

**PROJECT DESCRIPTION****Madoua Onion Trading Center****Niger****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 5,740 members of the Madaoua-based FUFO Alkawali Federation have extensive experience in onion production and commercialization. However, they receive little income from this activity for the following reasons: (a) the onions are marketed through intermediaries who fix farm gate prices just above the cost of production; (b) poor access to production inputs, especially fertilizers; (c) lack of information on market standards requirements; and (c) lack of an adequate system for marketing the produce. The Federation has identified measures to address these constraints, but it lacks the funds to undertake them.

**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 4, Section 4.1 of the Agreement.

**B. Client Contribution**

The Federation will provide two hectares of land in Madaoua for the construction of the trading center.

**IV. Project Goal**

The goal of the Project is to improve the living conditions of onion producers in the Madaoua area.

ADF



FUFO



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## V. Project Purpose

The purpose of the Project is to increase the incomes of the onion producers of Madaoua. Total profits before depreciation and taxes will increase from a baseline of FCFA 2,067,000 in 2008 to the following:

- A. FCFA 3 772 301 in year 1;
- B. FCFA 8 396 978 in year 2;
- C. FCFA 9 457 119 in year 3;
- D. FCFA 9 728 893 in year 4; and
- E. FCFA 10 594 488 in year 5.

## VI. Outputs

A financially sustainable onion trading center is established, as indicated by the following.

- A. The Federation's gross sales revenue will increase from a baseline of FCFA 13,682,000 in 2008 to the following:
  - 1. FCFA 35 517 156 in year 1;
  - 2. FCFA 38 546 207 in year 2;
  - 3. FCFA 40 866 482 in year 3;
  - 4. FCFA 42 457 251 in year 4; and
  - 5. FCFA 44 121 673 in year 5.
- B. The quantity of onion sold at the trading center will increase from a baseline of FCFA zero in 2008 to the following:
  - 1. 14, 044 tons in year 1;
  - 2. 16, 763 tons in year 2;
  - 3. 18, 233 tons in year 3;
  - 4. 18, 415 tons in year 4; and
  - 5. 18, 600 tons in year 5.
- C. The number of vehicles registered and taxed at the trading center will increase from a baseline of zero in 2008 to the following:
  - 1. 401 in year 1;
  - 2. 479 in year 2;
  - 3. 521 in year 3;
  - 4. 526 in year 4; and
  - 5. 531 in year 5.

## VII. Activities

### A. Trading Center

The major activity under the Project is the establishment and operation of a center for trading the onions produced by the Federation's members. The Federation will construct and equip a concrete trading center on a two-hectare plot of land. The trading center will consist of:

1. warehouse and office unit;
2. two (2) sheds for onion storage;
3. a unit of three (3) showers and toilets; and
4. a fence and guard house.

The center will enable the Federation to market directly to buyers and thus eliminate the middleman. It will have a counter where onions will be sold at prices known to buyers and sellers. The price transparency will enable farmers to get better prices. In addition, the center will provide producers access storage facilities, which will reduce produce losses.

### B. Revolving Fund

The Federation will establish and manage a revolving fertilizer fund. The Federation will purchase approximately 1,250 bags fertilizers for a total amount of FCFA 15,000,000. These bags will be sold to members on a cash basis. The fund may also be used to secure future delivery of onions from members at harvest time. Proceeds from sale of fertilizer and onions will be used to maintain the value of the fund's capital.

### C. Training

In order to enable the Federation to better manage the organization, the following training sessions will be undertaken.

#### 1. Internal Auditing

Two new internal auditors to be elected by the general assembly will receive training in the field of audit trail, cash and bank control including reconciliations, control of supporting documents, inventory of assets, and budget control. Training will last four days and will be conducted by the ADF Niger Office Program Assistant.

#### 2. Administrative and Financial Procedures on ADF Reporting

In order to strengthen staff technical skills, the Federation manager and the accountant will be trained on the use of the procedures manual and in the harmonization of all the internal supporting documents (such as cash vouchers, ledgers, registering books, purchase order, delivery order, travel vouchers, payroll, etc.).

3. Sensitization on Market Standards Requirements

A consultant will instruct and sensitize producers on standards requirements by major onion buyers, such as Agro-Niger, so that they will be able to produce the quality demanded by the market. The training will be organized at the union level. Twenty-five participants per union will be selected and for the six unions, a total of 150 participants will attend this session. The training will focus on the following:

- a. the Federation's strategy to get higher prices;
- b. market onion standards requirements;
- c. adequate dosage of fertilizers (simple and composed one); and
- d. techniques of onion harvesting including identification of optimum maturity point, respect of harvest moment, drying up of the product in the shade, adequate handling of the product, use of proper cutting material, and meticulous sorting out of bulbs.

D. Marketing and Promotion

Representatives of the Federation will attend three commercial fairs organized in Niamey by the Ministry of Agriculture.

**VIII. Roles and Responsibilities of the Parties**

The Federation has primary responsibility for ensuring that the Project activities are properly implemented. The ADF Niger Partner will provide technical support and guidance.

**IX. Monitoring and Evaluation**

Within sixty days of the effective date of this Agreement, the Client, working with the ADF Niger Partner, will form a monitoring and assessment committee composed of a representative cross-section of the Client's organization. The committee will work with the Partner to develop 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.

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