

**APPENDIX A:
PROJECT DESCRIPTION
MOUNA CAJOU COMMUNITY CASHEW PRODUCTION - GUINEA**

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

Mouna Cajou, an organization consisting of 45 members (34 men and 11 women), is located in the village of Saramadia in the Kouroussa prefecture of the Upper Guinea region. The community of Saramadia and its surrounding villages are struggling with an alarming situation: extremely low production yields of crops due to insufficient rainfall and the increasingly longer dry season. However, the community recognizes that bush-fires and abusive deforestation are the main factors that cause the decrease in precipitation, and ultimately the deterioration of the soil. In trying to solve these problems, Mouna Cajou introduced cashew production as an opportunity for its members to increase their revenues and reduce their reliance on local crops.

Cashew farming is a relatively recent, but rapidly developing economic activity in Guinea. Recognizing the economic contribution that it has brought to neighboring countries, the Government of Guinea is encouraging cashew production. The goal of Mouna Cajou is to take advantage of this momentum. It intends to be the first and largest cashew farmers' producer group in the savanna region of Upper Guinea. Mouna Cajou's individual members have established a total of 178 hectares of cashew plantation over the past four years. Mouna Cajou produces raw cashew nuts for wholesale in Guinea and for export to other countries.

III. Funding

A. ADF Contribution

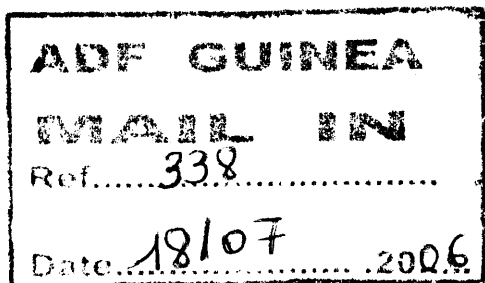
The financial plan for ADF's contribution is set forth in Appendix A-1 to this Agreement. The Parties may make changes to the financial plan without formal amendment, if such changes are made in accordance with Article 7 of the Agreement and do not cause ADF's contribution to exceed the obligated amount specified in Article 3, Section 3.1 of the Agreement.

B. Grantee Contribution

The Grantee's contribution includes the land, the local construction materials and the unskilled labor used for the construction of the storehouse, and a small office. The land covers a total area of 323 hectares, of which 200 hectares will be used for cashew planting. Although the cooperative did not pay for this land, the value is estimated at GNF 9,000,000. The cooperative paid GNF 600,000 for a land survey.

The value of the local construction materials that are readily available at the project site and that the cooperative can gather is estimated at GNF 4,125,000.

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Mouna Cajou will also contribute unskilled labor for the construction of the infrastructures valued at GNF 1,375,000, and salaries for fourteen people valued at GNF 8,880,000. Based on the above figures, the total contribution of the cooperative toward the realization of this project can be estimated at over GNF 23,000,000.

C. Other Contributions

At the request of the Cooperative, the agricultural department of the prefecture of Kouroussa has posted an agricultural engineer as a technical assistant/farm manager for a maximum of two years to assist the cooperative in launching its cashew operation. His major tasks will consist of supervising land development activities, training farmers in the techniques of seeding and the application of fertilizers, and disseminating good agricultural practices among the members. He will also advise on the implementation of action plans developed by the cooperative and provide technical assistance to other farmer non-members of the cooperative. The value of his salary and benefits for the two years are calculated at GNF 6,000,000.

IV. Project Goal

The goal of the project is to contribute to the development of a sustainable tree crop program through cashew production in Saramadia and other villages in Kouroussa prefecture.

V. Project Purpose


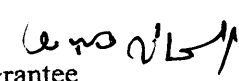
The purpose of the project is to increase the income of the Mouna Cajou cooperative and its members.

Performance indicators include:

- A. increased annual gross revenues of the Cooperative from 0 to US\$ 2,500 in FY2008, US\$ 5,000 in FY 2009, and US\$ 15,000 in FY2010; and
- B. increased annual net revenues of the cooperative 0 to US\$ 1,500 in FY2008, US\$ 3,000 in FY 2009, and US\$ 9,000 in FY2010.

VI. Outputs

1. Expanded production capability of Mouna Cajou Cooperative as measured by the following indicators:
 - * 200 hectares of land developed and planted with cashew by FY2006;
 - * annual production of cashew nuts increased from zero to 5 tons in FY2008, 10 tons in FY2009, and 30 tons in FY2010.

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2. Improved managerial and technical capacity of Mouna Cajou members as measured by the following indicators:

- * firebreaks maintained and no fires destroy cashew seedlings/trees, and
- * fences maintained, and no cattle destroy cashew seedlings/trees.

