

**APPENDIX A:**  
**PROJECT DESCRIPTION**  
**Diocese of Mongu Development Center (DMDC) Organic Rice Project - Zambia**

**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**

Rice is grown in many parts of Africa and has become an essential part of the diet. Organically grown rice is cultivated without the use of pesticides and it is priced at a significant premium. To increase revenues, it has been suggested that organic rice be grown in Zambia to supply a domestic market and meet the demands of a growing European export market for organic certified produce and agricultural products. The Diocese of Mongu Development Center (DMDC) has taken a leading role in organizing the local farmers and providing services to them. It is proposing to lead the local farmers of Mongu and Sefula through the process of obtaining organic certification and the growing of organic certified rice by developing 12 hectares of rice fields on DMDC land and 12.5 hectares of rice fields in Sefula. DMDC is a non-profit organization whose support from the Oblates of Mary Immaculate is in question while its current operations are unprofitable. For it to continue, the Grantee needs to provide profitable services to farmers and to make its own fields productive to support its non-profit mission to assist Mongu and Sefula farmers. DMDC needs to develop business and marketing plans, improve management and organization, hire extension service officers and a bookkeeper, and acquire the necessary expertise to obtain organic certification. DMDC will need to manage a revolving fund and crop purchase fund to fully service its client farmers.

**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 of the Agreement and do not cause ADF's contribution to exceed the obligated amount specified in Article 3, Section 3.1 of the Agreement.

**B. Grantee Contribution**

DMDC, as a long-established organization, will contribute the use of assets of its organization including the current staff, buildings, equipment, security services, water, electricity, the accountant's salary, stationary and other related staff supporting the project. DMDC will contribute the 12 hectares of land where it will grow organic rice.

**C. Other**

A donor will provide DMDC with a critically needed rice processing plant. Sefula and ZORGA members will contribute the land and labor required for the organic rice cultivation of the Sefula out-growers.

**IV. Project Goal**

The goal of the Project is to increase incomes and reduce farmers' poverty in the Mongu and Sefula districts.

**V. Project Purpose**

The purpose of the Project is to improve DMDC's prospects for sustained expansion as indicated by the development of a comprehensive five year business plan that ADF deems suitable for funding by a donor or other financial institutions.

**VI. Outputs**

**A. Input Revolving Fund and Crop Purchase Fund Pilot Project**

- DMDC will establish a sustainable, input revolving fund for the benefit of DMDC farmers and DMDC.
- DMDC will establish an organic rice crop purchase fund for the Sefula rice farmers.

**B. Management, marketing and production capacities**

- DMDC will have a comprehensive business and marketing plan that will be a guidebook for profitable operations and the appropriate mission for the non-profit organization.
- DMDC will have manuals on production systems, comprehensive extension service delivery, input revolving funds and sustainable fund management, business and administrative policies, procedures and guidelines, financial accounting procedures and systems for timely and accurate financial reporting.

- DMDC and its out-growers will be certified as organic by Ecocert, an international certification body.
- DMDC will have an efficient and effective operational production program, an effective extension program, and better financial management of its operations and the input revolving fund and crop purchase fund.

## VII. Activities

### A. Strengthen Operations, Management and Systems

To strengthen management and systems, DMDC will:

- Hire an operations and sales manager, an extension services coordinator, two extension service officers (one for Mongu and one for Sefula), and a bookkeeper;
- Hire a part-time record keeper to assist in maintaining records of required board and members meetings;
- Provide management assistance to the serviced farmer organizations in order that they become fully registered and certified;
- Provide support to the extension service officer that services farmers in Sefula;
- Hire a consultant to create a comprehensive business and marketing plan for DMDC that will include rice growing and the improvement of its current operations;
- Hire a consultant to create a business plan for the Sefula and ZORGA rice farmers; and,
- Hire an experienced chartered accountant to implement improvements in the accounting and financial systems.

### B. Training

- ZATAC will train appropriate DMDC staff in QuickBooks software and on ADF-mandated training in order that they comply with ADF policies, procedures, accountability and reporting.
- In collaboration with ZATAC, a technical assistance provider will provide practical training to the 10 Sefula out-growers and DMDC staff including the business manager, the accountant, bookkeeper, and other management staff on business and entrepreneur skills.
- In collaboration with ZATAC, a technical assistance provider will provide training on governance to 20 Sefula and ZORGA members over a 5 day period.
- In collaboration with ZATAC, a technical service provider will provide training on sustainable agriculture, organic vegetable production, and internal control systems for 60 persons.

B. Services to Farmers

- DMDC will register both the DMDC and Sefula groups, pay Ecocert certification inspection fees, and other costs associated with obtaining organic certification.
- DMDC will take steps to obtain a donated rice processing plant, critically needed for the success of this project.

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

The staff and elected leadership of DMDC are responsible for the management and the proper implementation of the Project. ZATAC, ADF's partner in Zambia, will provide training in the areas of management and ADF reporting. ZATAC will also provide technical assistance to the members and leadership in those areas.

**IX. Monitoring and Evaluation**

Within sixty days of the effective date of this Agreement, the Grantee will form a monitoring and assessment committee composed of a representative cross-section of the Grantee's organization. The committee will develop a Project monitoring plan. In addition, during implementation, the committee will have responsibility for ensuring that the Project follows the implementation plan, and that problems identified through monitoring and evaluation are properly addressed in a timely manner.

**X. Other Implementation Issues**

The Grantee will clarify the status of the donated rice processing plant.

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