

**APPENDIX A:
PROJECT DESCRIPTION
GAYA ONION
PRODUCTION AND MARKETING PROJECT
NIGER**

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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

The Gaya region of Niger has tremendous agricultural potential. Traditionally, onion production has been a favored activity due to the good quality of the land, the availability of water, and the substantial demand for onions in the neighboring countries of Benin and Nigeria. (Gaya is five kilometers from both borders).

Members of the Cooperative des Producteurs d' Oignon de Gaya (Cooperative), an association of onion growers, are responsible for approximately 50 percent of the onions produced in Gaya. The demand for the Cooperative's onions exceeds its production. The major obstacles to increased production include the following: (1) inadequate pumping equipment; (2) insufficient supply of fertilizer and other production inputs; and (3) inadequate storage facilities.

III. Funding

A. ADF Contribution

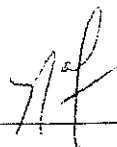
The financial plan for ADF's contribution is set forth in Appendix A-1 to this Agreement. The Parties may make changes to the financial plan without formal amendment, if such changes are made in accordance with Article 7 of the Agreement and do not cause ADF's contribution to exceed the obligated amount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

B. Grantee Contribution

The Cooperative will provide unskilled workers for the construction of the warehouses. It will also cover 20 percent of the cost of motorized pumps to be purchased and all administrative costs incurred after the first twelve months of the Project.

IV. Project Goal

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The goal of this Project is to improve the living conditions of Gaya the Cooperative's members.

V. Project Purpose

The purpose of the Project is to increase the income of the Cooperative and of its members through the improvement of production and commercialization as measured by the following indicators:

- the farmers' annual net income from onion production increased from CFA 88,406 to CFA 99,906 in year 1; CFA 76,740 in year 2; CFA 96,564 in year 3; CFA 107,295 in year 4 and CFA 122,608 in year 5; and
- the Cooperative's annual net profit increased from CFA 12,465,300 before project to CFA 42,189,736 in year 1; CFA 54,550,123 in year 2; CFA 69,369,901 in year 3; CFA 69,722,396 in year 4 and CFA 70,262,502 in year 5.

VI. Outputs

The Project will generate the following outputs.

A. Increased onion production and marketing by the Cooperative:

- annual sales increased from CFA 55,500,000 before Project to around CFA 103,888,800 in year 1; CFA 125,788,559 in year 2; FCFA 169,223,311 in year 3; CFA 170,746,321 in year 4 and CFA 172,283,037 in year 5;
- quantity of onion produced by the Cooperative members increased from 1,965 tons before the project to 2,456 ton in year 1; 2,947 tons in year 2; 3,929 in year 3; 3,929 tons in year 4 and 3,929 tons in year 5;
- quantity of onion sold by the Cooperative increased from 1,110 tons before project to 1,385 tons in year1, 1,662 tons in year 2; 2,216 tons in year 3; 2,216 tons in year 4 and 2,216 tons in year 5;
- credit funds of the cooperative increased from CFA 18,732,000 before project to CFA 68, 682,000 from in year 1 through year 5; and
- loan recovery achieved and maintained a rate of at least 98 % each year.

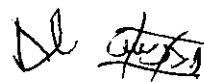
B. Improved technical and management capacities of the Cooperative:

- two employment opportunities are full time by the end of year 1 of Project and carried over the Project life span;

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- the Cooperative is able to store every year at least 63 tons of onions starting from year 2 and continuing through out year 5 for sale at high prices in the lean season; and
- the Cooperative's members collect, record, keep data regularly and are able to draft the requested reports (activities, performance and financial) by the first year of the Project.

VII. Activities

A. Production of Onions

The Cooperative's members are responsible for the production of onions. The agricultural development service will support the farmers with technical advice related to planting, proper fertilizer use, and maintenance.

The members will employ a cultivation model that includes irrigation and best farming practices. This Project will enable the farmers to replace the traditional irrigation system (wells and manual drawing system) with the more efficient motorized pumps. The cropping system has four phases: field preparation, replanting, seeds and fertilizer, and harvest. From September to March of each year, the Cooperative's members will prepare fields for onion production. April is harvest time.

Under this Project, the Cooperative will establish credit funds to help its members purchase production inputs and equipment. At the beginning of each agricultural campaign, the Cooperative will make interest-bearing loans available for production inputs (seeds and fertilizer) that the member borrowers must repay at harvest. The Cooperative's loans for equipment (ploughs, oxen drawn carts, and oxen) will be payable with interest in four installments over four years. With both loans, the Cooperative will charge an interest rate that is sufficient to generate a surplus.

B. Provision of Services by the Cooperative

The Cooperative will establish a procurement committee. At harvest time, this committee will purchase onions from the members at negotiated prices. In addition, the Cooperative will establish a revolving onion purchase fund (capitalized at FCFA 4,725,000) that the procurement committee will manage. The committee will use this fund to purchase the onions from members. The committee will allocate purchases equally among its members. During the first year of the Project, the Cooperative will use half of the fund to purchase 32 tons of onions, which it will store for three to four months before selling in the off-season at higher prices. The stock held in reserve for resale at higher prices will increase in year two of the Project and thereafter. The Cooperative will retain all proceeds from the resale.

In order to provide adequate and safe storage for the onions, the Cooperative will construct two warehouses. The first will be constructed in year one and the second will begin construction at the end of the first year of the Project. Both warehouses will have a surface

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of 100 m² (10m x 10m) and a height of 1.20, with a capacity of 315 sacks of onion (31.5 tons) and equipped with solar ventilation system.

C. Training

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, the Cooperative's secretary, and one other member 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 the board of directors, internal auditors, and the Project manager.

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 board of directors, internal auditors, and the Project manager

Business and marketing management. A local consultant will deliver this training. Participants are expected to include the Cooperative's board of directors, internal auditors, and the Project manager.

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

Study tour. Selected Cooperative members will take a five (5) day study tour in Galmi an important onion production region of the country.

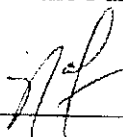
VIII. Roles and Responsibilities of the Parties

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. It will formulate strategies, which includes supervising and coordinating implementation of the Project. ADIDB will provide technical support and guidance in recruiting personal and identifying building contractors as well in exploring market opportunities.

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

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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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