

## PROJECT DESCRIPTION

### Tuzamurane Pineapple Enterprise Development

#### Rwanda

#### 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

Tuzamurane Cooperative, established in 2005 and fully registered in 2006 as a pineapple-growing and marketing enterprise located in Rwamurema Village in the Eastern Province of Rwanda, aims to improve the economic situation of its members and their communities. Currently, there is an unmet demand for fresh pineapples and processed pineapple products in Rwanda and the potential for regional and overseas export is high. Tuzamurane is not able to take advantage of these opportunities due to a lack of management and technical capacity, inadequate agricultural skills of its farmer-members and inability to access better markets.

#### 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. Tuzamurane Cooperative Contribution

Tuzamurane Cooperative will contribute existing land planted with pineapples, farming equipment and other fixed assets and the time, skills and labor of its staff and members. The Cooperative will continue to pay all administrative and operational costs not covered by ADF including: wages for its part-time unskilled workers, salaries for existing fulltime staff and local rates and taxes. Although ADF will initially cover the full gross salaries for the manager/agronomist and the accountant, starting twelve (12) months after the initial dates of hire, Tuzamurane will cover half of the full gross salaries for these positions for six (6) months and full salaries thereafter. Also, Tuzamurane will meet maintenance, fuel and insurance costs for a motorcycle after twelve months of ADF support.

#### IV. Project Goal

The goal of this Project is to improve the standard of living of smallholder farmers in Rwanda.

ADF

Tuzamurane

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## V. Project Purpose

The purpose of this Project is to improve Tuzamurane Cooperative's prospects for sustainability as evidenced by the development of a five-year business plan that ADF or another donor organization deems suitable for funding.

## VI. Project Outputs

- A. Improved Tuzamurane Cooperative financial management capacity as evidenced by its having automated financial management and accounting systems that meet ADF requirements and routinely producing financial statements, reports and documents which the Board of Directors and management team use in decision making.
- B. Expanded Tuzamurane business as demonstrated by increasing total annual sales revenues from a baseline of RWF 15,227,904 in 2008 to:
  1. RWF 19.0 million in Project Year 1; and
  2. RWF 67.1 million in Project Year 2.
- C. Improved Tuzamurane supply chain management and production and increased incomes for individual farmers as demonstrated by increasing value of raw materials purchased by Tuzamurane from a baseline of RWF 12.7 million in 2008 to:
  1. RWF 16.8 million in Project Year 1; and
  2. RWF 40.7 million in Project Year 2.
- D. Improved business management capacity as evidenced by:
  1. a functioning and active Board of Directors that meets quarterly to assess management implementation progress and address implementation constraints;
  2. the Board of Directors convenes the Annual General Meeting (AGM) in accordance with its constitution to update Cooperative members on Tuzamurane's on-going activities; and
  3. qualified management team in place and overseeing all project activities.
- E. Improved farmers' agricultural production and fruit processing skills as demonstrated by:
  1. increasing total annual pineapple production from a baseline of eight (8) tons/hectare in 2008 to ten (10) tons/hectare by the end of the Project; and
  2. farmers' increased access to training and instruction in fruit drying techniques by the end of the Project.

## VII. Project Activities

Tuzamurane Cooperative will implement the following major activities.

- A. Financial and Administrative Management Capacity Building Activities
  1. Tuzamurane will hire an experienced accountant to manage and report on Tuzamurane's finances.

2. Tuzamurane will purchase a computer and accessories and essential office supplies and equipment.
3. Tuzamurane will procure accounting software and receive training for key staff to manage an automated accounting system.
4. Tuzamurane will hire a consultant to work closely with Tuzamurane's financial and management staff to develop an administrative and financial procedures manual.
5. Key Tuzamurane staff will receive training in standard ADF bookkeeping.
6. Key Tuzamurane staff will receive training in financial management.

B. Management Capacity Building Activities

1. Tuzamurane will hire a full time manager/agronomist to coordinate all production activities.
2. Tuzamurane will acquire vehicle transport for managers to have more frequent and effective oversight of cooperative activities in the field.
3. The Board of Directors and management personnel will receive training in corporate governance and leadership skills.
4. Key Tuzamurane management personnel will receive training on monitoring and evaluation of performance indicators.
5. Tuzamurane management staff will receive training on selected pineapple processing (drying) techniques.
6. The organization will market and promote Tuzamurane Cooperative pineapples via *SPOT RADIO* for a trial period of 30 days.

C. Production Capacity Building Activities

1. Tuzamurane will purchase start-up office equipment including a computer and a solar power system.
2. Tuzamurane will hire truck to transport pineapples from where the cooperative operates to Kigali outlets.
3. Tuzamurane will conduct a study tour for key production, management and governance personnel to Kampala, Uganda to visit enterprises doing similar activities.
4. Tuzamurane will rent a store in Kigali for storing and selling pineapples.

D. Business Plan Development Activities

By the end of Project Year 1, Tuzamurane will hire a consultant to work closely with the management team and Board of Directors to develop a five-year business plan that includes:

1. an analysis of the best organization and staffing structure to operate a sustainable and profitable organization and an assessment of the staffing, training and technical assistance requirements for expansion;
2. a marketing strategy that allows Tuzamurane to expand its operations;
3. a financial analysis of Tuzamurane with recommendations for improvements;
4. an analysis of current pineapple production methods and options for increasing production and quality;
5. a review of production costs and recommendations for their reduction;
6. an integration plan for the entire supply chain to cover production, processing, logistics and marketing and recommendations for the investments required to

- realize this plan;
7. an overall plan to make Tuzamurane a more viable and stable organization; and
  8. any additional analyses that will prepare Tuzamurane for expansion and sustained growth, to be determined during the design process of the business plan.

**E. Agricultural Technical Capacity Building Activities**

1. Farmers will have increased access to extension services through the hiring of a full time manager/agronomist (as also described in VII B.1 above).
2. Farmers will receive training in best agricultural practices.
3. Tuzamurane will purchase farm tools such as pick axes, forked hoes, wheelbarrows and spades for use in agricultural activities.

**VIII. Roles and Responsibilities**

ADF's Partner in Rwanda will provide the necessary Standard ADF Training in bookkeeping, monitoring and assessment. Tuzamurane is responsible for ensuring the proper management and implementation of the Grant. The ADF Partner in Rwanda will provide Tuzamurane with technical and management assistance during implementation.

The Cooperative will provide labor to maintain and care for the existing three hectare common farm area while the 800 hectares owned by members will be maintained and cared for by members.

The Rwanda Horticultural Development Authority (RHODA) will continue to assist Tuzamurane in obtaining organic certification and provide members with technical information on improved varieties of pineapples that are appropriate for the export market.

**IX. Monitoring and Evaluation**

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

**X. Other Implementation Issues**

Tuzamurane will increase its membership from 425 to 455 individuals within the Project period.

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