

**APPENDIX A:  
PROJECT DESCRIPTION  
Kilombero Cane Growers Association – Tanzania**

**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 shall be construed to amend any of the definitions, conditions, or terms of the Agreement.

**I. Background**

The Kilombero Cane Growers Association (KCGA) is a sugarcane production and marketing association composed of 1,600 farmers organized in 26 groups located in the Kidatu District, Morogoro Region in the Great Ruaha Valley in southeast Tanzania. KCGA's members are subsistence farmers who cultivate sugarcane as a cash crop. KCGA markets its sugar cane to Kilombero Sugar Company (KSC), a private company that recently purchased a sugar cane factory from the Government of Tanzania. After heavy investments, KSC is increasing sugar production and demanding larger amounts of raw sugar cane from the sugarcane outgrowers.

KCGA faces several obstacles to meeting the increased demand for sugar cane. Its member farmers are challenged by the following:

- low capitalization, which hinders rehabilitation of old farms, purchase of required inputs, fertilizers and seed cane;
- inadequate cane loading services leading to spoilage and inability to deliver sugarcane in a timely fashion;
- poor cane husbandry that leads to low yield per hectare; and
- poor infrastructure (feeder roads and drainage systems).

**II. Funding**

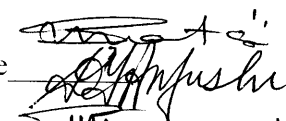
**A. ADF Contribution**

The financial plan for ADF's contribution is set forth in Appendix A-1 (Budget) to this Agreement. The Parties may make changes to the financial plan without formal amendment, if such changes are 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 1 of the Agreement.

**B. Grantee Contribution**

KCGA's members will contribute one cane loader worth TShs. 50 million, furniture and office equipment worth TShs. 580,000, and TShs. 45 million in the form of a revolving fund for on-lending to members. In addition, KCGA will contribute 3,200 hectares of

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land for sugarcane production. KCGA's total contribution to the Project is estimated at TShs. 95,580,000 plus 1,884 hectares of land<sup>1</sup>.

#### **IV. Project Goal**

The Project's goal is to improve the standards of living for farmers in the region or district of Tanzania.

#### **V. Project Purpose**

The purpose of the Project is to increase net income of KCGA and its members from sugar cane production. Increase KCGA's members gross income from cane loading from a baseline of zero to TZS 130.2 million by year 5;

#### **VI. Project Outputs**

##### **A. Increased Production Capacity**

1. KCGA members' average annual production of sugarcane is expected to increase from a baseline of 400 tons in 2002 to 3,200 tons by end of year 5 of the Project through rehabilitation of existing over used fields.
2. KCGA members' average annual yield of sugar cane is expected to increase from the baseline of 48 tons per hectare to 62 tons per hectare by Project year 5.
3. The rendement content of members' cane is expected to increase from the current average of 11.7 percent to 12.5 percent by Project year 5.

##### **B. Increased Capacity to Harvest Sugarcane**

1. The annual tonnage of sugar cane harvested using KCGA cane loaders is expected to increase from zero to approximately 186,000 tons by year 2 and sustained throughout LOP ;

#### **VII. Major Activities to be funded under the Agreement**

KCGA will undertake the following activities to generate the Project's expected outputs:

##### **A. Land preparation**

Financing and extension of loans through the input support revolving fund for land preparation that includes heavy and light ploughing, harrowing, furrowing and planting.

##### **B. Improved Cane Husbandry**

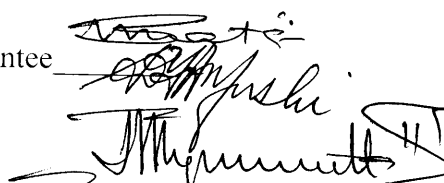
Financing and extension of loans through the input support revolving fund for fertilizer, herbicides and labor inputs for increased sugar cane yield.

<sup>1</sup>Under Tanzanian law, land is public property hence no commercial value is attached to it.

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**C. Cane Loading Services**

The project will purchase a cane loader and a four wheel drive truck for fueling to supplement KCGA’s existing limited cane loading services to hire out to members.

**D. Training and Technical Assistance**

Members, staff and the executive committee (board) will be trained in various disciplines aimed at improving performance:

- Five hundred seventy-two members will be trained in modern sugar cane farming and quality control. In addition, training on how to mitigate the economic impact of HIV/ AIDS will be provided.
- Six staff and nine board members will be trained on site in business management and corporate governance.
- An expert from the Kibaha Sugar Research Institute will provide technical assistance services to members in choice of right stock of seed and quality improvement.
- The ADF Country Partner, CSDI, will provide four days of training in two sessions for four (4) staff members and six (6) executive committee members on the ADF accounting system, best practices in financial management, and project performance assessment .
- Twelve members that form the Participatory Evaluation/Impact Assessment committee will be trained in various techniques of participatory evaluation and monitoring by the CSDI Evaluation Officer.


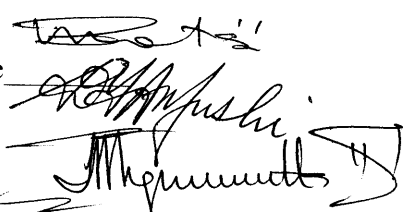
**VIII. Roles and Responsibilities of the Parties**

KCGA is responsible for ensuring the proper management and implementation of the project. The Association has four full time employees who manage the daily operations. The KCGA board of trustees are the custodians of all properties and liabilities of KCGA.

The ADF partner in Tanzania, the Centre for Strategic Development Initiatives (CSDI) will provide technical and management assistance to ROA during the implementation of the project.

**IX. Monitoring and Evaluation**

Within sixty days of the effective date of this Agreement, the Grantee, working with the ADF Partner, will form a monitoring and assessment committee composed of a representative cross-section of the Grantee’s membership. The committee will provide ADF’s Partner with input for the project monitoring plan, which will include the establishment of annual targets for the performance indicators. In addition, during the implementation stage, 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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