VII. Activities

Land development:

ADF funds will cover the cost of land development including a soil analysis, clearing, stumping, tilling and staking. This may require the use of heavy equipment such as a bulldozer, particularly for stumping. ADF funds will also pay for additional manual labor that the cooperative will need to hire for these tasks. Tree species such as Karite (*Butyrospermum parkii*) and Néré (*Parkia biglobosa*) will be protected. They will not be cut down. They will be protected from bush fire.

Construction of a storehouse, small office, shed and improved wells:

The cooperative will store its cashews before delivering to clients. It is also expected that the other cashew producers, non-members from Saramadia and from surrounding villages, will bring their products to the same storehouse. The storehouse will be 200 square meters and located at about 5 kilometers from Saramadia on the national paved road Dabola-Kouroussa. The small office and the shed will cover an area of 75 square meters, the majority of which will be reserved for the shed. The cooperative will install three improved wells equipped with hand pumps, of which two will be located at the farm and one at the storehouse site. ADF's funds will provide for purchase and transport of needed construction materials and skilled labor.

Production Equipment and Materials:

Through the grant, the cooperative will purchase two rototillers for the project and miscellaneous hand tools (picks, axes, shovels and hoes, etc.) for each member. The rototillers will be equipped with gangplows that can be used between the crop rows for weeding and preparing and maintaining firebreaks. ADF funds will cover the cost of maintenance and spare parts for the first year and fuel for the first five months of operation.

Transport:

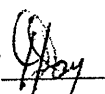
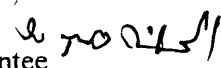
In order to assure the day-to-day monitoring of the plantation and provide necessary assistance to members at their individual plots and to other non-member cashew growers in the immediate area, ADF will fund the purchase of a motorcycle for use primarily by the farm manager in conducting day-to-day monitoring of the plantation.

Farm inputs:

ADF funds will purchase the initial year's quantity of fertilizer and seeds for cashew, peanuts, sesame and cowpeas per the cooperative's production plan.

Training:

The training needs assessment revealed that the most important areas to be addressed are: cashew production techniques, cooperative management, procurement and marketing, financial and credit management. ADF standard bookkeeping, participatory evaluation, and HIV/AIDS training are also

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required. Most of the training will be conducted at the project site using selected technical assistance providers in collaboration with the personnel of CAD. ADF funds will cover honorarium for trainers where appropriate, per diem and travel expenses for participants, training supplies, and other miscellaneous expenses as may be necessary.

Administration:

ADF will also provide funds for administrative costs of the project that include communication, office supplies and bank charges.

VIII. Roles and Responsibilities of the Parties

At the field level, the land development committee is responsible for land clearing, stumping, tilling and staking and distributing plots to individual members. The size of the individual plot will be six hectares and will be the same for all members.


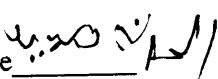
The Cooperative has established three other committees in order to ensure the adequate implementation of project activities. Each of these committees is briefly described as follows:

The Production Committee: responsible for implementing the production program. This particularly includes developing the land and distributing the land among individual members. This committee ensures that every member adopts better agricultural farm management practices. It controls planting of cashew nuts, seeding the intercrops, and the use of fertilizers according to specifications. The committee comprises six members -- four men and two women.

The Procurement and Revolving Credit Committee: is responsible for the procurement of fertilizers and seeds and other farm inputs that will be required to increase production and productivity of the land. It works closely with the production committee to determine quantities and order inputs and ensures that members receive the required quantities of fertilizers and seeds. This committee is composed of six members -- three men and three women.

Members of the cooperative will establish and manage an in-kind revolving credit scheme essentially treating all the costs associated with the project activities, excluding the audit cost, as a revolving fund divided equally among the 45 farmers. There will be a written agreement between each member and the credit committee for the repayment of the inputs and land development costs. Interest is calculated at twelve percent on a declining balance. Each member will repay his/her portion over the six years of the project. Other non-member cashew farmers in Saramadia and surrounding villages may benefit from a similar system as the cooperative begins to expand its production and generate income.

The Marketing Committee: is primarily responsible for the storage and marketing of all cashew production for the members. It will provide these services on a fee-basis to non-member cashew producers. This committee will notify farmers of market opportunities, arrange transport, and negotiate contracts in collaboration with SPCIA (Société de production et de commercialisation des intrants agricoles), as necessary. It will work with the other two committees to forecast the production levels and advertise the products. The committee will also carry out all marketing activities for peanuts, cowpeas and sesame that will be intercropped during the first three years of the project. This committee is composed of six members, of whom two are women and four are men.

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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.

The ADF partner in Guinea will work closely with the Grantee during the first year of production to establish adequate fee-for-service arrangements, particularly for non-members.

X. Other Implementation Issues

Mouna Cajou and ADF's partner organization will maintain regular contact and share project information with the STCP (Sustainable Tree Crop Program) and other cashew-related export offices in Guinea.

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