

APPENDIX A:

PROJECT DESCRIPTION

GABION PRODUCTION PROJECT

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

Land degradation is a major problem in Sahelian countries, such as Niger. Development projects in these countries frequently included conservation actions. One important such action is the reclamation of river banks and gullies, using gabion. Gabion, a case-like structure filled with stone, is also used along roadsides, and in the construction of mini-dams or water collection structures. In addition, in preparation for the 2005 francophone games in Niamey, a construction boom is underway requiring large quantities of gabion.

The Grantee, *Gabion Made in Talifanta Béri* (GMT), would like to capitalized on the growing demand for gabion, but lacks the financial resources to build production infrastructure in Niamey. GMT works under a thatched shed that provides no protection from the rain and wind. Consequently, GMT must halt production during heavy rains or strong winds. GMT does not have an adequate facility for storing raw materials, tools, equipment, or the finished product. Rolls of wire are expensive and small enough to be carried off by thieves, if they are not secured. GMT lacks operating capital to procure large enough stocks of their primary raw material--galvanized wire.

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

GMT's contribution includes the fenced land they purchased at a cost of 12,000,000 FCFA, and a 1987 four wheel drive Tersely Toyota currently in fair condition, worth about 1,600,000 FCFA. Additionally, GMT will cover all administrative expenses after the first year of the Project, including fuel, and maintenance and repair of the vehicle; communication; utilities and office supplies. These costs are estimated at about 8,156,044 FCFA. GMT will also cover all the wages and social security costs for the workers during the Project, estimated at 67,678,560. Therefore, GMT's total contribution is approximately 89,434,604 FCFA.

ADF _____ Grantee DA

IV. Project Goal

The goal of the Project is to foster the development of a commercialized gabion production industry to respond to the construction needs in Niamey and surrounding communities.

V. Project Purpose

The purpose of the Project is to increase the income of the gabion enterprise and its members. This will be measured by the following.

- Annual net profit of the cooperative is expected to change from CFA 3,931,999 in year 0 to: CFA 434,680 in year 1; CFA 5,212,952 in year 2; CFA 8,408,330 in year 3; CFA 12,324,714 in year 4; and CFA 15,072,289 in year 5.
- Annual income of the cooperative members is expected to increase from CFA 269,030 in year 0 to CFA 331,416 in years 1, 2, and 3; CFA 528,096 in year 4; and CFA 583,381 in year 5.

VI. Outputs

The expected outputs for this Project and their performance indicators are as follows.

Expanded production capacity of gabion cooperative

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- Quantity of gabion produced and sold by GMT is expected to increase from 4,946 units in year 0 to 6,230 in year 1; to 7,164 in year 2; 8,024 in year 3; 8,666 in year 4 and 9,278 in year 5.
- Annual sales of GMT is expected to increase from CFA 28,405,000 in year 0 to CFA 74,082,120 in year 1, CFA 88,602,216 in year 2, CFA 103,203,861 in year 3, CFA 115,918,576 in year 4, and CFA 128,865,603 in year 5.

Improved managerial and technical capacities of gabion members

- Thirty-three members of the cooperative and one manager are expected to be employed full time by the end of year one of the Project.
- Revolving funds expected to be fully functional and inputs distributed on time to all cooperative members by the end of the first year.
- The cooperative manages and maintains a sufficient stock of wire on hand to meet 95 percent of orders on time by the end of year 3.
- GMT will be able to maintain regular gabion production records, and draft all ADF required reports as of the first year of the project.
- GMT will have had created an effective and functional operations and procedures manual by the end of year 2.

VII. Activities to be funded under the Grant

A. Manufacturing of Gabion

All gabion manufacturers, with the exception of the manager, work along the same process. Depending on the type of gabion, manufacturers will be organized into teams (2-4 people) per desk. The entire work process will be supervised by the head of workshop, who works as the others, but is also responsible for the distribution of raw material and the control and collection of leftover wire, and the counting of production and storage of manufactured units. The head of the workshop has the same remuneration as the other gabion manufacturers and is paid on a piecework basis per daily production.

The manufacturing work is subdivided into three sequential steps:

- the gabion manufacturers cut the galvanized wire into pieces the day before;
- in the morning of the next day, they weave the pieces of wire they cut;
- in the afternoon they shape the woven wire into the gabion cage structure; and cut the wire to be used the next day.

GMT will endeavor to increase its production of gabion significantly to respond to unmet demand for this product. Using the ADF Grant, GMT will put in place the necessary infrastructure to achieve this objective. GMT will construct a warehouse and office, a workshop hangar, and a latrine block consisting of four latrines. GMT will rehabilitate and heighten the fencing wall that protects its work area. GMT will hire a technician to supervise construction of the buildings. GMT will pay for the supervision as part of its contribution to the Project.

The Grant will finance equipment and furniture for the warehouse, office, workshop hangar, small tools, and protective gear needed to carry out the manufacturing process. In addition, GMT will use the Grant to establish a revolving inventory fund that will serve as a safeguard against stock shortages and cover certain administrative costs for the first year of the Project, including marketing.

B. Training and Technical Assistance

GMT members will participate in training in the following areas: (i) marketing; (ii) financial management; (iii) monitoring and assessment; (iv) ADF's standard bookkeeping training; and (v) HIV/AIDS education. Consultants will conduct the training in collaboration with ADIDB. All the training will be carried out at the Project site or at the ADF Partner office.

ADIDB will assist GMT in recruiting a business advisor who will work full-time for six months, and three days per month as needed during the remaining first two years of the Project. The specific tasks of the business advisor include transferring skills to the Project Manager, creating an operations manual, advising GMT on best business practices, and developing a full-scale business plan.

VIII. Roles and Responsibilities of the Parties

GMT is responsible for ensuring the proper management and implementation of the Project. The ADF Partner in Niger, ADIDB, will provide technical and management assistance to GMT during the implementation of the Project.

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.

X. Other Implementation Issues

None