

**PROJECT DESCRIPTION****Lyambai Community Rice Groups Development**

Zambia

**I. Introduction**

This appendix describes the activities to be undertaken and the results to be achieved with the funds obligated under this Cooperative Agreement. Nothing in this Appendix A shall be construed as amending any of the definitions, conditions, or terms of the Agreement.

**II. Background**

Lyambai Institute of Development (LID) is a company based in Mongu district in the Western Province of Zambia. LID has been working with the rural communities in Mongu district to improve organic production of rice, vegetables and maize through training and consultancy. Mongu is one of the main rice producing areas in Zambia and many of the community members working with LID are involved in rice production.

However, several of these rural communities are disadvantaged by their rural location and extreme poverty. Community farming groups are not well organized, have no formal business skills and lack knowledge of quality enhancing production techniques. LID will help three existing community rice groups address these constraints by providing in depth assistance and mentoring.

**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 7.

**B. LID Contribution**

Lyambai Institute of Development will contribute an office, office furniture and equipment to the Project.

**IV. Goal**

The goal of this Project is to improve the standard of living of rice farmers in Mongu district in the Western Province of Zambia.

ADF



LID



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**V. Purpose**

The purpose of this Project is to improve LID's ability to deliver essential services to its client groups in the Mongu District as demonstrated by the groups' preparation of a proposal for an apex organization that ADF deems suitable for funding by a financial institution.

**VI. Outputs**

- A. Improved financial management of the community groups, i.e., each of the three community groups, individually and collectively as an apex cooperative, maintain accurate and up to date financial records, including membership payments, ledgers to record payments and sales, and regular bank reconciliations.
- B. Improved governance and management capacity of the community groups as evidenced by:
  1. the three community groups are registered as separate cooperatives that come together as a registered apex cooperative that provides basic business support and extension services to its member groups; and
  2. the board of directors of each of the three cooperatives and the apex cooperative implement a basic governance system that includes structures such as by-laws, regularly scheduled board meetings and regularly scheduled annual general meetings that are documented in meeting minutes.

**VII. Activities**

- A. Financial Management Support
  1. LID will assist the three cooperatives to develop and implement basic financial management systems. LID will provide regular mentoring in financial management so that the individual cooperatives and the apex cooperative develop basic financial controls to record receipts and payments, develop separation of duties, and undertake bank reconciliations. Accounting support will begin to be provided in month four of Project Year 1.
  2. LID will assist the cooperatives to hire a consultant that will facilitate training of all of the members in financial management best practices. The training will provide members with a basic understanding of financial controls so that they will be better prepared to develop their own financial systems. Financial systems training will be conducted by month six of Year 1.

## B. Business Management Support

1. LID will assist the three cooperatives to develop and implement basic business systems. LID will provide regular mentoring in basic business practices. Business mentoring will be an integral part in assisting the three rice groups to develop their own basic business and governance systems as separate cooperatives and as an apex cooperative, reinforce trainings in governance, administration and marketing and assist the apex Cooperative complete an application for a capacity building grant. Business support will begin to be provided in month four of Year 1.
2. LID will hire technical assistance to provide training to the cooperatives and the apex cooperative in good governance. The governance training will ensure that members understand the rules of conduct of board members, the functions of the board of directors, the rule of conduct at the Annual General Meeting (AGM), issues of conflict of interest, and financial responsibilities of the board. Governance training will be provided by month six of Year 1.
3. LID business support will assist the community groups to develop their constitutions and formal governance structures so they can register as three separate cooperatives and join together as one apex cooperative of which the three cooperatives will be members.
4. LID will hire technical assistance to provide training to the cooperatives and the apex cooperative in administrative policies, procedures and guidelines. The administrative training will focus on personnel policy, safety and security procedures, procurement, and use of company assets. Administrative systems training will be provided in month nine of Year 1.
5. LID business support will also provide training in basic market principles and will assist the rice groups so they can identify market constraints and propose potential solutions as an apex cooperative. Marketing training will be complete by month ten of Year 1.

## C. Technical Capacity Support

1. LID will assist the three cooperatives to design and implement a basic extension services system. LID will provide regular mentoring in basic extension services so the cooperatives develop an extension delivery system focused on crop handling and harvesting, monitoring of rice production activities and best practices in organic rice production. Mentoring in extension services will be provided beginning in month four of Year 1.
2. LID will manage the purchase of a motorbike for the apex cooperative. The motorbike will be used to provide mentoring support as the cooperatives develop their own basic extension services system. The motorbike will be in use by month five of Year 1.

3. LID will assist the cooperatives in hiring a consultant to facilitate a training workshop in organic rice production for participating farmers by month seven of Year 1. The training workshop will focus on internal control systems at the farmer level such as crop handling and harvesting techniques so member farmers can move towards organic certification.
4. LID will assist the cooperatives to organize a one-day rice producer's field day for participating farmers to share knowledge and experiences on organic rice production. The field day will be undertaken by the end of Year 1.
5. LID will assist the cooperatives in hiring a consultant to facilitate a training workshop in how to manage a revolving purchase fund. The training will provide basic guidelines for a purchase fund that will be reinforced by the extension services mentor. The training will take place by month seven of Year 1.
6. LID will assist the apex cooperative to develop a system for the purchase, polishing, packaging and transportation of rice. LID will manage the rice purchase fund for the duration of the project and LID will assess the apex cooperative's ability to manage the fund at the end of the Project. The rice purchase fund will be established by month eight of Year 1.

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

LID is responsible for the management and the proper implementation of the Project. ZATAC, ADF's Partner in Zambia, will provide training in the area of standard ADF bookkeeping, monitoring and assessment. ZATAC will also provide technical assistance and management during implementation.

#### IX. Monitoring and Evaluation

ADF's Partner in Zambia will closely monitor the activities of the Institute to ensure proper reporting, adherence to the project implementation plan by the Institute and movement towards the achievement of project objectives. The Partner will continuously assess risks and take remedial action 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 the Institute as part of the on-going performance assessment.