

**PROJECT DESCRIPTION**  
**BRICOOP Capacity Building**  
**Burundi**

**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 Briqueting Cooperative (BRICOOP), founded in 2004, is a cooperative enterprise that produces bio-charcoal from agricultural waste materials in an effort to decrease deforestation by reducing the use of firewood in Burundi. BRICOOP's capacity to produce bio-charcoal briquettes is currently limited by its inadequate financial and management systems and it will not be able to meet the expected increase in demand from its main consumer, the National Army. BRICOOP also anticipates additional demand to come from signing new contracts with the National Police.

**III. Funding**

**A. ADF Contribution**

The financial plan for ADF's contribution is set forth in Appendix A-1 of this Agreement. The parties may make changes to the financial plan without formal amendment, if such changes are made in accordance with Article 8 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. BRICOOP Contribution**

BRICOOP will contribute its assets towards the implementation of the Project and the time, skills and labor of its staff, including existing infrastructure, two (2) briquette-making machines, and BRICOOP will purchase a generator from its own funds. BRICOOP will continue to pay annual operational costs not covered by ADF such as rent, office space, wages for part-time unskilled workers, storage costs, electricity, and water. In addition, BRICOOP will cover the full gross salary for the human resources officer starting twelve (12) months after the initial date of hire.

**IV. Project Goal**

The goal of this Project is to improve the standard of living of poor farmers, and reduce environmental degradation in Burundi.

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## V. Project Purpose

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

## VI. Project Outputs

- A. Financial management systems improve as demonstrated by BRICOOP establishing automated financial management and accounting systems that meet ADF requirements, and BRICOOP routinely producing financial records and reports that the Board of Directors' and management team use in their decision making.
- B. Personnel and management systems and practices improve as demonstrated by BRICOOP establishing human resource standards that are used in the selection, training, and supervision of qualified technical staff.
- C. BRICOOP's business expands as demonstrated by annual total sales revenues increasing from a baseline in 2008 of BIF 1,477,000,000 to:
  1. BIF 1,947,000,000 at the end of Project Year 1; and
  2. BIF 5,310,000,000 at the end of Project Year 2.
- D. Incomes of poor rural farmers increase as demonstrated by an increase in BRICOOP's purchase of raw materials from poor farmers from a baseline in 2008 of BIF 281,000,000 to:
  1. BIF 365,000,000 at the end of Project Year 1; and
  2. BIF 1,176,000,000 at the end of Project Year 2.

## VII. Project Activities

BRICOOP will implement the following major activities.

- A. Strengthening of BRICOOP's financial and administrative management capacity by:
  1. procuring accounting software and training key BRICOOP staff to manage an automated accounting system;
  2. training the general manager, the financial manager and the accountant in standard ADF bookkeeping and evaluation including what records need to be kept to evaluate the impact of the Project at the farmer level;
  3. standardizing record-keeping by hiring a financial management consultant who will put BRICOOP's financial records in order and produce financial statements for 2006, 2007, and 2008;
  4. developing annual budgets and sales forecasts to allow for better business management decisions and future planning; and
  5. hiring a consultant to work closely with management and administrative staff developing an administrative and financial procedures manual.

## B. Strengthening of BRICOOP's institutional capacity by:

1. hiring a human resources officer to help develop internal standards including a salary scale, job descriptions, personnel qualifications, employee contracts and ensuring compliance with local tax and labor laws;
2. hiring a consultant to work closely with management and production staff to develop a production procedures manual outlining the different steps of BRICOOP's production process;
3. conducting trainings in board and staff management and governance and leadership skills including proper decision-making process, how to promote sales and how to manage and implement the process to create new incomes; and
4. purchasing key office equipment including computers.

## C. Strengthening of BRICOOP's technical capacity by:

1. organizing a study tour for BRICOOP's general manager and production manager to visit similar production facilities where the same machines are used to produce briquettes. This visit will permit BRICOOP to experience the process used by other producers, their problems and how they have been resolved, and how to improve the quality of BRICOOP's products;
2. beginning use of a second production line in 2010;
3. building a 100 meter by 160 meter storage hangar in Cibitoke Province to stockpile raw materials used in making briquettes and attempting to formalize BRICOOP's supply chain;
4. conducting field tests of stoves adapted for optimal utilization of BRICOOP's bio-charcoal briquettes including the following:
  - a. purchasing and distributing 100 household and 50 restaurant-grade stoves to users in different areas around Bujumbura and Rumonge, Gitega, Ngozi and Rutana provinces;
  - b. training these users in the optimal use of the improved stoves and BRICOOP's briquettes;
  - c. obtaining feedback from the test users and developing lessons learned to improve future products; and
  - d. conducting public relations concerning the need for environmental awareness and the usefulness of BRICOOP's products, and the positive benefits of using improved stoves that optimize the heat generating capacity of BRICOOP's bio-charcoal;
5. improving the drainage canals at the current factory to protect the finished briquettes from water damage to help ensure product quality; and
6. improving working conditions for employees by purchasing adequate safety equipment and clothing, and improving the hygiene and overall state of the dining area and canteen at the existing factory.

## D. Improvement of BRICOOP's prospects for increased revenue by hiring a consultant to work closely with the Board of Directors and the management team to develop a five-year strategic plan that includes the following:

1. development of a marketing strategy to continue sales to institutional customers while increasing sales to individual households by expanding the public's knowledge of the problems of deforestation and the positive impacts that using more eco-friendly products like BRICOOP's bio-charcoal can have;

2. long-term financial projections and analysis;
  3. an overall plan to make BRICOOP a more viable, stable, independent and profitable organization; and
  4. any additional analyses that will prepare BRICOOP for expansion and sustained growth, to be determined during the design process of the strategic plan.
- E. Increasing farmers' incomes and improving their technical agricultural skills by:
1. creating jobs and providing additional income to poor farmers in rural areas by purchasing increasing quantities of agricultural waste from crops such as cotton, sugarcane, groundnuts, and palm oil;
  2. hiring a consultant to organize and conduct a training for the farmers and agronomists on how to deal with the logistics of gathering and transporting agricultural wastes to BRICOOP; and
  3. organizing and assisting farmers in the initial steps towards developing into sustainable and independent organizations as demonstrated by facilitating trainings on governance and group leadership skills including roles and responsibilities, budgeting and pricing strategies, and income management skills including savings discipline.

### VIII. Roles and Responsibilities

ADF's Partner in Burundi will provide the standard ADF training in bookkeeping, monitoring, and assessment. BRICOOP is responsible for ensuring the proper management and implementation of the Grant. The ADF Partner in Burundi will provide BRICOOP with technical and management assistance during implementation.

### IX. Monitoring and Evaluation

ADF's Partner in Burundi will closely monitor the activities of BRICOOP to ensure proper reporting, adherence to the Project implementation plan by the Grantee, and movement towards the achievement of Project objectives. The Partner will continuously assess the Project risk 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 BRICOOP's quarterly reports, and will submit comments and observations to the management of BRICOOP as part of the on-going performance assessment.

### X. Other Implementation Issues

BRICOOP will secure a memorandum of understanding (MOU) with COGERCO (a Burundian cotton growers company) to have an agronomist assist with identifying farmers to provide cotton stems to BRICOOP, ensure delivery of an agreed upon quantity of stems, and assist BRICOOP with arranging payments to the farmers.

BRICOOP should continue negotiations aimed at securing a plot of land on which they will be able to construct their permanent head office.

BRICOOP will donate 3% of their total annual business sales to APRE (a non-profit organization) in order to help protect the environment.

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