

PROJECT DESCRIPTION

ACPCU Productivity Enhancement

Uganda

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

Ankole Coffee Producers Cooperative Society Limited (ACPCU) is a registered secondary cooperative representing ten primary coffee societies from the Ankole Region. The offices of ACPCU are in Ishaka town, Bushenyi District, western Uganda. ACPCU is the only reliable option for the member cooperatives' farmers to market their Fair Average Quality (FAQ) coffee. However, to be able to offer better returns to its members, ACPCU must improve its bulking and quality control processes and strengthen its managerial and technical capacity.

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. ACPCU Contribution

ACPCU will contribute the time, skills, and labor of its existing members, full time staff, and part time workers. The Cooperative will also contribute UGX 70,639,000 generated from share capital, retained earnings, and premium contributions and use the funds for acquiring land to build the union's offices and stores in the future. ACPCU will also cover the cost of fuel for the motor cycles from the beginning of the Project and will cover the cost of hiring a truck to transport coffee after the first year of the project as well as cover the hotel and incidental expenses for the general manager to attend a coffee conference in the United States in April 2010.

IV. Project Goal

The goal of this Project is to promote the development of small scale agricultural enterprises that improve the standard of living of smallholder farmers in the Bushenyi District of Uganda.

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V. Project Purpose

The purpose of this Project is to increase the income of ACPCU members and its employees as follows:

- A. Increased adjusted net income of ACPCU (before taxes and depreciation) from UGX 88,337,000 in 2009 to:
 - 1. UGX 130,034,000 in Year 1;
 - 2. UGX 170,810,000 in Year 2; and
 - 3. UGX 274,374,000 in Year 3.

- B. Increase in the value of raw materials supplied by ACPCU members (FAQ coffee) from UGX 1,838,993,000 in 2009 to:
 - 1. UGX 2,353,818,000 in Year 1;
 - 2. UGX 3,012,770,000 in Year 2; and
 - 3. UGX 3,856,195,000 in Year 3.

- C. Increase in ACPCU's payroll from UGX 52,030,000 in 2009 to:
 - 1. UGX 102,120,000 in Year 1;
 - 2. UGX 123,020,000 in Year 2; and
 - 3. UGX 136,921,000 in Year 3.

VI. Project Outputs

- A. Increased ACPCU sales revenue from a baseline of UGX 2,298,443,000 in 2009 to:
 - 1. UGX 2,870,531,000 in Year 1;
 - 2. UGX 3,674,136,000 in Year 2; and
 - 3. UGX 4,702,709,000 in Year 3.

- B. Increased volume of FAQ coffee bought from ACPCU members from 623 tons in 2009 to:
 - 1. 762 tons in Year 1;
 - 2. 876 tons in Year 2; and
 - 3. 1,007 tons in Year 3.

- C. Increase in the number of full time staff employed from the current 21 in the baseline year to 24 by Year 3 of the project.

- D. Increase in the number of farmer members from the current 5,800 in 2009 to:
 - 1. 6,200 in Year 1;
 - 2. 6,600 in Year 2; and
 - 3. 6,600 in Year 3.

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VII. Project Activities

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

- A. Improve ACPCU's prospects of expanding quality coffee production, bulking and marketing by:
 - 1. stocking and supplying farmer members with tarpaulins on credit to increase high quality coffee processing;
 - 2. purchasing motorcycles to improve the coordination and provision of extension services to the farmer members;
 - 3. training farmers in good agricultural practices and facilitating retention of the fair trade certification and acquisition of organic certification;
 - 4. purchasing moisture meters for use by the primary societies to control and improve the quality of coffee delivered by farmer members; and
 - 5. setting up a truck hire service system to haul FAQ coffee from the union stores to Kampala for grading and marketing.
- B. Improve management operations by procuring and installing computers to aid in information management and decision making by board and management.
- C. Diversify markets for coffee by implementing proactive marketing strategies specifically targeting the export markets.

VIII. Roles and Responsibilities

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

IX. Monitoring and Evaluation

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

X. Other Implementation Issues

ACPCU will continue to comply with the requirements of the fair trade certification as well as facilitating the acquisition of organic certification.

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