

PROJECT DESCRIPTION**KOMEZIBIKORWA INSTITUTIONAL CAPACITY BUILDING****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

The Komezibikorwa Cooperative is composed of six associations of farmers with a total collective membership of 653 vulnerable farmers based in Marangara commune of Ngozi Province. The Cooperative focuses on growing rice in Bwerakare marshland once a year from October to June. The Cooperative faces many constraints that include low rice productivity, lack of infrastructure and equipment such as a storage hangar facility and huller, lack of marketing skills and capacity, limited knowledge of good agricultural practices, insufficient working capital, and a lack of community organizational capacity.

III. Funding**A. ADF Contribution**

The financial plan for ADF's contribution is set forth in Appendix A-1 to this Agreement. 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. Komezibikorwa Contribution

Komezibikorwa will contribute the labor of its members in field preparation, maintenance, harvest and marketing, and salaries of hired staff in the second year. They will purchase or otherwise provide inputs for the second year. The Cooperative will continue to properly maintain the irrigation and drainage system of Bwerakare marshland. The Cooperative will also build at least four latrines to improve overall hygiene at the work site.

IV. Project Goal

The goal of this Project is to improve the standards of living for small rice farmers of Marangara Commune, Ngozi province in the North of Burundi.

V. Project Purpose

The purpose of this Project is to improve Komezibikorwa's prospects for sustained growth and expansion of hulling services for farmer members and non-members through the development of a comprehensive five-year business plan that ADF deems suitable for funding by a donor or other financial institution.

VI. Project Outputs

- A. Improved financial management capacity as evidenced by the following:
 1. Komezibikorwa produces financial reports from financial and accounting systems that include monthly income and expense statements, consolidated quarterly and annual statements, as well as adequate financial controls, accounting procedures, policies, and systems that will be capable of being audited by an independent accounting or audit firm; and
 2. Komezibikorwa management team routinely utilizes financial documents produced during the Project, such as quarterly bank reconciliations, budget expenditures, cash flow statements, and profit and loss statements, in making financial and management decisions for the Cooperative.
- B. Improved agricultural production skills as demonstrated by an increase in total annual paddy rice production from a baseline of 450 kilograms per hectare in 2009 to:
 1. 2,500 kilograms per hectare in Year 1; and
 2. 3,500 kilograms per hectare in Year 2.
- C. Increase in revenues from sales of rice and processing byproducts from a baseline of BIF 0 in 2009 to:
 1. BIF 56,800,000 in Year 1; and
 2. BIF 45,100,000 in Year 2.
- D. Increase in revenues from hulling services from a baseline of BIF 0 in 2009 to:
 1. BIF 4,500,000 in Year 1; and
 2. BIF 7,200,000 in Year 2.

VII. Project Activities**A. Institutional Capacity Building Activities**

1. Komezibikorwa will recruit a qualified accountant. The accountant will train a group of three Komezibikorwa members and one will be selected as a future financial records keeper for the organization.
2. Komezibikorwa will implement a computerized financial management system capable of regularly producing accounting reports for management review. Also, key staff will be trained in the use, and management of an automated accounting system.
3. Komezibikorwa will train representatives of the Cooperative's member associations in basic ADF bookkeeping and financial management, in leadership skills, in business management, marketing and negotiations skills, and in cooperative formation and management.
4. Komezibikorwa will hire experienced consultants to analyze and develop a comprehensive business plan for its future expansion and sustainability, and an administrative and financial procedures manual, to conduct a business diversification research/study and produce a reference document, and undergo bookkeeping review to determine its financial capability.

B. Rice Farming Improvement Activities

1. Komezibikorwa will recruit a qualified agricultural extension worker who will manage the Project's agricultural activities and who will ensure that rice farming is done following improved agricultural practices. The agricultural extension worker will train Komezibikorwa members and one will be selected as a future agriculture services leader for the organization.
2. Komezibikorwa will purchase a motorcycle and accessories to facilitate the agricultural extension worker's services.
3. Komezibikorwa will purchase quality seeds and fertilizers to improve rice farm productivity of members.
4. Komezibikorwa will purchase construction materials and build a produce storage hangar for proper after-harvest management. A portion of this hangar will be used as office space. A water catchment system will be installed at the site as well, once the hangar construction is done.
5. Komezibikorwa will purchase and maintain a rice huller.
6. Komezibikorwa will facilitate a study tour for key members to an ADF-funded Project in CORIMI organization in Rwanda.

- C. Komezibikorwa develops a comprehensive five-year business plan with achievable production targets that account for factors such as demand, cost, and supply of raw materials, production capacity and competition, as well as a marketing strategy that includes promotion, pricing, and distribution for all the farm produce marketed through the Cooperative society.

VIII. Roles and Responsibilities of the Parties

ADF's Partner in Burundi will provide the necessary standard ADF training in bookkeeping, monitoring and assessment. Komezibikorwa is responsible for ensuring the proper management and implementation of the Project. Kilimanjaro International Burundi Ltd "KIB", the ADF Partner in Burundi will provide Komezibikorwa with technical and management assistance during Project implementation.

IX. Monitoring and Evaluation

ADF's Partner in Burundi will closely monitor the activities of Komezibikorwa 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 risks 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 both Komezibikorwa's financial and Project activity reports and will submit comments and observations to the management of Komezibikorwa as part of the on-going performance assessment.

X. Other Implementation Issues

1. Since ADF funds will cover costs for quality seeds for the first agricultural season only, Komezibikorwa association will reserve enough funds to purchase seeds and fertilizers for the following seasons.
2. By the end of the Project, Komezibikorwa will ensure that the Cooperative is fully registered at the Industry and Commerce Ministry.