

PROJECT DESCRIPTION

Alito Oil Seeds Warehousing and Marketing

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

Alito Joint Christian Farmers Group (AJCFG) is a registered non-governmental organization located in Apac District in Northern Uganda. AJCFG bulks and sells its members' sunflower seeds and soya beans. Currently there is an unmet demand for bulk oilseed, but AJCFG is limited by inadequate working capital funds and operational capacities to meet this demand.

III. Funding**A. ADF Contribution**

The financial plan for ADF's contribution is set forth in Appendix A-1 of 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. AJCFG Contribution


AJCFG will contribute existing land, building, oil extractor, 13 sets of ox-ploughs and a motorcycle. It will also contribute the time, skills and labor of its existing volunteers and members. The Cooperative will continue to pay for all operational costs not covered by ADF. Starting in the second year, AJCFG will cover the additional costs originally covered by ADF including the salaries of project manager/marketing officer, accountant, two extension officers, and all transportation costs.

IV. Project Goal

The goal of this Project is to promote the development of small scale agricultural enterprises and improve the economic welfare of farmers in the Apac District of Uganda.

V. Project Purpose

The purpose of this Project is to increase the incomes of AJCFG's members and its employees. This will be evidenced as follows:

ADF  AJCFG _____

- A. Increased adjusted net income (before taxes and depreciation) from UGX 4,920,000 in 2008 to:
 - 1. UGX 32,000,000 in Year 1;
 - 2. UGX 44,000,000 in Year 2;
 - 3. UGX 67,500,000 in Year 3; and
 - 4. UGX 97,500,000 in Year 4.

- B. Increased value of raw materials supplied by farmers from UGX 109,600,000 in 2008 to:
 - 1. UGX 121,500,000 in Year 1;
 - 2. UGX 156,000,000 in Year 2;
 - 3. UGX 196,000,000 in Year 3; and
 - 4. UGX 247,000,000 in Year 4.

- C. Increased payroll from UGX 1,000,000 in 2008 to:
 - 1. UGX 16,000,000 in Year 1;
 - 2. UGX 23,500,000 in Year 2;
 - 3. UGX 25,500,000 in Year 3; and
 - 4. UGX 27,000,000 in Year 4.

VI. Project Outputs

By the end of the Project, the capacity of AJCFG and its members to grow and sell oilseeds will increase as evidenced by:

- A. Sales revenues increase from a baseline of UGX 124,000,000 in 2008 to:
 - 1. UGX 205,976,000 in Year 1;
 - 2. UGX 266,000,000 in Year 2;
 - 3. UGX 338,000,000 in Year 3; and
 - 4. UGX 429,000,000 in Year 4.

- B. Annual volume of oilseed sold increases from 169 tons in 2008 to:
 - 1. 186 tons in Year 1;
 - 2. 219 tons in Year 2;
 - 3. 254 tons in Year 3; and
 - 4. 293 tons in Year 4.

- C. Average yield per acre of sunflowers increases from 250 kilograms per season to:
 - 1. 275 kilograms in Year 1;
 - 2. 289 kilograms in Year 2;
 - 3. 303 kilograms in Year 3; and
 - 4. 318 kilograms in Year 4.

- D. Average yield per acre of soybeans increases from 250 kilograms per season to:
 - 1. 300 kilograms in Year 1;
 - 2. 315 kilograms in Year 2;
 - 3. 331 kilograms in Year 3; and
 - 4. 347 kilograms in Year 4.

- E. Improved business systems as evidenced by functional manual financial management and accounting systems that routinely produce records and reports for the Executive

Committee's and management team's use in decision making.

- F. Increased management capacity of AJCFG as evidenced by increase in the number of staff employed from the current zero in 2008 to six in Year 1 and for the life of the project.

VII. Project Activities

AJCFG will ensure, with the assistance of consultants as necessary, the following major activities are implemented.

- A. Improve AJCFG's bulking and marketing services by:
 - 1. expanding the current storage space;
 - 2. employing a project manager that will coordinate and supervise all services and implement marketing strategies; and
 - 3. developing and implementing an efficient crop finance system with the goal of increasing working capital each Project year in order to buy larger percentages of members' produce each subsequent year.
- B. Improve AJCFG members' production capacity by:
 - 1. employing two field extensionists, and providing them with transportation, to assist farmers on a routine basis;
 - 2. purchasing and distributing animal traction sets to member associations to improve farmer production;
 - 3. supplying member associations with high yielding sunflower and soybean seeds through the mechanism of a revolving seed fund; and
 - 4. training farmers in good agricultural practices.
- C. Improve management operations by procuring and installing computers and solar panels to power the systems to aid in information management and decision making by board and management.
- D. Strengthen financial management by:
 - 1. hiring an accountant to manage and report on AJCFG's finances;
 - 2. improving the existing manual accounting system to acceptable levels that provide timely and accurate financial information for decision making during the first year of the project;
 - 3. procuring accounting software and training for an automated accounting system during the second year of the project; and
 - 4. developing and implementing an accounting policies and procedures manual.

VIII. Roles and Responsibilities

ADF's Partner in Uganda will provide the necessary standard ADF training in bookkeeping, monitoring and assessment. AJCFG is responsible for ensuring the proper management and implementation of the investment. The ADF Partner in Uganda will provide AJCFG with technical and management assistance during implementation.

IX. Monitoring and Evaluation

ADF's Partner in Uganda will closely monitor the activities of AJCFG to ensure proper reporting, adherence to the Project implementation plan by the client and movement towards the achievement of Project objectives. The Partner will continuously assess the project risk 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 AJCFG's quarterly reports and will submit comments and observations to the management of AJCFG as part of the on-going performance assessment.

X. Other Implementation Issues

ADF's financial assessment tool will be administered by the end of the first year of the Project implementation in order to ensure that AJCFG is in compliance with financial management and reporting systems.

Each group will strive to reduce the ratio of farmers per oxen set from 30 farmers/oxen at the beginning of the project to five farmers/oxen by the end of the fourth year. This will be achieved by each member contributing a minimum of UGX 16,700 per season towards the animal traction fund that will be managed by each member association. This money will be enough to add one oxen set per year per group and by the end of the project Alito will have increased its oxen sets to 248.

During the first year of project implementation, UDET will assist Alito to develop a cost recovery measure for its in-kind seed loan program that protects the fund against inflation and supports sustainability of the process.