

**PROJECT DESCRIPTION**

**Umu-Oma Cassava Processing 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**

Umu-Oma Idu-Obosiukwu Young Farmers Cooperative Society (“UIYFCS,” “the Cooperative”) is composed of sixty small-scale, low-income cassava producers located in One Local Government Area of Rivers State in southern Nigeria. The Cooperative’s members cultivate cassava on individual plots and collectively on the Cooperative’s farm. UIYFCS processes cassava for sale as garri, a staple food in southern Nigeria and throughout the country. While UIYFCS wants to increase production to capitalize on domestic demand for garri, it is hindered by outdated production and processing techniques, and inadequate management, financial, and marketing systems.

**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

UIYFCS will contribute the labor of its members and funds to finance the lease of farm land.

**IV. Project Goal**

The goal of this Project is to improve the standard of living of low-income cassava producers in Rivers state in southern Nigeria.

## V. Project Purpose

The purpose of the Project is to improve UIYFCS' 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. UIYFCS' Board of Trustees meets quarterly to assess management progress and address implementation constraints necessary to move the organization forward; and
  - 2. UIYFCS' Board of Trustees convenes the annual general meeting to update members on UIYFCS' on-going activities.
- B. Improved financial management capacity as evidenced by:
  - 1. UIYFCS 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. UIYFCS' Executive Council routinely utilizes financial statements 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 UIYFCS receiving two letters of intent from wholesalers or retail outlets to purchase the Cooperative's garri.

## VII. Activities

- A. Management and Accounting Improvement Activities
  - 1. UIYFCS will hire 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.

2. UIYFCS will hire an accountant by month six of Project year one. The accountant will operate the Cooperative's financial systems and will advise the Board of Trustees and Executive Council 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.
3. UIYFCS will engage a financial systems consultant to work with the accountant by month six of Project year one. The financial systems consultant and accountant will train UIYFCS members, Board of Trustees, and Executive Council on financial procedures. The training will result in a manual of procedures that establishes internal controls and documents accounting policies by month eight of Project year one, with the intent to receive ADF financial certification by the end of the Project. Additionally, the financial systems consultant will establish IT-based financial and internal control systems for the Cooperative. The consultant will train UIYFCS' members, Board of Trustees, and Executive Council on maintenance of financial records and bookkeeping, and ensure that the Executive Council routinely utilizes financial documents produced during the Project. Training will be completed by month eight of Project year one.
4. UIYFCS will engage a technical assistance provider to train UIYFCS members, the Board of Trustees, and the Executive Council in monitoring and evaluation techniques. The training will be conducted by the end of month eight of Project year one, and a follow-up training session will occur before the end of the Project.
5. UIYFCS will engage a technical assistance provider to train UIYFCS members, the Board of Trustees, and the Executive Council in group dynamics by month eight of Project year one. The training will focus on encouraging a healthy working relationship among those involved in the Project.
6. UIYFCS will engage a technical assistance provider to train UIYFCS members, the Board of Trustees, and the Executive Council in business skills and entrepreneurship by month eight of Project year one. The training session will focus on identifying business opportunities, the importance of planning, and strategies for managing a cassava production and processing enterprise.

7. UIYFCS will engage a technical assistance provider to train UIYFCS members, the Board of Trustees, and the Executive Council 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 eight of Project year one.
8. UIYFCS will engage a technical assistance provider to train UIYFCS' Board of Trustees and the Executive Council in governance. The training will build the capacity of the Board of Trustees and the Executive Council to provide direction to the Cooperative and to ensure responsible management of the Project. The training will be completed by month eight of Project Year One.
9. UIYFCS will engage a technical assistance provider to collaborate with UIYFCS' members, Board of Trustees, and Executive Council to establish a manual of policies and procedures for the Cooperative. The manual will be developed by month ten of Project year one.
10. By month ten of Project year two, the general business manager, with the help of the management consultant, Board of Trustees, and Executive Council, 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 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. UIYFCS will recruit an agronomist by month ten of Project year one. 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, and advise members on land preparation, weed control, and cassava cultivation practices. The agronomist will provide technical assistance on the Cooperative's farm and provide extension services on members' individual farms.
2. UIYFCS will establish a cassava processing facility. The facility will use standard cassava processing machinery and equipment capable of producing fine grain garri. The facility will be established by month one of Project year two.
3. UIYFCS will engage a technical assistance provider to train UIYFCS members in improved cassava agronomic practices. This training would also build capacity of the cooperative in areas of quality control, hazard analysis and critical control points, and environmental awareness. Training will be completed by month eight of Project year one.
4. A technical assistance provider will train UIYFCS members in modern cassava processing techniques and industry best practices. Training will be completed by month eight of Project year one.
5. UIYFCS will recruit a production and processing supervisor to oversee activities at the cooperative's processing facility by month ten of Project year one. The supervisor will ensure members put into practice the training received in modern agronomic and cassava processing techniques. A member of the Cooperative will work closely with the production and processing supervisor in order to acquire the skills to take over the position at the end of the Project.

6. UIYFCS will purchase cassava from members and other farmers in the surrounding communities for processing into garri. This quality garri will be sold in the open markets. UIYFCS will purchase cassava beginning in month four of Project year two.
7. Representatives from UIYFCS will attend a lessons learned workshop, where similar ADF funded cooperatives will share their challenges and successes. The workshop will take place by month ten of Project year one.

C. Marketing Improvement Activities

1. The general business manager and management consultant will develop a marketing and sales strategy by month ten of Project year one. The strategy will be twofold, first focusing on marketing the Cooperative's garri at the local and regional levels, and second promoting the Cooperative's processing and milling services to other cassava farmers.
2. Members of UIYFCS will embark on a study tour of another similar cassava processing company. The Cooperative will choose the company to visit based on similarities in size and strategy to UIYFCS. This activity will enhance the Cooperative's marketing capacity and will be carried out by month twelve of Project year one.
3. The Cooperative will display its final products for sale and market its processing and milling services to cassava growers at trade fairs and agricultural shows by month four of Project year two.

### VIII. Roles and Responsibilities of the Parties

The staff and management of UIYFCS 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 UIYFCS 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

APPENDIX A

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 UIYFCS as part of the on-going performance assessment.