

**PROJECT DESCRIPTION  
TFC POMEGRANATE PILOT**

**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**

Turwanyubukene Farmers Cooperative (TFC) is a for-profit farming cooperative based in Bugesera District in the Eastern Province, about 45 kilometers from Kigali. Formed with assistance from the Millennium Village Project in January 2007, TFC formally registered in May 2007 and currently has 32 members.

At present, the farmers are growing local subsistence crops, but seek to advance to producing new high value cash crops, specifically pomegranates, to be intercropped with chickpeas and chili peppers. However, the farmers have a number of challenges to overcome in order to become success. The farmers currently lack organic certification and TFC members will need intensive training on best planting practices for these new crops as well as the transfer of knowledge and skills of organic farming methods. The Bugesera region is arid and often lacks sufficient rain to nourish plantings which will need to be addressed. In addition, the farmers lack the necessary infrastructure, farm equipment, tools and supplies to cultivate these new crops.

**III. Funding****A. USADF Contribution**

The financial plan for USADF'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 7 of the Agreement and do not cause USADF's contribution to exceed the obligated amount specified in Article 4, section 4.1 of the Agreement.

**B. Client Contribution**

TFC is contributing labor needed to carry out the farm operations on the land devoted to the project.

## C. Other

The Millennium Village Project will provide funding for water drilling and installation, and assist in building TFC's financial and management capabilities. In addition, MVP will provide other assistance as needed.

## IV. Investment Goal

The goal of the investment is to improve the livelihoods of the TFC farmers in Bugesera District.

## V. Investment Purpose

To assist TFC in developing high value export crops that will increase the incomes of its farmers, as demonstrated by the development of a viable production and marketing model for organic pomegranates.

## VI. Outputs

- A. A certified-organic commercial pomegranate fruit program for Bugesera as evidenced by planting, growing, harvesting, distributing, and selling sixty tons of pomegranates by the end of the investment period.
- B. An intercropping program that produces organic chickpeas and chilli peppers that will result in the sale of over twenty tons of chickpeas and one hundred and ten tons of chilli peppers by the end of the investment period.
- C. A business plan that includes the following elements:
  - comprehensive market analysis to cover both local and export markets;
  - marketing and distribution strategy that enables TFC to expand and reach new customers; and
  - projected financial results that support any proposed investment(s) as evidenced by acceptable returns-on-investment.
- D. An outreach plan for households to be used in the event the project is expanded.
- E. Market linkages for TFC's three products with local and international buyers.

F. A fully functional financial and management system that complies with USADF reporting requirements, and is consistent with internationally accepted standards, as demonstrated by:

- an integrated and well-structured internal control and accounting system which has enhanced automated accounting/financial features;
- a comprehensive accounting procedures manual;
- a comprehensive human resource manual; and
- reports and reporting formats in consonance with TFC's management information system.

## VII. Activities

### A. Production Pilot

This pilot intervention will bring advanced farming techniques with a new cash crop, pomegranate, to Bugesera District of Rwanda. The primary activity will be the planting, cultivating, harvesting and sale of organically certified pomegranates, chili peppers and chickpeas for the local and international market. In order to carry out these activities, TFC will need to improve its physical infrastructure by undertaking the following:

- constructing two sheds to for storage of farm produce;
- procuring and installing an irrigation system;
- purchasing farm equipment and tools;
- purchasing barbed wire fencing materials;
- purchasing three mobile phones;
- procuring necessary business supplies;
- purchasing two computers, printers and software; and
- purchasing a motorcycle, helmet, fuel and insurance.

In addition, the Enterprise will increase its capacity for production by:

- purchasing pomegranate seeds and seedlings along with chickpeas and chili pepper seed;
- establishing a pomegranate nursery;
- surveying the land and demarcating plots;
- hiring a tractor to plow the land in preparation for planting;
- purchasing fertilizer; and
- acquiring organic certification.

The TFC nursery will be located at the CFJ Vocational School, which is neighboring the TFC farm. The introduction of pomegranates at the school grounds provides an opportunity for all CFJ students to learn more about high

value cash crops. In addition, TFC has agreed to give cuttings to CFJ for their own use.

**B. Management and Governance**

The Client will improve the business management skills of its members and the executive committee as demonstrated by:

- annual meetings with TFC members;
- training the executive committee members in business management skills, including, planning and organization, basic accounting, managing agricultural inputs and post harvest management and marketing; and
- developing a plan to expand TFC membership.

**C. Training**

The Client will improve its financial and management capacities by training newly recruited and existing employees to improve their skill base in several areas. Activities will include:

- training of farmers in organic standards and farming techniques;
- preparing farmers for organic certification;
- recruiting and hiring a farm manager;
- recruiting and hiring a technical supervisor from the executive committee to assist the farm manager; and
- recruiting and hiring an individual from the executive committee to oversee logistics and storekeeping activities.

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

The USADF Partner in Rwanda will provide the mandatory USADF training in bookkeeping, monitoring, and assessment. TFC is responsible for ensuring proper management and implementation of the project. The USADF Partner in Rwanda, along with MVP, will provide TFC with technical and management assistance during the implementation of the project.

MVP is planning to register the farmers under the fair-trade arrangement which will as well guarantee better prices along the value chain to ensure equitable distribution of margins among all players.

MVP will take the lead on capacity building activities and assure skills transfer to TFC through:

- initial training on financial management for all TFC management;

- on-the-job training in bookkeeping provided to TFC staff by MVP on a weekly basis for the initial months;
- monthly audits of TFC books by MVP to ensure proper accounting and quality control;
- weekly meetings held with MVP and TFC management and farm staff for problem solving and discussion of farm management issues; and
- organization of a study visit for TFC staff to see similar cash crop cooperatives in Rwanda.

**IX. Monitoring and Evaluation**

The USADF Partner in Rwanda, in collaboration with MVP, will closely monitor the activities of TFC to ensure proper reporting and adherence to the project implementation plan by the client, 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 or alternate will be an important aspect of the ongoing coaching and advisory service. The Partner will review TFC quarterly reports and will submit comments and observations to the management of TFC as a part of the on-going performance assessment.

**X. Other Implementation Issues**

The Client will establish a separate bank account for receipt of USADF funds.