

PROJECT DESCRIPTION
COAMV Maize Processing

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 Cooperative des Agriculteurs des Mais Dans la Zone des Volcans (COAMV) is a registered cooperative located in Kidakama village, Gahunga Sector, Burera District in the Northern Province of Rwanda. COAMV operates in partnership with 315 farmers associations which together have a membership of 12,247 farmers (5,250 women and 6,997 men). The Cooperative provides farm inputs (mainly seed and fertilizers) and extension services to the farmer associations which in turn grow and sell maize to COAMV. COAMV grows and also buys maize from the farmers associations and processes it into flour which is sold on the local market.

While there is potential for expansion and increased profits, COAMV is constrained by a number of factors such as inadequate management and technical capacity, lack of sound financial management and reporting systems, lack of written accounting policies and procedures, and edging processing equipment. The cooperative also lacks a strategic business plan to guide its future expansion.

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 4, section 4.1 of the Agreement.

B. COAMV Contribution

COAMV will contribute the time and skills of its staff in the implementation of the EDI. The cooperative will continue paying salaries for its staff that are not covered by the ADF budget. The cooperative will also pay for packaging materials, safety gear, motor vehicle running costs, water and electricity bills.

IV. Project Goal

Promote the growth of small scale enterprises that contribute to food security, employment and increased incomes by adding value to crops produced by poor smallholder farmers in Rwanda.

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V. Project Purpose

The purpose of the project is to improve COAMV'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 institution.

VI. Project Outputs

- A. A five-year strategic business plan supported by a detailed analysis of the market for COAMV's maize products.
- B. Improved managerial skills and financial management and reporting systems as demonstrated by:
- a qualified and experienced Manager recruited and in place;
 - a qualified Accountant recruited and in place;
 - an automated accounting system installed;
 - an accounting policies and procedures manual developed and in use; and
 - a fully functional financial management system certified as compliant with ADF requirements;
- C. Improved technical capabilities as evidenced by:
- training in cooperative management conducted;
 - training in Standards and Food Safety compliant with Hazard Analysis and Critical Control Point (HACCP) for maize production and processing conducted;
 - training in accounting software conducted;
 - accounting Policies and Procedures manual developed;
 - training in production and equipment maintenance conducted; and
 - environmental Manual Developed and training conducted.

VII. Activities

COAMV will ensure the following major activities are implemented with the assistance of selected consultants where needed. COAMV will also ensure that all terms of reference for consultants are developed in collaboration with ADF.

- A. Conduct a comprehensive strategic planning exercise
- profile the current supply chain management;
 - review and profile current distribution channels;
 - review current product pricing policies and make recommendations;
 - explore different options of paying out benefits to members;
 - review options for increasing membership fees;
 - evaluate the current credit/accounts receivables;

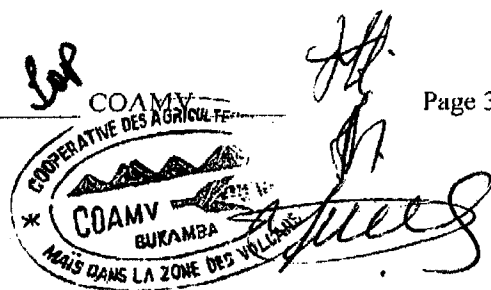
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- develop a marketing strategy for increased market coverage and penetration;
 - describe how benefits are reaching the local producers; and
 - develop indicators that track benefits to the local farmer level.
- B. Strengthen COAMV's financial management and reporting system
- recruit a qualified accountant;
 - develop an accounting policies and procedures manual; and
 - procure and install appropriate accounting software and provide basic in-house training for users.
- C. Strengthen cooperative governance
- review and evaluate the current governance structure and setup;
 - seek the General Assembly's ratification of recommendations;
 - implement agreed recommendations;
 - identify training needs; and
 - Train the Board regarding their roles and responsibilities.
- D. Improve food quality and safety
- establish current quality and safety standards of COAMV maize grain and maize meal;
 - determine the limiting factors for attainment of Rwanda Bureau of Standards (RBS) product quality and safety standards;
 - draw plan for attaining required standards; and
 - conduct appropriate training to ensure compliance with HACCP requirements.
- E. Improve environmental management and compliance with Rwanda Environment Management Authority (REMA) requirements
- sensitize members and staff on environmental issues;
 - determine environmental considerations associated with maize cultivation and processing;
 - provide guidelines on safe use and handling of pesticides and fertilizers;
 - improve sanitation and waste disposal; and
 - implement appropriate mitigation measures to address negative environmental impacts.
- F. Strengthen management skills and financial management and reporting systems
- recruit a Manager to coordinate all cooperative activities;
 - recruit a qualified Accountant;
 - recruit a qualified Agronomist; and
 - conduct an audit of the entire COAMV operations and the financial management systems.



G. Provide appropriate office equipment

- Purchase office equipment including office furniture, computers, printer and accessories.

VIII. Roles and Responsibilities of the Parties

ADF's partner in Rwanda will provide the necessary standard ADF training in bookkeeping, monitoring and assessment. COAMV is responsible for ensuring the proper management and implementation of the Investment. The ADF Partner in Rwanda will provide COAMV with technical and management assistance during implementation.

IX. Monitoring and Evaluation

ADF's Partner in Rwanda will closely monitor the activities of COAMV to ensure proper reporting, 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 will be an important aspect of the ongoing coaching and advisory service. The Partner will review ADF's quarterly reports and will submit comments and observations to the management of COAMV as a part of the on-going performance assessment.

X. Other Implementation Issues

The following issues will need to be closely monitored:

- ADF account only has ADF funds;
- money from other donors not to be co-mingled with ADF funds;
- ADF funds are accounted for on quarterly basis;
- all COAMV staff to paid from ADF funds have employment contracts which are in line with GOR requirements; and
- salaries and allowances indicated in budget are gross and all employee deductions as required by GOR law will be deducted accordingly.

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