

PROJECT DESCRIPTION

Agasaro Pineapple Growing Improvement

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

Agasaro Cooperative, established in 2005, is a registered pineapple growing enterprise located in Karengera Village, Kilimbi Sector, Nyamasheke District, Western Province of Rwanda that 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. Agasaro is not able to take advantage of these opportunities due to a lack of management and technical capacity and the inadequate agricultural skills of its farmer-members.

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. Agasaro Cooperative Contribution

Agasaro Cooperative will contribute existing land, buildings, 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; these costs include, but are not limited to: office space; wages for its part-time unskilled workers; storage costs; electricity; and water. 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, Agasaro will cover half of the full gross salaries for these positions for six (6) months and full salaries thereafter.

IV. Project Goal

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

V. Project Purpose

The purpose of this Project is to improve Agasaro 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 Agasaro Cooperative financial management capacity as evidenced by:
1. automated financial management and accounting systems that meet ADF requirements; and
 2. Agasaro routinely producing financial statements, reports and documents which the Board of Directors and management team use in decision making.
- B. Expanded Agasaro business as demonstrated by increasing total annual sales revenues from a baseline RWF 12,000,000 in 2008 to:
1. RWF 21,000,000 in 2009; and
 2. RWF 32,000,000 in 2010.
- C. Improved Agasaro supply chain management and production, and increased incomes for individual farmers as demonstrated by increasing value of raw materials purchased by Agasaro from a baseline of RWF 2,000,000 in 2008 to:
1. RWF 2,500,000 in 2009; and
 2. RWF 3,500,000 in 2010.
- 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 in accordance with its constitution to update Cooperative members on Agasaro's on-going activities; and
 3. a qualified management team in place and overseeing all project activities.
- E. Improved farmers' agricultural skills as demonstrated by increasing total annual pineapple production from a baseline of ten (10) tons/hectare in 2008 to twelve (12) tons/hectare by the end of the Project.

VII. Project Activities

Agasaro Cooperative will ensure, with the assistance of consultants as necessary, the following major activities are implemented.

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

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

B. Agasaro Management Capacity Activities

1. Agasaro will hire a full time manager/agronomist to coordinate all production activities.
2. The Board of Directors and management personnel will receive training in corporate governance and leadership skills.
3. Key Agasaro management personnel will receive training on monitoring and evaluation of performance indicators.

C. Agasaro Production Capacity Activities

1. Agasaro will purchase key production equipment including a juice processing machine and bottles.
2. Agasaro will purchase start-up office equipment including a computer and a solar power system.
3. Agasaro will purchase protective equipment and clothing for employees in the factory.
4. Agasaro will conduct a study tour for key production, management, and governance personnel to Kampala, Uganda to visit enterprises doing similar activities.
5. Agasaro factory employees will receive training in food safety issues that will allow Agasaro to meet food quality standards.

D. Business Plan Development Activities

By the end of Project Year 1, Agasaro 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 Agasaro to expand its operations;
3. a financial analysis of Agasaro 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 Agasaro a more viable and stable organization; and
8. any additional analyses that will prepare Agasaro for expansion and sustained growth, to be determined during the design process of the business plan.

E. Agricultural Technical Capacity Activities

1. Farmers will have increased access to extension services by the hiring of a full time manager/agronomist (note – this is the same position as described in VII B.1 above).
2. Agasaro will purchase high quality pineapple plantlets.
3. Farmers will receive training in best agricultural practices.
4. Farmers will receive training in organic farming methods.

VIII. Roles and Responsibilities

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

The Cooperative will provide labor to maintain and care for the existing 80 hectare common field and plant an additional one (1) hectare as a demonstration field and source of improved seed.

IX. Monitoring and Evaluation

ADF's Partner in Rwanda will closely monitor the activities of Agasaro 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 Agasaro's quarterly reports and will submit comments and observations to the management of Agasaro as part of the on-going performance assessment.

X. Other Implementation Issues

Agasaro will increase its membership from 50 to 60 individuals within the Project period.