

## PROJECT DESCRIPTION

Macedonia Ginger Production and Processing Project

## Nigeria

**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**

Macedonia Ginger Farmers Cooperative Society (MAGFACOS) is a rural-based, 50 member cooperative society located in Sambau Farfaiik Ward, Jaba Local Government Area (LGA) of Kaduna state, Nigeria. MAGFACOS has been involved in efforts to increase the productivity, quality, and earnings of its ginger farmer members through the provision of extension services, bulk purchases of farm inputs and facilitation of ginger sales to major dealers.

MAGFACOS wants to improve the quantity of ginger produced by increasing the land area devoted to cultivation, using improved varieties, and applying modern agronomic practices. However, MAGFACOS is constrained by poor technical production capacity, no access to modern inputs and equipment, and weak management and business skills.

**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. Grantee Contribution**

MAGFACOS will contribute the labor of its members, existing farmland for ginger production, inputs for the demonstration farm, a crop purchase fund and up to Nigerian Naira (NGN) 3,105,000 to help cover operating costs of the production facility.

**IV. Project Goal**

The goal of this Project is to promote the growth of small scale agricultural enterprises and improve the standard of living of poor farmers in the northern Nigeria state of Kaduna.

ADF



Macedonia



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## V. Project Purpose

The purpose of the Project is to improve MAGFACOS's prospects for sustained expansion as indicated by the development of a comprehensive five-year business plan that ADF deems suitable for funding by a donor or other financial institution.

## VI. Outputs

- A. Improved ginger production methods and productivity as evidenced by an increase of fresh ginger yields from a current baseline average of seven metric tons per half hectare to eight metric tons per half hectare by the end of the project.
- B. Improved product quality as evidenced by:
  - 1. a decrease in extraneous and foreign matter in dried ginger from a current baseline of 10 percent to 5 percent by Project Year 2; and
  - 2. a decrease in the water content of dried ginger from a current baseline of 17-18 percent to 14 percent by Project Year 2.
- C. Improved management capacity as evidenced by:
  - 1. a functioning and active Board of Directors meets quarterly to assess management implementation progress and address implementation constraints impeding operational efficiency and progress;
  - 2. two one year contracts between MAGFACOS and non-local buyers and two contracts between MAGFACOS and large local buyers to assist farmer members' sales of dried ginger; and
  - 3. the management team routinely utilizes financial documents produced during the Project, such as quarterly bank reconciliations, budget expenditures, profit and loss statements, balance sheets and cash flow statements in making financial and management decisions for the cooperative.

## VII. Activities

- A. Production Improvement
  - 1. The Cooperative will establish a 2.5 hectare demonstration farm on which farmers will receive training in yield and quality enhancing production technologies such as fertilizer and modern equipment.
  - 2. The Cooperative will establish and equip a small processing facility where fresh ginger from the demonstration farm will be sorted, graded, cleaned, dried, split, and bagged for sale.

## APPENDIX A

3. An agricultural extension services manager will be recruited and will train the farmers in best practices of ginger production at the demonstration farm, the processing facility, and on the members own farms.
4. The Cooperative will rent a small storage facility to store the Cooperative's sorted, graded produce and unsorted ginger.

### B. Management and Accounting Improvement

1. A general business manager will be recruited and have overall management responsibility for MACI/ACOS's operations. The General Business Manager will train the current in-house management on sound cooperative society management during the Project.
2. The general business manager, with technical assistance from senior managers and an outside consultant, will develop a comprehensive 5-year business plan detailing opportunities for further expansion and sustained profitability. The business plan will:
  - (a) determine the most cost-effective cost of production per hectare;
  - (b) project the returns on investment;
  - (c) document lessons learned from year one of this EDI Project, particularly in the implementation of agricultural best practices and techniques;
  - (d) explore options for expanding membership of the Cooperative and providing benefits to non-members;
  - (e) develop indicators that track benefits to beneficiaries;
  - (f) explore options for additional income generation activities for Cooperative;
  - (g) evaluate the commercial viability of exporting ginger;
  - (h) explore the possibility of going into organic farming;
  - (i) provide an assessment of current market trends as well an analysis of related risks;
  - (j) provide an assessment of the current in-house management team's ability to manage the business and financial aspects of the cooperative on its own; and
  - (k) include any other additional analysis that will prepare the Cooperative for expansion and sustained growth, to be determined during the design process of the business plan and through implementation of this Project.

3. An accountant will be recruited and will establish and operate the Cooperative's financial systems and will advise the management and Board on the financial status of the organization. The Accountant will mentor the current in-house management on sound financial practices and procedures.
4. Technical experts will train MAGFACOS' members, the Board of Trustees and the management team in accounting and financial business principles, group dynamics and business management.
5. A technical expert will work with the management team and produce a manual of organizational policies and procedures, a manual of internal controls and a manual of accounting procedures.

C. Marketing Improvement

1. The general business manager, with technical assistance from a consultant, will develop a market and sales strategy that will reduce or eliminate the need for intermediaries between MAGFACOS, and major domestic buyers and retailers of ginger.
2. MAGFACOS will purchase and package its produce in branded bags to distinguish its products from those of other sellers on the market.
3. MAGFACOS will develop and maintain a website to disseminate more information and reach more potential buyers.

VIII. Roles and Responsibilities of the Parties

The staff and management of MAGFACOS are responsible for the management and the proper implementation of the Project. Diamond Development Initiatives (DDI), ADF's partner in Nigeria, will provide training in the areas of standard ADF bookkeeping, monitoring and assessment. DDI will also provide technical assistance and management assistance during implementation.

IX. Monitoring and Evaluation

ADF's Partner in Nigeria will closely monitor the activities of MAGFACOS to ensure proper reporting, adherence to the Project implementation plan by the Cooperative and movement towards the achievement of Project objectives. The Partner will continuously assess risks and take remedial actions as needed. Monitoring by the Partner will be an important aspect of the on-going coaching and advisory service. The Partner will review ADF's quarterly reports and will submit comments and observations to the management of MAGFACOS as part of the on-going performance assessment.

ADF  Macedonia 

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