

PROJECT DESCRIPTION
Central Growers Association – Zambia

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

In 2000, in response to the negative effects of the liberalization of the Zambian national economy on small agricultural producers, rural small-scale farmers created the Central Growers Association (CGA). CGA was formed to provide its members alternative income generating opportunities, technical assistance with a variety of crops (especially in areas with limited access to affordable inputs), and agricultural marketing. Certain CGA members have been growing paprika for the past three years under a pilot project. However, paprika productivity of CGA's farmers has remained low. The annual yields that CGA farmers currently achieve fall below expected output. By achieving greater output, CGA will secure an improved market position and obtain better pricing for its members.

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 3.1 of the Agreement.

B. Grantee Contribution

The Grantee will contribute its existing assets and ZMK 89,592,000 towards Project staff emoluments, the purchase office furniture, and board meeting expenses.

IV. Project Goal

The goal of this Project is to improve the standards of living for CGA members and their families.

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V. Project Purpose

The purpose of the Project is to increase the incomes of CGA, its members, and employees as follows.

- A. An increase in CGA net income plus depreciation (ZMK)
- Year 1: 525,197,000
 - Year 2: 1,246,195,000
 - Year 3: 1,855,790,000
 - Year 4: 2,367,579,000
 - Year 5: 2,924,528,000
- B. Increase in gross income of member farmers (ZMK)
- Year 1: 472,677,000
 - Year 2: 872,337,000
 - Year 3: 1,299,305,000
 - Year 4: 1,657,925,000
 - Year 5: 2,047,170,000
- C. An increase in the wages of CGA staff (in ZMK) by 17.5 percent annually, more precisely:
- Year 1: 120 million
 - Year 2: 142 million
 - Year 3: 167 million
 - Year 4: 196 million
 - Year 5: 230 million

VI. Outputs

- A. CGA paprika farmer members will increase their productivity and production of high quality crops.
1. An expansion in land under paprika production from a baseline of 100 hectares in production to:
- Year 1: 250 hectares
 - Year 2: 350 hectares
 - Year 3: 400 hectares
 - Year 4: 400 hectares
 - Year 5: 400 hectares

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2. An increase in yield (in kilograms per hectare) during the life of the Project as follows:
 - Year 1: 600 kilograms
 - Year 2: 700 kilograms
 - Year 3: 800 kilograms
 - Year 4: 900 kilograms
 - Year 5: 1000 kilograms
 3. An increase in the production of quality Grade-A paprika from 70 percent in Year 1 to 95 percent in Year 5, more precisely:
 - Year 1: 70 percent
 - Year 2: 75 percent
 - Year 3: 80 percent
 - Year 4: 90 percent
 - Year 5: 95 percent
- B. CGA's capacity to provide credit, extension, and marketing services to its members improves.
1. Value of input loans extended to members increases:
 - Year 1: 372,250,000
 - Year 2: 649,472,000
 - Year 3: 817,503,000
 - Year 4: 1,029,007,000
 - Year 5: 1,295,232,000
 2. CGA's extension services are improved by:
 - increasing the number of Program participants trained in extension services and contract farming;
 - paprika field extension officers increased to seven (7)
 - contact paprika farmers increased to thirty (30)
 - employing an extension services coordinator to oversee the training of extension officers and monitor the provision of services; and
 - increasing the frequency with which extension services are available and the capacity of extension officers to provide services in a timely manner by upgrading the mode of transportation for extension officers to motorcycles and bicycles.
 3. Export sales (all paprika produced is exported) increases to (ZMK):
 - Year 1: 1,134,000,000
 - Year 2: 2,038,504,000
 - Year 3: 2,928,899,000
 - Year 4: 3,624,513,000
 - Year 5: 4,429,915,000

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VII. Activities

A. Paprika Production

CGA will undertake the following activities to improve and expand the production of paprika by its 400 paprika growing members:

1. provide training in paprika production, husbandry skills, agribusiness and contract farming operations;
2. provide technical assistance and training in costing and procuring inputs, crop management, and post-harvest treatment;
3. establish and manage a sustainable farm input and equipment purchase revolving loan fund;
4. acquire certified seeds, fertilizers, agricultural chemicals, gardening equipment, irrigation equipment, and packing materials;
5. purchase and transport all member farmer output; and
6. provide improved extension services to member farmers for the successful cultivation of paprika crops.

The training and technical assistance will be designed to reinforce the farmers' knowledge and skills in environmentally friendly farming practices, such as safe handling and use of agro-chemicals, integrated pest and weed management, solar drying, recycling and use of organic manure, and the judicious use of pesticides.

B. CGA Institutional Strengthening

CGA will strengthen its capacity to deliver services to farmer members and market their produce by training:

1. approximately seven (7) extension staff, thirty (30) contact farmers, and three (3) resource persons trained in paprika production and agribusiness;
2. monitoring and coordination of association farming, harvesting and marketing activities;
3. upgrading CGA office equipment and communications capabilities;
4. training CGA staff in financial management and bookkeeping;
5. increasing the number of visits made by the extension coordinator;
6. making quarterly visits by extension facilitator; and
7. increasing the number of full time workers in Years 1 – 5 to (6) workers.

In addition, CGA's members, staff and executive committee (board) will receive training in various disciplines aimed at improving performance and governance of the association.

C. Export markets access

CGA will facilitate business linkages to export markets for small-scale member farmers to export markets. CGA will undertake the following:

1. identify, negotiate and secure signed contracts with export markets prior to

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- crop cultivation;
- 2. secure storage facilities for members and facilitate marketing of the produce; and
- 3. identify and establish a regional network of alliances with other paprika market stakeholders for improved export market profitability and competitiveness.

VIII. Roles and Responsibilities of the Parties

The staff and elected leadership of Central Growers Association are responsible for the management and the proper implementation of the Project.

ZATAC, ADF's partner in Zambia, will provide training in the areas of management, ADF reporting, corporate/cooperative governance, and business planning. ZATAC will also provide technical assistance to the members and leadership in those areas.


IX. Monitoring and Evaluation

Within sixty days of the effective date of this Agreement, the Grantee, working with the ADF Partner, will form a monitoring and assessment committee composed of a representative cross-section of the Grantee's organization. The committee will provide the Partner 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.

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ADF  _____ Grantee _____