

## APPENDIX A

### PROJECT DESCRIPTION

#### Mumbwa District Farmers Association (DFA) Paprika Outgrower 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

The Mumbwa District Farmer's Association (DFA) has a large membership of experienced and productive farmers. Mumbwa DFA wants to start its own paprika outgrower scheme so it can sell the paprika to customers at prices that will maximize members' revenues and profits. Although farmers can grow a variety of crops in Zambia, current profitability data available indicate that members would earn a better return by growing paprika and taking more control of their marketing. However, DFA is currently unable to provide the necessary workspace, management and experience to nurture a plan to improve member farmer's returns. DFA expects that by providing a workable business and marketing plan, better management, planning, documentation and marketing oversight, the area could become a large supplier of high quality paprika. This, in turn, will increase the income of its members.

#### 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

The DFA will finance expenses related to affiliation fees to Zambia National Farmers Union, seed distribution costs and sundries. The paprika farmers will contribute their land and labor towards growing the crop. Mumbwa DFA is responsible for any other contributions or costs necessary to implement this project not specifically mentioned in ADF's budget.

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C. Other

DFA has an agreement with ZNFU where the latter will finance the costs of running the office, the salaries of the business and office manager and other related capacity building activities.

**IV. Project Goal**

The goal of the project is to improve income and living standards of farmers of the Mumbwa district.

**V. Project Purpose**

The purpose of the Project is to improve Mumbwa DFA'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**

Improvement in Management and Management Systems

- DFA will have a management/administration manual, a paprika production manual, an extension systems manual, and a credit management manual to improve business processes.
- DFA will have a business/marketing plan for the production and marketing of paprika grown in the Mumbwa district.

**VII. Activities**

A. Strengthening management

- Mumbwa DFA will, in collaboration with ZATAC, engage competent technical assistance that will work closely with the management team to develop a comprehensive business plan.
- Mumbwa DFA will, in collaboration with ZATAC, engage competent technical assistance to complete a management/administrative manual, a paprika production operational manual, an extension systems manual, and a credit management manual.

- Mumbwa DFA will, in collaboration with ZATAC, engage a competent financial management consultant who will advise and assist DFA with setting up a computerized Pastel accounting system. In addition, DFA will engage an internal auditor to audit the books over the two years of the project.
- DFA will hire an extension officer to improve extension services to farmers in the pilot out grower program and a loan officer to administer to the input revolving fund and signing of loan agreements. As these officers will work in the field, two motorcycles will be provided to facilitate servicing the farmers served. The loan officer will implement DFA policies that ensure sustainability of the revolving credit fund.
- DFA will hire an accountant to record and account for funds, to work with the loan officer in the disbursement of funds, and to ensure that farmers inputs are purchased properly.

#### B. Training

- ZATAC staff will train appropriate DFA staff on ADF procedures, enterprise development, and marketing.
- The DFA management team and its Board will be trained in governance, enterprise development, marketing, and contract farming design.
- The DFA management team and farmers will be trained in the best techniques in paprika production including quality assurance and pest management.
- The DFA management team and farmers will take a study tour of the Central Growers Association to learn from others already in paprika production.

### VIII. Roles and Responsibilities of the Parties

The staff and elected leadership of DFA 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.

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