

**Project Description****Capacity Building and Rice Hulling Project****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**

The Conseil Regional des Riziculteurs du Mono-Couffo (CRR) was established in 2006 to improve the income and quality of life of rural rice producers. CRR provides extension services, marketing outlets, input sourcing, and administrative support to its members. CRR is composed of 12 member unions, representing a total of 2200 individuals.

Area farmers often sell their harvest as unprocessed paddy rice, which commands far lower prices than hulled white rice. CRR has two rice hulling machines, which allow its members to produce white rice profitably at costs well below local market prices. However, CRR is able to process less than ten percent of the paddy rice produced by its members due to a lack of resources to purchase additional rice hullers and train its members on rice processing techniques, and a lack of organizational capacity to efficiently allocate the use of its machines and train members on their proper use.

**III. Funding****A. ADF Contribution**

The financial plan for ADF's contribution is set forth in Appendix A-1 to 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. Grantee Contribution**

CRR will provide a room in which training sessions will be held and will contribute approximately 3,456,000 FCFA to finance the salaries of the mechanics hired under the Project and the maintenance of the hulling machines.

#### IV. PROJECT GOAL

The goal of the Project is to improve the living conditions of the rice growers of Mono-Couffo region.

#### V. PROJECT PURPOSE

The purpose of the Project is to improve CRR's capacity for sustained expansion, as indicated by the development of a two-year business plan that ADF deems suitable for funding by a donor or other financial institution.

#### VI. OUTPUTS

- A. Improved administrative and financial management capabilities, as indicated by:
1. CRR receives full ADF financial certification; and
  2. CRR produces financial reports including income statements, cash flow statements, and balance sheets that CRR leadership uses in making strategic and financial management decisions.
- B. Improved operational capacity, as indicated by the following.
1. The quantity of white rice processed by CRR for its members increases from a baseline of 40,000 kilograms to:
    - a. 260,000 kilograms in Year 1 of the Project; and
    - b. 320,000 kilograms in Year 2 of the Project.
  2. The total value added for producers from CRR's rice hulling services, defined as the difference between the market values of white rice produced and the equivalent quantity of unprocessed rice, increases from a baseline of 9,000,000 FCFA to:
    - a. 58,500,000 FCFA in Year 1 of the Project; and
    - b. 72,000,000 FCFA in Year 2 of the Project.
  3. The net income generated by CRR from rice hulling services increases from a baseline of 66,000 FCFA to:
    - a. 376,000 FCFA in Year 1 of the Project; and
    - b. 1,824,500 FCFA in Year 2 of the Project.

## VII. ACTIVITES

Projected activities required to reach the Project objectives are as follows:

### A. Hulling Machines

CRR will purchase three mobile rice hulling machines with a processing capacity of 700 to 1000 kilograms per hour. CRR will make the machines to rice producers in the communes of Lalo, Dogbo and Grand-Popo, on a cash or in-kind payment basis sufficient to cover the machines' operating, maintenance and replacement costs.

CRR will also purchase three scales and three trailers for the three communes. The scales will be used to record the weight of rice to be processed, and the trailers will be used to transport the hullers and scales to sites convenient to producers within the three communes.

### B. Training and Technical Assistance

CRR will hire two field activity coordinators and an accountant for a period of 24 months using funds provided by ADF. After this period, CRR will provide the funding necessary to ensure the retention of adequate staff to manage the rice hulling service and meet ADF reporting and financial management standards.

CRR will hire qualified consultants to complete the following training activities.

#### 1. Production

- a. Train two mechanics from each of the three communes in operation and maintenance of the hulling machines.
- b. Train the members of CRR's hulling committee in best practices for storage and treatment of harvested rice.
- c. Assist CRR management team to set up a system to track and analyze the operating, repair, and replacement costs of the rice hullers to ensure that the fees set for hulling services are sufficient to cover all of the costs incurred by CRR to provide the services.

#### 2. Management

- a. Train the CRR accountant in the use of computers and accounting software.
- b. Train the board members, audit committee members and employees of CRR in administrative and financial management. In addition, the trainers will provide the board members and employees of CRR with training in internal controls best practices.
- c. Train the board members and technical staff of CRR in the preparation, management, and evaluation of community development projects.

**VIII. Roles and Responsibilities of the Parties**

CRR is responsible for the good management and implementation of the Project while ADF's Partner in Benin will provide technical support and guidance.

**IX. Monitoring and Evaluation**

Within sixty days of the effective date of this Agreement, the Grantee, working with ADF Benin Partner, will form a monitoring and assessment committee composed of a representative cross-section of the Grantee organization. The committee will provide ADF with input for the Project monitoring plan. In addition, during implementation the committee will be responsible for ensuring that the Project follows the implementation plan and that problems identified through monitoring and evaluation are adequately addressed in a timely manner.

