located in the north. However, ZFSMCS has been unable to seize this market opportunity due to weak management capacity, weak financial and management and accounting structures, weak technical production capacity, and inefficient production equipment.

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

ZFSMCS will contribute the labor of its members and also finance the lease of farm land as well as provide labor for the processing operations.

IV. Project Goal

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

V. Project Purpose

The purpose of the Project is to improve ZFSMCS' 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 directors that:
1. meets quarterly to assess management progress and address implementation constraints necessary to move the organization forward; and
 2. convenes the Annual General Meeting (AGM) in accordance with its Constitution to update members on ZFSMCS' on-going activities.
- B. Improved financial management capacity as evidenced by:
1. 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 can be readily audited; and
 2. the management team's routine use of 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 ZFSMCS establishes linkages with two major wholesalers or retail outlets.

VII. Activities

- A. Management and Accounting Improvement Activities
1. ZFSMCS will hire an experienced accountant by month six of Project Year One to manage its finances. 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 in order to acquire the skills to take over the position at the end of the Project.
 2. The accountant will work with a technical assistance provider to train ZFSMCS members, the Board of Trustees, and the management team on the use of financial procedures. The training will result in a manual of procedures that establishes internal controls and documents accounting

policies by the end of month ten of the Project, with the intent to receive ADF financial certification by the end of the Project.

3. ZFSMCS will recruit a general business manager by month six 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.
4. A technical assistance consultant will train ZFSMCS members, the Board of Trustees, and the management team in monitoring and evaluation techniques. The training will be conducted by the end of month six of the Project, and a follow-up training session will occur before the end of the Project.
5. A technical assistance provider will train ZFSMCS members, the Board of Trustees, and the management team in group dynamics by month six of the Project. The training will focus on how to promote a healthy working relationship among everyone working on the Project.
6. ZFSMCS' executive council and 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 cassava production enterprise. The training will be completed by month six of Project Year One.
7. ZFSMCS' Board of Trustees, executive council, and members will attend training on organizational development. The training will focus on team building, management techniques, and goal setting. The training will result in a documented 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.
8. ZFSMCS will recruit a management consultant who will collaborate with members of ZFSMCS and the management team to establish a manual of management systems and procedures related to personnel, procurement, and training. The consultant will be engaged for a period of about ten months, to start by the end of month six of the Project.
9. 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 include the following:
 - 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 members, such as income and cassava 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 Cooperative;
- h. provide an assessment of current market trends as well an analysis of related risks; and
- i. include any other additional analysis 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. ZFSMCS will recruit an agronomist by month 11 of the Project. The agronomist will provide technical assistance related to modern agronomic practices. The agronomist will help members choose high-yielding cassava tubers and environmentally sound herbicides. He or she will also advise members on land preparation, weed control, and rice cultivation practices. The agronomist will provide extension services to members' individual farms, as well as the shared Cooperative farm.
2. ZFSMCS will establish a cassava processing facility. The facility will use standard cassava processing machinery and equipment capable of producing fine grain garri.
3. ZFSMCS will recruit a production/processing supervisor by the end of month six to supervise activities at the Cooperative's processing facility. The production/processing supervisor will train members in modern cassava production, including the use of equipment, quality control, and the implementation of environmentally friendly modern cassava processing activities at the facility. She or he will also be responsible for ensuring the proper disposal of production byproducts and adherence to HACCP and industry best practices. The production/processing supervisor will also facilitate the sourcing of cassava tubers from Cooperative members and from other cassava producers in the area. A member of the Cooperative will work closely with the production/processing supervisor in order to acquire the skills to take over the position at the end of the Project.

4. Members of ZFSMCS will embark on a study tour of another cassava processing company of a similar size and a similar strategy.
5. Representatives from ZFSMCS will attend a lessons learned workshop, where similar ADF funded cooperatives will share their challenges and successes.

C. Marketing Improvement Activities

1. The general 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 garri at the local and other regional markets. Second, the strategy will promote the processing services to be offered by the Cooperative to other cassava producers and processors.
2. The Cooperative will develop its marketing ability by displaying its products for buyers and marketing its processing facilities to cassava farmers at trade fairs and agricultural shows.

VIII. Roles and Responsibilities of the Parties

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

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ADF  ZFSMCS _____

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