

PROJECT DESCRIPTION**Kamuku Farmers 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

Savanna Conservation Nigeria (SCN) is a registered non-profit organization, whose purpose is to build support and strengthen capacity for effective and sustainable development of environmental resources particularly at the grassroots level. SCN has identified a need for its services among farmer cooperatives in the Kamuku area, who have limited land available as a result of the neighboring Kamuku National Park. Among the 20 cooperatives in the Kamuku area, SCN has selected three cooperatives it intends to support as part of this Project, namely Dagara Farmers Multipurpose Cooperative Society, Gwaska (1) Nagarta Mata Farmers Cooperative Society and Kakangi/Gagumi Farmers Cooperative Society. These cooperatives are constrained in their ability to grow and market adequate food supplies by poor technical capacity, lack of basic machinery, poor managerial capacity, inadequate entrepreneurial skills, and poor land use 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

SCN will contribute Nigerian Naira (NGN) 6,060,000 to finance the cost of farm inputs, a portion of the operating costs for the production and processing facility, a portion of the administrative costs and the costs of a revolving credit fund.

IV. Project Goal

The goal of this Project is to improve the standard of living of poor farmers in the northern Nigerian State of Kaduna.

V. Project Purpose

The purpose of the Project is to improve Dagara Farmers Multipurpose Cooperative Society, Gwaska (1) Nagarta Mata Farmers Cooperative Society and Kakangi/Gagumi Farmers Cooperative Society's prospects for sustained expansion of as evidenced by the development of a comprehensive five-year business plan for each of the three Cooperatives that ADF deems suitable for funding by a donor or other financial institution.

VI. Outputs

A. Improved financial management capacity as evidenced by:

1. the production of financial statements from the financial and accounting systems of Dagara Farmers Multipurpose Cooperative Society, Gwaska (1) Nagarta Mata Farmers Cooperative Society and Kakangi/Gagumi Farmers Cooperative Society 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 Teams of Dagara Farmers Multipurpose Cooperative Society, Gwaska (1) Nagarta Mata Farmers Cooperative Society and Kakangi/Gagumi Farmers Cooperative Society routinely utilize 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 Cooperatives.

B. Improved management and governance as evidenced by:

1. the boards of directors of Dagara Farmers Multipurpose Cooperative Society, Gwaska (1) Nagarta Mata Farmers Cooperative Society and Kakangi/Gagumi Farmers Cooperative Society meet quarterly to assess management progress and address implementation constraints necessary to advance the Cooperatives; and
2. the boards of Dagara Farmers Multipurpose Cooperative Society, Gwaska (1) Nagarta Mata Farmers Cooperative Society and Kakangi/Gagumi Farmers Cooperative Society each convene an Annual General Meeting (AGM) in accord with their constitutions to update members on Cooperative activities.

C. Improved operational capacity as evidenced by:

1. Dagara Farmers Multipurpose Cooperative Society, Gwaska (1) Nagarta Mata Farmers Cooperative Society and Kakangi/Gagumi Farmers Cooperative Society sell their produce at high seasonal price after developing the capacity to store and process their grains; and

2. Dagara Farmers Multipurpose Cooperative Society, Gwaska (1) Nagarta Mata Farmers Cooperative Society and Kakangi/Gagumi Farmers Cooperative Society each receive letters of intent from at least one wholesale buyer of grains.

VII. Activities

A. Improved Financial and Business Management Activities:

1. An experienced accountant will be hired for each of the three Cooperatives. The three accountants will operate the Cooperatives' financial systems and will advise the management and board on the financial status of the organization. A member of each of the Cooperatives will work closely with the accountants in order to acquire the skills to take over the position at the end of the Project. The accountants will be hired by month four of Project Year 1.
2. SCN will provide training to the accountants of the three Cooperatives in financial management and assist them in developing a financial management manual. To assist SCN in its training, it will purchase two computers and accessories. The Cooperatives will each have a financial management system in place with a financial management and procedures manual by month six of Project Year 1.
3. A general/business manager will be hired for each of the three Cooperatives who will have overall management responsibility for the Cooperatives' operations. A member of each Cooperative will work closely with the general/business manager in order to take over the position at the end of the Project. The general/business managers will be hired by month four of Project Year 1.
4. By month five of Project Year 1, members of the three Cooperatives will receive training in general principles of entrepreneurship and accounting/finance.
5. By month five of Project Year 1, executives of the three Cooperatives will be trained in business management to assist them in understanding and performing their legally mandated roles under the Cooperatives' constitutions.
6. By month six of Project Year 1, members of the three Cooperatives will receive training in participatory monitoring and evaluation techniques. The Cooperatives will apply these techniques to collect and analyze data from the Project.
7. By month seven of Project Year 1, the Project stakeholders will form a participatory monitoring and evaluation team comprised of representatives from SCN, the Kamuku National Park, Dagara Farmers Multipurpose Cooperative Society, Gwaska (1) Nagarta Mata Farmers Cooperative Society and Kakangi/Gagumi Farmers Cooperative Society.

