

PROJECT DESCRIPTION

Murotso Valley Rehabilitation and Management

Burundi

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 should be construed as amending any of the definitions, conditions, or terms of the agreement.

II. Background

Ishaka was originally established in 2002 by seven farmer associations in the Murotso valley. It has now grown to twelve member associations with 248 farmers who grow rice, potatoes, maize, and vegetables on 30 hectares of land in Buhiga commune. Ishaka provides access to technical support for its member associations to increase food production, access a better market for their products, develop animal husbandry as a source of organic fertilizer for their fields, and support for members in all legal matters. Ishaka is currently not able to deliver these services effectively due to a lack of qualified staff, inadequate financial resources, and weak management capacity.

In this project area, inadequate farming techniques, a high cost of seeds and seedlings, poor soil conditions, and lack of skills needed to ensure plant disease prevention have resulted in poor agricultural production. Inadequate seed storage capacity and lack of a huller force Ishaka members to sell their own crops at a loss and to buy back rice residues to use as feed for cows from independent rice mills.

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. Ishaka Contribution

Ishaka will contribute its assets towards the implementation of the Project, as well as time and labor of its members. Ishaka will continue to pay annual operational costs not covered by ADF including, but not limited to land, seed storage hangar, and office space. In addition, although ADF will cover the full gross salary for the first 12 months after the date of hire of the accountant, the hulling machine operator, and the stipend for the administrative officer, Ishaka will cover the full gross salary and continue to support these salaries and the stipend for the Administrative Officer after the ADF funding has ended.

IV. Project Goal

The goal of this Project is strengthen the institutional and operational capacity of ISHAKA in order to better promote the development of small-scale agricultural enterprises in the Murotso Valley of Karusi province.

V. Project Purpose

The purpose of this Project is to improve Ishaka's prospects for sustainability as demonstrated by the development of a strategic plan that presents viable ways the organization can improve internal sources of revenues and that ADF or another organization deems suitable for funding.

VI. Project Outputs

- A. Ishaka's improved management capacity as demonstrated by automated financial management and accounting systems that meet ADF requirements, and routinely produce financial records and reports that are used by Ishaka's management in decision making.
- B. Increased use of best agricultural practices by farmers as demonstrated by an increase in total potato productivity (kg) per year from 12,303 kg per year in 2009 to:
 1. 86,800 kg per year in 2010;
 2. 104,160 kg per year in 2011; and
 3. 290,160 kg per year in 2012.
- C. Increased ability for farmers to store their own seeds as demonstrated by an increase in the quantity of quality potato seeds available for planting each year from 3,415 kg per year in 2009 to:
 1. 22,049 kg per year in 2010;
 2. 21,840 kg per year in 2011; and
 3. 46,350 kg per year in 2012.
- D. Increased ability of farmers' associations to generate and manage income as demonstrated by an increase in combined gross revenues from communal rice and potato production for all 12 associations from BIF 6,003,020 per year in 2009 to:
 1. BIF 35,515,719 per year in 2010;
 2. BIF 53,178,200 per year in 2011; and
 3. BIF 104,249,688 per year in 2012.

VI. Project Activities

With the support of consultants as necessary, Ishaka will implement the following major activities aimed at the following.

- A. Strengthening Ishaka's institutional capacity by training key association leaders in good corporate governance and leadership.
- B. Strengthening Ishaka's financial and administrative management by:
 - 1. procuring accounting software and training Ishaka's accountant to manage an automated accounting system;
 - 2. training staff in standard ADF bookkeeping and financial management;
 - 3. developing a financial and operational procedures manual;
 - 4. training farmers' associations in skills they need to improve their marketing abilities;
 - 5. hiring an accountant and an administrative officer;
 - 6. hiring a hulling machine operator; and
 - 7. training an administrative officer in basic computer and office administration skills.
- C. Improving Ishaka's prospects for increased revenue by developing a five-year strategic plan that will include the following key areas:
 - 1. a business plan with a list of key wholesale clients who will sign contracts and serve as a reliable market for the organization;
 - 2. a fund-raising strategy that includes the impact of access to improved seed storage capacity and hulling services; and
 - 3. a strategy to make Ishaka an independent, viable and sustainable organization.
- D. Improving Ishaka's organizational skills by:
 - 1. forming sales committees with representatives of member associations; and
 - 2. training in product pricing and selling strategies.
- E. Improving farmers' technical skills and production capacity by:
 - 1. training in agricultural best practices;
 - 2. training in safe chemical application, storage and disposal;
 - 3. providing access to high quality rice and potato seeds;
 - 4. increased access to fertilizers to increase yield; and
 - 5. hiring an agronomist to improve access to agricultural extension services.

VII. Roles and Responsibilities

ADF's Partner in Burundi will provide the standard ADF Training in bookkeeping, monitoring, and assessment. The ADF Partner in Burundi will also train association treasurers in basic accounting principles. Ishaka is responsible for ensuring the proper management and implementation of the

investment. The ADF Partner in Burundi will provide Ishaka with technical and management assistance during implementation.

VIII. Monitoring and Evaluation

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

IX. Other Implementation Issues

- A. At the end of each growing season, Ishaka member associations will ensure that they retain sufficient seeds needed for the following planting season.
- B. Ishaka will need to set aside funds from sales revenues in Project Year 1, to further expand the storage hangar, in anticipation of greater yield and need for additional storage space for potato seeds in Project Year 2 and in subsequent years.
- C. An accountant will be hired within the first 90 days of the Project. All disbursements of funds for any budget items exceeding \$3,000 local currency equivalent should be third party as much as possible until financial systems are in place.