

## PROJECT DESCRIPTION

## COTRAGAGI Tea Production Expansion

## 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**

Coopérative Theicole de Ramba Gaseke et Giciye (COTRAGAGI) is a registered tea growers Cooperative located in Ngororero districts in Western Province of Rwanda. Cooperative members are able to produce high quality green leaf tea and also have the potential to increase the acreage under tea production. However, production has been constrained by poor infrastructure, inadequate working capital to purchase inputs, and inadequate transport to move the green leaf tea from the collection centers to the factory. The Cooperative has applied for ADF funding in order to address these constraints and take advantage of the unmet demand for high quality green leaf tea from Rubaya Tea Factory.

**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. COTRAGAGI Contribution**

COTRAGAGI will contribute the time, skills, and labor of its staff and members in the implementation of the Project. The Cooperative will pay all operational costs not covered by ADF which include salaries and wages for its staff and part-time unskilled workers, electricity, and water. In addition, the Cooperative will contribute to the fertilizer fund to meet any shortfall not provided for by ADF.

**IV. Project Goal**

The goal of this Project is to improve the standard of living and economic welfare of tea growers in Western Province of Rwanda.

**V. Project Purpose**

The purpose of this Project is to increase the incomes of COTRAGAGI, COTRAGAGI members, and COTRAGAGI's employees as evidenced by the following.

- A. Increase in COTRAGAGI's net income (before taxes and depreciation) from baseline of RWF 13,551,075 in 2009 to:
1. RWF 4,620,795 in Year 1;
  2. RWF 9,927,426 in Year 2;
  3. RWF 11,776,212 in Year 3;
  4. RWF 15,428,575 in Year 4; and
  5. RWF 29,548,545 in Year 5.
- B. Increase in the value of green tea leaves supplied by Cooperative members from a baseline of RWF 119,533,491 in 2009 to:
1. RWF 145,088,162 in Year 1;
  2. RWF 165,247,387 in Year 2;
  3. RWF 199,595,651 in Year 3;
  4. RWF 252,903,095 in Year 4; and
  5. RWF 391,930,189 in Year 5.
- C. Increase in salaries paid to workers from a baseline of RWF 19,089,353 in 2009 to:
1. RWF 16,973,263 in Year 1;
  2. RWF 20,352,275 in Year 2;
  3. RWF 21,437,051 in Year 3;
  4. RWF 22,579,646 in Year 4; and
  5. RWF 23,783,141 in Year 5.

**VI. Project Outputs**

By the end of the Project, COTRAGAGI will have improved production and increased sales of green tea leaves as evidenced by the following.

- A. Increase in yields for tea from a baseline of 7,572 kilograms per hectare in 2009 to:
1. 7,900 kilograms per hectare in Year 1;
  2. 8,300 kilograms per hectare in Year 2;
  3. 8,700 kilograms per hectare in Year 3;
  4. 9,200 kilograms per hectare in Year 4; and
  5. 9,600 kilograms per hectare in Year 5.

- B. Increase in COTRAGAGI tea sales revenue from a baseline of RWF 48,789,180 in 2009 to:
1. RWF 54,439,440 in Year 1;
  2. RWF 62,877,408 in Year 2;
  3. RWF 70,191,528 in Year 3;
  4. RWF 82,382,586 in Year 4; and
  5. RWF 118,499,238 in Year 5.

## VII. Project Activities

COTRAGAGI will ensure, with the assistance of ADF funds, the following major activities are implemented.

- A. Improve COTRAGAGI's sustainability of production of green tea by:
1. establishing a revolving fertilizer fund for all members and provide them with the initial quantity of fertilizer;
  2. providing reliable transport to pick up tea from members' fields and deliver to the regional tea factory as well as deliver agricultural inputs to farmer members directly; and
  3. providing management access and agricultural extension services to all Cooperative members.
- B. Expand production of green tea by:
1. constructing of culvert bridges that will allow trucks year-round delivery of inputs and pick-up of green tea from more distant member fields; and
  2. constructing and renovation of drainage systems that allow for tea cultivation in marshland areas that are prone to flooding.
- C. Improve governance and management operations of COTRAGAGI by training key management and staff in monitoring and evaluation techniques to ensure that the Cooperative adheres to Project goals and is able to independently assess its progress and develop remediation plans.

## VIII. Roles and Responsibilities

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

COTRAGAGI will continue to work closely with relevant Government of Rwanda agencies responsible for tea growing, promotion, and environmental protection.

**IX. Monitoring and Evaluation**

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



