

PROJECT DESCRIPTION**Passion Fruit Production 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

Banzukore Cooperative is a registered passion fruit growers' cooperative located in Macuba Sector, Nyamasheke District, Western Province of Rwanda. Since its establishment, Banzukore has been engaged in the growing and marketing of fresh passion fruits. The Cooperative would like to expand passion fruit production, acquire organic certification and venture into processing passion fruit into juice concentrate, targeting both the export and local markets. Banzukore, however, lacks adequate capital to undertake new activities and expand its operations.

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. Banzukore Contribution

Banzukore Cooperative will contribute the existing infrastructure, time, skills, and labor of its staff and members in the implementation of the Project valued at RWF 96,742. The Cooperative will pay all operational costs not covered by ADF which include salaries of its staff, wages for its part-time unskilled workers, electricity and water. In addition Banzukore will meet all costs incurred on the common fruit production field.

IV. Project Goal

The goal of this Project is to improve the standard of living and economic welfare of passion fruit farmers in the Western Province of Rwanda.

V. Project Purpose

The purpose of this Project is to increase the incomes of Banzukore members and its employees as evidenced by the following.

- A. Banzukore's net income (before taxes and depreciation) increases from baseline of RWF (3,918,631) to:
1. RWF (1,556,457) in Year 1;
 2. RWF 12,959,000 in Year 2;
 3. RWF 26,065,000 in Year 3;
 4. RWF 53,621,000 in Year 4; and
 5. RWF 90,106,000 in Year 5.
- B. Salaries paid to workers increase from RWF 6,793,921 in the base year to:
1. RWF 15,480,000 in Year 1;
 2. RWF 21,860,000 in Year 2;
 3. RWF 24,282,000 in Year 3;
 4. RWF 33,223,000 in Year 4; and
 5. RWF 36,904,000 in Year 5.
- C. The value of passion fruits supplied by cooperative members increases from RWF 42,716,600 in the base year to:
1. RWF 67,538,000 in Year 1;
 2. RWF 210,408,000 in Year 2;
 3. RWF 300,883,000 in Year 3;
 4. RWF 463,360,000 in Year 4; and
 5. RWF 602,368,000 in Year 5.

VI. Project Outputs

By the end of the Project, the capacity of Banzukore to grow and sell passion fruits and to process and sell juice concentrate and will increase as evidenced by the following.

- A. Banzukore's sales revenue increases from a baseline of RWF 5,499,050 to:
1. RWF 30,320,000 in Year 1;
 2. RWF 57,825,000 in Year 2;
 3. RWF 87,611,000 in Year 3;
 4. RWF 174,515,000 in Year 4; and
 5. RWF 241,604,000 in Year 5.
- B. Export sales revenues increase from zero in the first year to:
1. RWF 13,372,000 in Year 2;
 2. RWF 45,436,000 in Year 3;
 3. RWF 79,704,000 in Year 4; and
 4. RWF 109,926,000 in Year 5.

- C. Passion fruit production from members' fields increases from 178 metric tons in 2009 to:
1. 213 metric tons Year 1;
 2. 513 metric tons in Year 2;
 3. 667 metric tons in Year 3;
 4. 933 metric tons in Year 4; and
 5. 1,214 metric tons in Year 5.
- D. The quantity of processed juice concentrate produced increases from zero in Year 1-3 to:
1. 15,672 liters in Year 4; and
 2. 21,614 liters in Year 5.

VII. Project Activities

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

- A. Production Expansion Activities
1. Carry out land demarcation, mapping and registration of cooperative land;
 2. Construct a passion fruit collection center.
 3. Construct ten rain water harvesting catchments.
 4. Procure farm inputs including agricultural lime and organic manure.
 5. Procure a truck and motorcycle.
- B. Training and Technical Assistance Activities
1. Train machine operators to ensure proper operation and maintenance of the juice processing equipment.
 2. Secure organic certification.
 3. Conduct a study tour for Banzukore key personnel to Burundi to visit enterprises doing similar activities.
- C. Value Addition Activities
1. Construct a factory building.
 2. Procure a passion fruit pulper.
 3. Procure packaging materials.

VIII. Roles and Responsibilities

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

Banzukore will continue to work closely with relevant Government of Rwanda agencies responsible for export promotion, horticulture development and environmental protection.

IX. Monitoring and Evaluation

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

X. Other Implementation Issues

During the period of January-March 2012, the Grantee in consultation with ADF Partner organization, will evaluate market conditions for its fresh passion fruits and revalidate the assumptions in its business plan