

PROJECT DESCRIPTION

CDEF Mushroom Farming 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

CDEF, established in 2004, is a registered mushroom growers Cooperative located in Kamukina Cell, Kimihurura Sector, Gasabo District, Kigali Ville of Rwanda that aims to improve the economic situation and welfare of its members, who are victims of HIV/AIDS, and their communities. Currently there is unsatisfied demand for high quality mushrooms in Rwanda. However, CDEF is not able take advantage of this opportunity due to undeveloped management and technical capacity, inadequate infrastructure, and lack of working capital.

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. CDEF Contribution

CDEF will contribute the time, skills and labor of its members. The Cooperative will continue to pay wages for its part-time unskilled workers and some administration costs including office rent, salaries for the guards, electricity, and water. CDEF will contribute land, office space and some production and storage facilities for its products and inputs.

IV. Project Goal

The goal of this Project is to promote the development of small scale agricultural enterprises and to improve the standard of living for smallholder farmers in Rwanda.



V. Project Purpose

The purpose of this Project is to improve CDEF's prospects for sustained expansion as evidenced 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. CDEF's financial management capacity improves as evidenced by its having automated financial management and accounting systems that meet ADF requirements and it routinely produces financial statements, reports, and documents which the Board of Directors and management team use in decision making.
- B. CDEF's business expands as evidenced by increasing total annual sales revenues from a baseline RWF 5,481,100:
 - 1. RWF 13,398,016 in Project Year 1; and
 - 2. RWF 53,359,440 in Project Year 2.
- C. CDEF's business management capacity improves as evidenced by:
 - 1. a functioning and active Board of Directors that meets quarterly to assess the progress of management's development and to address implementing constraints;
 - 2. the Board of Directors convenes the Annual General Meeting (AGM) in accordance with its constitution to update Cooperative members on CDEF's on-going activities; and
 - 3. a qualified management team is in place and oversees all project activities.
- D. CDEF's farmer-member agricultural skills improve as demonstrated by:
 - 1. an increase in mushroom production from a baseline of 845 kg to 4,200 kg in Project Year 1 to 13,824 kg in Project Year 2;
 - 2. an increase in the production of tubes of mushroom inoculated substrates from a baseline of 5,620 tubes to 12,388 tubes in Project Year 1 to 40,608 tubes in Project Year 2; and
 - 3. an increase in the production of baskets of inoculated substrates from a baseline of 1,092 units to 1,201 units in Project Year 1 to 1,321 units in Project Year 2.

VII. Project Activities

CDEF will implement the following major activities:

A. Financial and Administrative Capacity Building Activities

1. Hire an experienced accountant to manage and report on CDEF's finances including maintenance of proper books of accounts, preparation and timely submission of financial reports, reconciliation of bank accounts, maintenance of a debtor and creditor ledger, preparation of monthly staff payroll, and ensuring that all statutory payments are made according to existing law.
2. Purchase a computer, computer accessories, and essential office supplies and equipment.
3. Procure accounting software and provide training for staff to manage an automated accounting system.
4. Hire a consultant to work closely with financial and management staff to develop an administrative and financial procedures manual.
5. Key CDEF staff will receive training in standard ADF bookkeeping.
6. Key CDEF staff will receive training in financial management.

B. Management Capacity-Building Activities

1. Hire a full-time manager to coordinate all production activities.
2. The Board of Directors and management personnel will receive training in corporate governance and leadership skills including laws governing cooperatives in Rwanda, cooperative rules, procedures, principles and membership, cooperative governance structures, and accountability.
3. Key CDEF staff and selected members will receive training on monitoring and evaluation of performance indicators.
4. Marketing and promotion of mushrooms will be carried out via Rwanda Television (TVR) for ten days, SOPTS RADIO for 15 days, and printing and distributing 2,000 brochures.

C. Production Capacity Building Activities

1. Construction of two additional ovens including the purchase of farm tools.
2. Purchase of mushroom spores for inoculating mushroom substrates.
3. Purchase of packaging materials to allow for selling some mushroom inoculated substrates in baskets.
4. Purchase of peat/charcoal to be used as a source of fuel for the ovens.
5. Farmers will receive training in mushroom production.
6. Staff and farmers will receive training in food safety and quality control.

D. Business Plan Development Activities

By the end of Project Year 2, CDEF 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 CDEF to expand its operations and access potential markets;
3. a financial analysis of CDEF with recommendations for improvements in marketing strategies for its mushroom products;
4. an analysis of current mushroom 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, and marketing and recommendations for the investments required to realize this plan;
7. an overall plan to make CDEF a more viable and stable organization; and
8. any additional analyses that will prepare CDEF for expansion and sustained growth, to be determined during the design process of the business plan.

VIII. Roles and responsibilities

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

IX. Monitoring and Evaluation

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

