

## PROJECT DESCRIPTION

### Ituze Cassava Farming and Processing

#### 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

Coopérative ITUZE (Ituze) is a registered agricultural cooperative located in Kabashumba, Nyamiyanga, Kamanyi District, Southern Province of Rwanda that focuses on the growing and processing of cassava. Ituze would like to take advantage of the unmet local and regional demand for high quality cassava flour that currently exists but its production has been constrained by inadequate working capital, poor infrastructure, lack of transport for raw materials and finished products, and inadequate managerial and technical capacity.

#### 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. Ituze Contribution

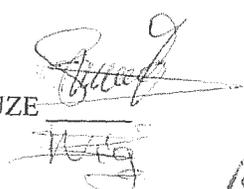
Ituze Cooperative will contribute the time, skills and labor of its staff and members in the implementation of the project. The Cooperative will pay all operational costs not covered by ADF including salary for its agronomist, wages for part-time unskilled workers, electricity and water.

#### IV. Project Goal

The goal of this Project is to improve the standard of living and economic welfare of cassava farmers in Southern Province of Rwanda.

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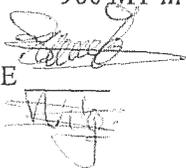
**V. Project Purpose**

The purpose of this Project is to increase the incomes of Ituze Cooperative's members and its employees as evidenced by the following.

- A. Increased net income for Ituze (before taxes and depreciation) from a baseline of RWF 3,481,000 to:
1. RWF 7,486,000 in Year 1;
  2. RWF 12,855,000 in Year 2;
  3. RWF 24,402,000 in Year 3;
  4. RWF 38,928,000 in Year 4; and
  5. RWF 41,220,000 in Year 5.
- B. Increased salaries paid to Ituze's workers from RWF 1,740,000 in base Year to:
1. RWF 5,914,000 in Year 1;
  2. RWF 10,728,000 in Year 2;
  3. RWF 10,728,000 in Year 3;
  4. RWF 11,264,000 in Year 4; and
  5. RWF 11,438,000 in Year 5.
- C. Increased incomes of cooperative members from their sales of wet cassava to Ituze from a baseline of RWF 869,000 to:
1. RWF 16,000,000 in Year 1;
  2. RWF 25,279,000 in Year 2;
  3. RWF 39,939,000 in Year 3;
  4. RWF 56,091,000 in Year 4; and
  5. RWF 56,091,000 in Year 5

**VI. Project Outputs**

- A. Dry cassava and cassava flour sales revenue increases from a baseline of RWF 5,262,040 to:
1. RWF 37,593,000 in Year 1;
  2. RWF 59,209,000 in Year 2;
  3. RWF 93,255,000 in Year 3;
  4. RWF 130,557,000 in Year 4; and
  5. RWF 137,085,000 in Year 5.
- B. Ituze's purchase of wet cassava from cooperative members increases from a baseline of 46 MT to:
1. 320 MT in Year 1;
  2. 480 MT in Year 2;
  3. 720 MT in Year 3;
  4. 960 MT in Year 4; and
  5. 960 MT in Year 5.

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- C. Increased production of farmer members:
1. Average cassava yield increases from a baseline of 28 metric tons per hectare to 32 metric tons per hectare by the end of the project; and
  2. Total area planted by members with cassava increases from a baseline of 187 hectares to 230 hectares by the end of the project.

## VII. Project Activities

Ituze will, with the assistance of consultants as necessary, implement the following major activities:

### A. Cassava Production Activities

Procure and distribute to member farmers disease resistant planting materials that will allow older disease-susceptible cassava varieties to be replaced in order to ensure steady and sustainable sources of wet cassava supply.

### B. Cassava Processing and Sales Activities

1. Expand and improve drying facilities for wet cassava adjacent to the Ituze cassava processing factory.
2. Procure and install systems to harvest rain runoff from Ituze processing facilities to increase water available for cassava processing during dry periods.
3. Construct waste disposal systems at Ituze's processing facility including a peelings waste disposal concrete reinforced pit of at least 45 m<sup>3</sup> and a waste water disposal concrete reinforced pit of at least 120 m<sup>3</sup>.
4. Procure materials to package cassava flour for retail sales to consumers.
5. Procure a truck and a motorcycle that will be used to deliver processed cassava products to buyers with more efficiency and reliability.

### C. Training and Technical Assistance Activities

1. Conduct agricultural training for farmer members that includes soil and water conservation techniques, soil fertility maintenance, and modern agronomic practices pertaining to cassava farming, as well as harvesting and post-harvest handling techniques.
2. Conduct ADF standard financial management training by ADC for Ituze management staff.
3. Conduct monitoring and evaluation training for cooperative members to review Ituze's success.
4. Conduct food safety training for Ituze production team covering general food hygiene and food safety management as relevant to the dry cassava and cassava flour production processes.
5. Conduct cassava preparation education by Ituze to instruct cooperative members on safer cooking methods for cassava tubers and leaves used for human consumption or animal feed as well as the importance of nutritional balance.
6. Procure a consultant to prepare an Administrative and Financial



7. Procedures Manual to be used by Ituze management and staff.  
Procure accounting software and train Ituze's accountant and key staff in its use.

D. Business Management Activities

1. Functional financial management and accounting systems routinely produce records and reports for management team's use in decision making.
2. Ituze purchases at least 50 percent of the wet cassava produced by farmer members.
3. A revolving fund or similar mechanism allows members to repay the cost of the planting materials they will receive with ADF funding.

- E. Improved marketing capacity through Ituze formalizing existing sales relationships with their buyers of dry cassava and cassava flour through written supply contracts.

### VIII. Roles and Responsibilities

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

Ituze will continue to work closely with relevant Government of Rwanda agencies responsible for food safety standards and environmental protection and collaborate with the District of Kamonyi agronomist assigned to assist the project.

### IX. Monitoring and Evaluation

ADF's Partner in Rwanda will closely monitor the activities of Ituze to ensure proper reporting, adherence to the Project implementation plan by the client 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 Ituze's quarterly reports and will submit comments and observations to the management of Ituze as part of the on-going performance assessment.

### X. Other Implementation Issues

Disbursement of funds for any budget items exceeding \$3,000 in local currency equivalent, should be third party as much as possible until such time as ADF's Partner in Rwanda verifies that initially-identified financial system improvements are in place.