

PROJECT DESCRIPTION
AINOMA Seed Multiplication Project
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

AINOMA is a family owned and operated commercial seed farm located in the Say Administrative Department in Niger that produces seeds for improved varieties of cereal, vegetable, and fruit crops. Small traditional farmers make up an estimated eighty-five percent of Niger's population, and their access to good seed for improved crop varieties is key to achieving food security and poverty alleviation. The demand for seeds for drought resistant, high yielding varieties of all crops (cereals, vegetables, and trees) in Niger and other West African countries is rising at a rapid pace and much faster than quantities available in the market. According to estimates by the Nigerien Ministry of Agriculture, the potential demand for improved seeds is 100,000 metric tons per year. The AINOMA farm produced 707 metric tons of improved seed in 2008. While AINOMA has the potential to substantially increase its production of improved seeds for small farmers, the enterprise needs to improve its technical and financial management capabilities and lacks sufficient resources to expand its operations.

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

AINOMA will contribute its land and existing personnel, infrastructure, and equipment to the implementation of this Project.

IV. Project Goal

The goal of the Project is to improve the food security and standards of living of traditional Nigerien farmers and their families.

V. Project Purpose

The purpose of the Project is to increase both the value of traditional Nigerien farmers' agricultural production and AINOMA's financial performance as indicated by the following.

- A. Starting in Year 2, small farmers using quality improved seeds will improve their average yields as evidenced by a 15 percent annual increase in the estimated value of their production, as follows:
 1. Year 2: CFA Francs (FCFA) 276,000,000;
 2. Year 3: FCFA 719,000,000;
 3. Year 4: FCFA 1,421,000,000; and
 4. Year 5: FCFA 2,947,000,000.

- B. AINOMA's annual net income before depreciation and taxes will increase from FCFA 12,000,000 in 2008 to the following:
 1. Year 1: FCFA 21,750,000;
 2. Year 2: FCFA 43,900,000;
 3. Year 3: FCFA 69,000,000;
 4. Year 4: FCFA 139,500,000; and
 5. Year 5: FCFA 318,175,000.

VI. Outputs

The Project will increase the supply of high quality seeds for improved varieties of traditional crops and high value vegetable crops for traditional small Nigerien farmers.

- A. AINOMA's annual production and sales of drought tolerant and adapted seed varieties will increase as measured by the following.
 1. AINOMA's annual sales will increase from FCFA 212,000,000 in 2008 to:
 - a. Year 1: FCFA 393,050,000;
 - b. Year 2: FCFA 519,250,000;
 - c. Year 3: FCFA 745,388,750;
 - d. Year 4: FCFA 1,205,850,000; and
 - e. Year 5: FCFA 2,329,387,500.

 2. AINOMA's annual production of high quality seed will increase from 707 metric tons in 2008 to:
 - a. Year 1: 1,131 metric tons;
 - b. Year 2: 1,810 metric tons;
 - c. Year 3: 2,986 metric tons;
 - d. Year 4: 5,225 metric tons; and
 - e. Year 5: 10,000 metric tons.

B. Improved managerial skills and financial management and reporting systems as demonstrated by:

1. an accounting system installed and quarterly financial reports and statements produced and used by management;
2. an accounting policies and procedures manual developed and in use; and
3. a fully functional financial management system certified as compliant with ADF requirements.

C. Improved technical capabilities as evidenced by the following.

1. Linkages re-established between national crop research institutions, on-farm varietal testing and seed multiplication organizations, seed distribution networks, and small farmers.
2. The productivity of contract seed farmers increases from an average of 650 kilograms to 1,000 kilograms of high quality seed produced annually by Year 2 of the Project.
3. The number of contract seed farmers, 50 percent of whom are women, trained by AINOMA to produce improved seed varieties increases from zero to:
 - a. Year 1: 300;
 - b. Year 2: 1,800;
 - c. Year 3: 3,000 ;
 - d. Year 4: 5,225 ; and
 - e. Year 5: 10,000.

VII. Activities

The Project will undertake the following activities.

A. Site Development and Production

1. During the first year of the Project, AINOMA will hire a contractor to construct a 225 square meter concrete drying and threshing floor protected with wire mesh fencing. AINOMA will purchase tarps to protect seeds from mixing with other varieties and from contamination by foreign matter during the threshing, drying, and packaging processes.
2. A contractor will assist AINOMA to construct a barbed wire fence to protect a new 15 hectare area of the farm from livestock. AINOMA will also hire a contractor to install irrigation pipes and equipment to provide water from one of its water reservoirs to develop the new site and expand its high value vegetable seed production area from 10 to 25 hectares during the first year of the Project.

3. AINOMA will hire additional technical and administrative staff during the first year of the Project. A project manager and four specialists (peanut, sesame, vegetable and quality control) will manage the seed multiplication program. Ten agricultural technicians will train and monitor the contract seed farmers. The administrative staff will consist of an accountant, an administrative assistant, and a driver.
4. Using foundation seed for millet, sorghum, cowpea, peanut, sesame, maize, and rice purchased from local research organizations, AINOMA will multiply seed stocks on its own farm to assure better quality control and adequate stocks of certified seed to meet rising demand. AINOMA will out-source seed purity testing and trials to test germination to validate its certification process.
5. When the target quantities of seed stocks have been reached, AINOMA will provide seed, fertilizers, and approved pesticides to contract seed growers for multiplication. Seed multiplication contracts that specify technical and quality control requirements and seed delivery prices will be negotiated and signed between the seed growers and AINOMA before the beginning of each production season.

B. Training and Technical Assistance

1. AINOMA will take all necessary steps to receive full financial certification within six months of Project start-up. The ADF Partner will assist AINOMA to recruit and hire a project manager and accountant and provide Project management staff with basic bookkeeping training. The general manager, production manager, and the accountant will be trained by the ADF Partner to comply with ADF accounting and financial management requirements. In addition, with the help of a consultant, AINOMA will develop an administrative, accounting, and financial procedures manual to formalize its procedures. AINOMA will acquire adequate office equipment including computers, accounting software, and accessories.
2. AINOMA will contract with the Seeds, Legislation, and Quality Control Service (SICCLA) of the Ministry of Agriculture to train AINOMA's agricultural specialists and agricultural technicians on adoption of new technologies to increase the capacity of AINOMA's staff in seed production and quality control.
3. AINOMA will conduct training of contract seed growers shortly after all procurement and construction activities are underway. An initial 300 farmers will be trained by the agricultural technicians during the first year of the Project. The training will be replicated in subsequent years to expand the network of contract seed growers.

4. AINOMA will contract with research institutions in Niger to inspect contract seed multiplier farms to ensure that traditional farming practices are consistent with the protocols for specific crops. These institutions will provide recommendations on how to improve such practices for seed production.
5. AINOMA will contract with SICCLA during the first year of the Project to conduct seed quality controls during critical seed production periods, from before sowing through postharvest time, to assure that seeds are produced, harvested, processed and stored such that maximum quality is maintained.

VIII. Roles and Responsibilities of the Parties

AINOMA has primary responsibility for ensuring that the Project's activities are properly implemented. ADF's Partner in Niger will provide technical support and guidance.

IX. Monitoring and Evaluation

Within sixty days of the effective date of this Agreement, AINOMA, working with the ADF Niger Partner, will establish a Project monitoring plan to ensure that the Project follows the implementation plan and that problems identified through monitoring and evaluation are adequately addressed in a timely manner.