

PROJECT DESCRIPTION

Boghé Herders Milk Production and Sale

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 Appendix A shall be construed as amending any of the definitions, conditions, or terms of the Agreement.

II. Background

Market demand for processed milk products in Mauritania is increasing at a greater rate than supply. The Association des Producteurs de Lait et Viande du Brakna (APLVB), located in Boghe, Mauritania, is made up of 700 herders -- 400 of whom are women. APLVB's members produce cow and camel milk and sell it to Tiviski, the largest dairy factory in Mauritania. Tiviski's needs for raw milk are not met, although it purchases 100 percent of the APLVB and another milk producer's output in Rosso. APLVB lacks the necessary financial, technical, and operational capacity to respond adequately to Tiviski's needs.

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 7 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. APLVB Contribution

APLVB will contribute ouguiyas 10,720,000 for the rental of two warehouses, office space, salaries for 40 laborers, four pump operators, guard services, and electricity costs. The Association will continue to cover all operating costs of the milk production and sale business.

IV. Project Goal

The goal of the Project is to improve the standard of living of the poor in Boghe Mauritania.

ADF




APLVB



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Investment No. 1824-MAU



V. Project Purpose

The purpose of the Project is to increase average yearly income from milk production per APLVB member from a baseline of 82.5 ouguiyas per liter (2008 estimate) to:

- 88.40 ouguiyas per liter in Project Year I;
- 96.25 ouguiyas per liter in Project Year II;
- 102.60 ouguiyas per liter in Project Year III;
- 111.00 ouguiyas per liter in Project Year IV; and
- 117.80 ouguiyas per liter in Project Year V.

VI. Project Outputs

A. Improved Production and Marketing Capacity

1. The volume of milk produced increases from the baseline of 1,098,962 liters (2008 estimate) to:
 - 1,263,807 liters in Project Year I;
 - 1,318,755 liters in Project Year II;
 - 1,373,703 liters in Project Year III;
 - 1,387,440 liters in Project Year IV; and
 - 1,428,651 liters in Project Year V.
2. The Association's sales of milk increase from a baseline of 181,328,808 ouguiyas (2008 estimate) to:
 - 214,847,165 ouguiyas in Project Year I;
 - 230,782,121 ouguiyas in Project Year II;
 - 247,266,558 ouguiyas in Project Year III;
 - 256,676,424 ouguiyas in Project Year IV; and
 - 271,443,733 ouguiyas in Project Year V.

B. Improved Livestock Production Model

1. The return on investment reaches 20 percent by the end of the Project.
2. Loss of livestock to disease decreases over the life of the project.
3. The Project's production and sales model shows a high potential for replication.

VII. Activities

A. Production

The Project will enable APLVB's members to increase the volume and improve the quality of their products. Therefore, the Project's activities are designed to

facilitate the members' direct access to production inputs and services. The specific activity components are described below.

1. Revolving Fund

APLVB will establish and administer a revolving fund for the purchase of production inputs such as animal feed and vaccines. The members will enter into loan agreements with the Association that stipulate the loan amount, terms, penalties, joint and several guarantee, and the commitment to complying with the proper use of feed and veterinary products. APLVB, working with Twiski, will monitor closely the management of the revolving fund.

2. Veterinary Pharmacy

APLVB will establish and stock a veterinary pharmacy to improve its members' access to affordable medicine and care for their animals. APLVB will recruit a veterinarian and two assistants to operate the pharmacy. The establishment and operation of the pharmacy will comply with all applicable laws and regulations.

3. Animal Vaccination Center

APLVB will provide animal vaccination services to its members. The vaccination center will be accessible to all group and individual Association members. The construction and operation of the center will comply with applicable laws and regulations.

4. Fodder Cultivation Pilot

Livestock is especially vulnerable to malnutrition during the post-harvest season when grazing is not possible. To help address the shortage of affordable animal feed, APLVB will introduce fodder production. It will develop an 80 hectare irrigated plot and construct a storehouse for members' produce. APLVB will acquire the expertise of an animal feed manager, agronomist, and irrigation specialist to operate the pilot. APLVB will commission a mid-term evaluation of the pilot. The Project will test the feasibility of expanding the pilot.

B. Management and Operations Improvement

1. Training

APLVB's Executive Office staff will receive training in feed stock management, administrative and financial management, and ADF bookkeeping and reporting.

2. Operations Management

A consultant will prepare a manual of procedures that describes the applicable procedures for carrying out different activities within the

Association. In addition, APLVB will develop and implement a management improvement plan.

VIII. Roles and Responsibilities of the Parties

APLVB has ultimate responsibility for ensuring the proper implementation of this Project.

IX. Monitoring and Evaluation

ADF's Partner in Mauritania will closely monitor the activities of APLVB to ensure proper reporting, adherence to the project implementation plan, and progress towards the achievement of Project objectives. The Partner will continuously assess the Project's risks and take remedial actions as needed. Monitoring by the Partner will be an important aspect of the ongoing coaching and advisory service. The Partner will review ADF's quarterly reports and will submit comments and observations to the management of APLVB as a part of the on-going performance assessment.

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