The team will provide input for effective monitoring and evaluation and ensure that any identified problem is promptly addressed.

8. By month eight of Project Year 1, members of the three Cooperatives will be trained on organizational development. This training will be focused on team building, management techniques and goal setting.
9. By month eight of Project Year 1, members of the three Cooperatives will be trained in group dynamics and conflict resolution techniques. This training will be aimed at developing group cohesion in the Cooperatives.

B. Improved operational and marketing capacity activities:

1. SCN will establish three five-hectare demonstration farms, one for each of the Cooperatives, on which members will be trained on modern agronomic practices. Farmers will use modern inputs and equipment on the demonstration farms such as improved seeds, inorganic fertilizer, organic manure, hoes, diggers and irrigation pumps. Agronomic training materials consisting of manuals on seed preparation, planting techniques, harvesting, storage, fertilizer handling and application, and safety gear such as goggles, masks, aprons and gum boots, will also be provided to the farmers. The demonstration farms will be established by month nine of Project Year 1.
2. SCN will hire a consultant specializing in conservation farming and land use to teach the farmers conservation farming techniques. The training will be specifically aimed at imparting optimum organic fertilizer use and sustainable land use and management practices. The consultant will provide training directly on the demonstration farms beginning in month ten of Project Year 1.
3. SCN will hire an agronomy consultant to teach the three Cooperative member farmers high yielding crop production and cultivation methods and manage the work of the farmers on the demonstration farms. The agronomy consultant will also help establish the three demonstration farms and ensure they are organized according to modern agronomy practices. The agronomy consultant will provide support to all three Cooperatives for a period of 18 months beginning in month six of Project Year 1.
4. By the end of Project Year 1, three pilot processing and storage facilities will be established for each of the three Cooperatives, where farm produce will be processed and packaged for marketing. Processing will be conducted with the use of manual groundnut oil extractors, milling machines, threshing machines and knapsack sprayers. A processing supervisor will be hired by month eleven of Project Year 1 to supervise the workers and the maintenance of the processing equipment.
5. SCN will establish a revolving credit fund for the three Cooperatives. The loan fund will be used for the bulk purchase of farm inputs and modern

farming implements. The revolving credit fund will be established by the end of Project Year 1.

6. The general/business managers will develop a market and sales strategy that will focus on marketing the cooperatives' quality grains at the local and regional markets. This strategy will target major wholesalers and retail outlets in Kaduna and neighboring States. The marketing and sales strategy will be in operation by month three of Project Year 2.

C. Business Plan

The general/business managers, with the help of a management consultant, will develop three comprehensive business plans, one for each of the Cooperatives, detailing the Cooperatives' strengths and market opportunities for further expansion and sustainability. The plan will be complete by month nine of Project Year 2 and 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 Project Year 1, particularly in the implementation of industry best practices;
- d) explore options for expanding membership of the Cooperatives and/or providing benefits to non-members;
- e) develop indicators that track benefits to beneficiaries;
- f) develop a business strategy for marketing of the Cooperatives' products and services;
- g) explore options for additional income generation activities for the Cooperatives;
- h) provide an assessment of current market trends as well an analysis of related risks; and
- i) undertake any other additional analysis that will prepare the Cooperatives for expansion and sustained growth, to be determined during the design process of the business plan and through implementation of this Project.

VIII. Roles and Responsibilities of the Parties

The staff and management of SCN 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 SCN to ensure proper reporting, adherence to the project implementation plan by the Cooperatives 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 SCN as part of the on-going performance assessment.