

**PROJECT DESCRIPTION****KAMARA Banana Enterprise****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**

KAMARA, established in 2006, is a registered banana growers Cooperative located in Nyamiryango Village, Gatore Sector, Kirehe District, Eastern Province of Rwanda that aims to improve the economic situation of its members and their communities. Currently, there is unsatisfied demand for high quality apple bananas in Rwanda and the potential for overseas export, especially of organically grown apple bananas, is high. KAMARA is not able to take advantage of these opportunities due to ineffective management and technical capacity 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. KAMARA Cooperative Contribution**

KAMARA will contribute its assets towards the implementation of the Project including the time, skills and labor of its staff and members as well as existing land and farming equipment. The Cooperative will continue to pay its own annual operational costs not covered by ADF for items such as office space, rent, storage costs, water, electricity, wages for its trained field team and unskilled workers. Although ADF will initially cover the full gross salaries for the manager/agronomist and the accountant for twelve (12) months after the initial dates of hire, KAMARA will then cover half of the full gross salaries for six (6) months and then full gross salaries thereafter. After ADF funds for packaging materials are exhausted, KAMARA will buy additional wrapping materials to ensure sustainability of wrapped apple bananas.

**IV. Project Goal**

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

ADF  KAMARA 

**V. Project Purpose**

The purpose of this Project is to improve KAMARA'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. KAMARA'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. KAMARA's business expands as demonstrated by increasing total annual sales revenues from a baseline of RWF 3,900,000 in 2008 to:
  1. RWF 5,500,000 in Project Year 1; and
  2. RWF 32,300,000 in Project Year 2.
- C. KAMARA's supply chain management and production improves as demonstrated by the increasing value of raw materials (apple bananas) purchased by KAMARA from its members from a baseline of RWF 2,700,000 in 2008 to:
  1. RWF 3,900,000 in Project Year 1; and
  2. RWF 16,800,000 in Project Year 2.
- D. KAMARA's business management capacity improves as evidenced by:
  1. a functioning and active Board of Directors that meets quarterly to assess management improvement progress and address implementation constraints;
  2. the Board of Directors convenes the Annual General Meeting (AGM) in accordance with its constitution to update Cooperative members on KAMARA's on-going activities; and
  3. a qualified management team is in place and overseeing all project activities.
- E. KAMARA's farmer-members' agricultural skills improve as demonstrated by:
  1. an increase in total annual apple banana production from a baseline of ten (10) tons/hectare in 2008 to sixteen (16) tons/hectare by the end of the Project;
  2. an increase in the average weight of a bunch of apple bananas from a baseline of 13 kg in 2008 to 17 kg by end of the Project; and
  3. increasing yields from a baseline of 800 bunches per hectare per year in 2008 to 940 bunches per hectare per year by the end of the Project.

## VII. Project Activities

KAMARA will implement the following major activities.

### A. Financial and Administrative Capacity-Building Activities

1. Hire an experienced accountant to manage and report on KAMARA's finances including maintaining proper books of accounts, preparation and timely submission of financial reports, reconciliation of bank accounts, maintaining debtors and creditors ledgers, preparation of monthly staff payroll and ensuring all statutory payments are made according to existing law.
2. Purchase a computer and 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 KAMARA's financial and management staff to develop an administrative and financial procedures manual.
5. Key KAMARA staff will receive training in standard ADF bookkeeping.
6. Key KAMARA staff will receive training in financial management.

### B. Management Capacity-Building Activities

1. 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 including laws governing cooperatives in Rwanda, cooperative rules, procedures, principles and membership, cooperative governance structure and accountability.
3. Key KAMARA staff and selected members will receive training on monitoring and evaluation of performance indicators.
4. Marketing and promotion of KAMARA apple bananas via *Rwanda Television (TVR)* for 10 days, *SPOT RADIO* for 15 days and printing and distributing 2,000 brochures.

### C. Production Capacity-Building Activities

1. Purchase key production equipment including farming tools.
2. Purchase packing materials to allow for the selling of clean, high quality apple bananas desired by a potential large buyer.
3. Purchase start-up office equipment including a computer and a solar power system.
4. Organize and conduct a study tour for the Board and management team to Uganda to visit enterprises engaged in banana export. The tour will include opportunities to view procedures, packaging, visits to model banana plantations and value addition to bananas.
5. Farmers will have increased access to extension services by the hiring of a full time manager/agronomist.
6. Farmers will receive training in best agricultural practices including setting field targets, land choice and preparation, planting techniques and seed selection, banana field maintenance techniques and measurements, and Integrated Pest Management on banana plantations.
7. Farmers will receive training in organic farming methods including principles of composting, natural pesticides and liquid manure.

#### D. Business Plan Development Activities

By the end of Project Year 1, KAMARA 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 enterprise, and an assessment of the staffing, training and technical assistance requirements for expansion;
2. a marketing strategy that allows KAMARA to expand its operations and access potential markets in Rwanda and abroad;
3. a financial analysis of KAMARA with recommendations for improvements;
4. an analysis of current apple bananas 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, logistics and marketing, and recommendations for the investments required to realize this plan;
7. an overall plan to make KAMARA a more viable and sustainable organization; and
8. any additional analyses that will prepare KAMARA 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. KAMARA is responsible for ensuring the proper management and implementation of the Grant. The ADF Partner in Rwanda will provide KAMARA with technical and management assistance during implementation.

The Cooperative will provide a trained team for monitoring, wrapping and harvesting apple bananas. KAMARA will maintain a two (2) hectare common plantation for demonstration, as a source of additional income as well as for the production of quality suckers for planting.

#### IX. Monitoring and Evaluation

ADF's Partner in Rwanda will closely monitor the activities of KAMARA to ensure proper reporting, adherence to the Project implementation plan 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 KAMARA's quarterly reports and will submit comments and observations to the management of KAMARA as part of the on-going performance assessment.

#### X. Other Implementation Issues

KAMARA will increase its membership from 1,060 to 1,200 individuals within the Project period.