

KUBACHA GINGER

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

II. Background

Kubacha Ginger Co-operative Farmers Society (KGFCS), a farmer-owned ginger growing and processing cooperative society, is located in Kagarko Local Government Area of Kaduna State in the north of Nigeria. Cooperative members produce ginger on their individual plots using traditional methods. The current membership has the capacity to produce 140 metric tons annually. The Society's primary sources of revenue are membership dues, cash donations and in-kind contributions of ginger from members which are sold by the Society.

KGFCS is located in a fast expanding regional ginger market. However, low crop yields have prevented the Cooperative's members from expanding production commensurate with market growth.

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 3, Section 1 of the Agreement.

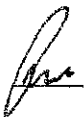
B. Grantee Contribution

The Grantee will be contributing ₦ 834,055 in assets including cash, plus their time and labor.

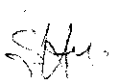
IV. Project Goal

The goal of the project is to advance broad-based, sustainable development and empowerment of a smallholder farmers' Co-operative Society in the world's third biggest center of ginger cultivation, the Kubacha region of Kaduna State in Northern Nigeria.

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V. Project Purpose

The purpose of this project is to improve KGFCs' operational and service delivery capacity as indicated by the following:

- members' ginger yields on their farms improve from 7 metric tons of fresh ginger to 8.5 metric tons per half hectare;
- members sell at least 200 metric tons of ginger from their farms and 20 metric tons of processed ginger from the processing center;

VI. Project Outputs

The project will develop a clear business vision, comprehensive production, marketing and operational strategies, and improved management and organizational abilities as measured by:

- regular financial reports produced in accordance with written accounting procedures; and
- comprehensive business plan, along with marketing strategy, developed and implemented. Two annual contracts in place with Lagos or Kano buyers and two additional annual contracts with large local buyers.

VII. Major Activities to be funded under this Agreement

The key activities to be funded under the proposed OAG are:

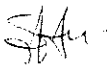
A. Production

- Establish Demonstration Farm – Members are to be trained in ginger agronomy by an agricultural extension services manager. KGFCs will procure planting material, fertilizer, herbicide, and pesticide to be used in training the members.
- Establish Small Demo Pilot Processing Plant – KGFCs will set up a small demonstration processing facility in Kubacha town where fresh ginger from the demonstration farm and the members will be sorted, graded, cleaned, dried, split and bagged for market. Personnel to be hired for this facility are a production supervisor and, for a period of 4 months, 30 production workers.

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- Establish a Small Office and Storage Facility – KGFCS will rent a small warehouse to store the co-operative's ginger, both unsorted and sorted/graded produce. KGFCS will also establish its administrative offices in part of the warehouse.
- B. Management and Marketing
- KGFCS will hire a marketing/business development manager to lead development and implementation of a marketing and sales strategy. This manager will also lead senior managers in developing a comprehensive business plan that will form the basis of the cooperative's business activities. The manager will be assisted by the business services provider who will be engaged by KGFCS.
 - An accounting/finance manager will set up and operate the co-operative's financial and accounting systems and will advise the management and board on the financial status of the co-operative, thus making management more pro-active. This manager will be assisted by the business services provider.
- C. Training and Technical Assistance

An agricultural extension services officer will train KGFCS members in high yielding ginger agronomy and cultivation methods. The initial training will take place at the demonstration farm, with subsequent training and technical assistance being provided by the extension officer at the farms of the members.

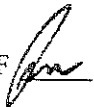
Technical assistant providers will train the membership, Board of Trustees and Executive Council on their roles and responsibilities as mandated by the governing legislation for the cooperative and as good corporate citizens. Appropriate staff and members of the cooperative will receive general management, marketing/sales, understanding of financial statements, strategizing and development of a corporate vision.

VIII. Roles and Responsibilities of the Parties

Management

KGFCS has primary responsibility for ensuring that project activities are properly implemented. Within KGFCS, the Assembly of the General Membership is the highest decision making body. It will determine strategies, policies, and the direction of the entire business. The membership has in place a Board of Trustees and Executive Council, which will be responsible for putting in place a Project Management Team that will supervise and coordinate implementation of the Project. Pursuant to Article 10 of the Agreement, the Diamond Development Initiative (DDI) will provide KGFCS technical assistance and advice during the implementation of the Project.

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IX. Monitoring and Evaluation

Within sixty days of the effective date of this Agreement, the Grantee, working with Diamond Development Initiative, will form a monitoring and assessment committee composed of a representative cross-section of the Grantee's organization. The committee will provide Diamond Development Initiative (DDI) input for the project monitoring plan. In addition, during implementation, the committee will have responsibility for ensuring that the project follows the implementation plan, and that problems identified through monitoring and evaluation are properly addressed in a timely manner.

X. Other Implementation Issues

Kubacha Ginger Farmers Co-operative Society (KGFCs) will in addition to its current bank accounts establish two new bank accounts: (a) an account to receive the ADF grant; and (b) an operations account to manage the grant funds. KGFCs will use the operations account to receive regular deposits and expend as per the funded activities under this Agreement.

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