

APPENDIX A:
PROJECT DESCRIPTION

SAMOU NAKA Matameye Women's Peanut Oil Production

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.

Background

The area of Matameye is densely populated and, like the other rural areas of Niger, more than 70 percent of the population has an annual average income of less than \$118. Many residents engage in off-farm activities, especially oil extraction, to supplement their household income.

Cooperative de "Samou Naka" (Cooperative) is an umbrella organization for women groups engaged in peanut oil and peanut oil by-products production and marketing. The Cooperative's members face several major obstacles to increasing production and sales of their products including the following: (a) lack sufficient funds to purchase and store groundnuts during the harvest season when agricultural commodities are cheapest; (b) inefficient production technology; and (c) inadequate marketing system.

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.

Grantee Contribution

The Cooperative will provide unskilled workers for the construction of a warehouse. After the Project's first twelve months, the Cooperative will finance all administrative costs including its staff salaries and bene

Project Goal

The goal of this Project is to improve the living conditions of the five women groups that form the Cooperative de "Samou Naka's membership.

ADF _____



Grantee _____

II. Project Purpose

The purpose of this Project is to increase the incomes from peanut processing of the Cooperative and its members as measured by the following indicators:

- the Cooperative's annual net profit increase from CFA 46,477,560 before Project to CFA 63,891,009 in year 1; CFA 81,075,332 in year 2; CFA 96,397,888 in year 3; CFA 113,116,418 in year 4, and CFA 123,809,077 in year 5; and
- the average annual income of the Cooperative's members increase from CFA 329,628 before Project to CFA 336,515 in year 1; CFA 330,217 in year 2; CFA 374,394 in year 3; CFA 449,760 in year 4, and CFA 501,884 in year 5.

III. Output

The major output of the Project is the increased capacity of the Cooperative to provide marketing, financial, and technical support services to its members as indicated by the following:

- the Cooperative's annual sales of its members' products increase from CFA 279,985,300 before the Project to CFA 354,046,050 in year 1; CFA 465,526,007 in year 2; CFA 556,769,104 in year 3; CFA 636,943,855 in year 4 and CFA 695,542,690 in year 5;
- the value of loans disbursed increased from CFA 0 before the Project to CFA 12,168,000 in year 1; CFA 24,336,000 in year 2; CFA 36,504,000 in year 3; CFA 48,672,000 in year 4 and CFA 60,840,000 in year 5;
- the number of loans disbursed to members increase from 0 before the Project to 169 in year 1; and to 296 each year from year 2 through year 5;
- loan recovery achieved at least 98 percent each year;
- the number of individual members assisted increase from 0 before the Project to 169 each year during the 5 years of the Project;
- the number of members capable of, and who are, keeping adequate records relative to production, sales and profit increased from 0 before Project to 12 started year 1; and
- Cooperative members collect, record and keep data on a regular basis, and are able to draft the requested reports (activities, performance and financial) by the first year of the Project.

IV. Activities

A. Provision of Services to Cooperative Members

The Project will enable the Cooperative to provide the following critical services to its members.



Storage. The Cooperative will construct a warehouse on land to be provided by the community. The warehouse will provide secure storage for members' raw materials, reserve stock, and processed oils. To protect stock against pests, and prior to purchasing the reserve stock, the Cooperative will hire professional fumigators to treat the warehouse with pesticides that are certified safe for use around humans and that meet international standards.

Supply of raw material through a credit fund. A procurement committee composed of ten members will purchase and distribute groundnuts to the leaders of oil producing subgroups of the Cooperative. The leaders will distribute the groundnuts to their members as a loan that they will pay back with interest within three months.

Off-season availability of peanuts through a reserve stock. The procurement committee will purchase shelled groundnuts at harvest, when the prices are lowest, for the purpose of establishing a reserve stock. The reserve stock will contain enough peanuts for two months of oil and cake production for each member. The Cooperative will retain the difference between what it pays for the peanuts and its selling price to the members.

Purchase and marketing of products. The Project will establish an oil purchase fund. This fund will enable the Cooperative to pay its members in cash on delivery and market the processed product later. The Cooperative will charge its members a fee for this service.

B. Processing of Groundnut Oil

The Cooperative's members will produce peanut oil. The production process includes removing the shell from the nut, roasting the grains, milling the toasted grains into a paste, and extracting the oil from the paste. The Project will enable the Cooperative to upgrade the production technology available to its members. The Cooperative will secure at least three pro forma invoices for each procurement.

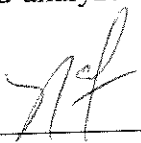
Each of the five member groups will have access to a hulling machine of at least 12-kilogram capacity, a roasting oven of at least 9-kilogram capacity, and an oil press of at least 9-kilogram capacity. Each group will keep the equipment at one site and will establish an equipment management committee to manage the care of the equipment, monitor use, and collect rental fees.

C. Training

The Cooperative will undertake the following training activities.

Bookkeeping. The ADF Partner in Niger, ADIDB, will provide training in bookkeeping to ensure the Cooperative is able to account properly for ADF's funds. It is expected that the Project manager, treasurer, and president of the Cooperative will participate in this training. The initial training will be followed by a refresher course.

Monitoring and assessment. This training will enable the Cooperative's members to collect and analyze information and data related to the Project, and prepare performance



reports in accordance with ADF's requirements. ADIDB will provide the training at the beginning of the Project. Participants in this training are expected to include representatives from each member group, the Project manager, and the secretary of the Cooperative.

Financial management and basic accounting. A local consultant will deliver the training in financial management and basic accounting. Participants in this training are expected to include the members of the Cooperative's management committee and the Project manager

Business and marketing management. A local consultant will deliver this training. Participants are expected to include the Cooperative's management committee and the Project manager.

Group dynamics. All the Cooperative members (169) of the five groups will be trained in group dynamics. A local consultant will deliver the training.

HIV/AIDS. All the members of the Cooperative receive training in HIV/AIDS prevention and control techniques. Local consultants will provide the training.

VIII. Roles and Responsibilities of the Parties

The Cooperative has primary responsibility for ensuring that the Project activities are properly implemented. Within the Cooperative, the Board of Directors will be the highest decision making body for the Project. It will formulate strategies, which includes supervising and coordinating implementation of the Project. ADIDB will provide technical support and guidance in recruitment of personnel, bidding for construction and purchase of equipment.

IX. Monitoring and Evaluation

Within sixty days of the effective date of this Agreement, the Grantee, working with the ADIDB, the ADF Niger 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.