

PROJECT DESCRIPTION

Bubango Palm Oil Production

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 A shall be construed as amending any of the definitions, conditions, or terms of the Agreement.

II. Background

The Bubango Agricultural Marketing Cooperative Society Ltd. (AMCOS) currently provides its 690 oil palm farmer members in the Kigoma region of Tanzania with marketing services, improved palm varieties, training, and other extension services. In recent years there has been growth in the demand for palm oils both from local and international markets. The organization aims to capture these opportunities in the palm oil food and bio-fuels markets through strengthening their society's capacity in the areas of management, business planning, production, and marketing of palm oil.

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. Client Contribution

Bubango AMCOS will contribute existing staff, assets, vehicles, and business networks.

IV. Project Goal

The goal of the Bubango Project is to promote the growth of small-scale agricultural enterprises and improve the standard of living of rural palm oil producers in the Kigoma region of Tanzania.

V. Project Purpose

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

VI. Outputs

- A. Improved Management and Operating Systems Capacity
 - 1. Improved business and accounting systems are implemented and Bubango AMCOS is certified as compliant with ADF financial and reporting requirements.
 - 2. Bubango AMCOS's Board and Management use financial and accounting reports and audited yearly business financial statements in their decision making.
- B. Improved Products and Production Capacity

The average annual number of buckets of palm and kernel oil produced by Bubango AMCOS members increases from 12 at the beginning of the Project to 20 per annum by the end of the Project.

VII. Activities

- A. To enhance institutional, management, and governance capability Bubango AMCOS will:
 - 1. provide training in leadership and good governance to management, members of the board, and zone leaders;
 - 2. train leaders and members in business and negotiation skills and educate them on the palm oil industry in Tanzania, East Africa and globally;
 - 3. with the assistance of a consultant, undertake a market study and develop a comprehensive market strategy for Bubango AMCOS's palm oil products;
 - 4. establish an efficient market information system (MIS);
 - 5. develop a five-year business plan for palm oil production and marketing in Kigoma;
 - 6. develop communication facilities which will include the purchase of computers, installation of internet service, and other necessary office infrastructure;

7. improve staff access to transportation to encourage increased interaction and extension services at the farmer level; and
 8. with legal advice and counsel, complete all necessary actions to acquire full official standing and protected title to the Society's assets.
- B. To improve financial management capability and accountability Bubango AMCOS will:
1. develop an accounting manual, implement accounting best practices, and improve internal controls;
 2. recruit a financial officer who will be in charge of all issues related to fund management and reporting; and
 3. install and train staff on the use of accounting software.
- C. To improve oil palm husbandry, production and processing techniques Bubango AMCOS will, as a pilot effort:
1. establish nurseries of oil palms using improved seeds provided by the Jane Goodall Institute in order to expand its members' access to a higher yielding crop breed;
 2. conduct pilot training in the new oil palm nursery for five members from each of the 55 villages under Bubango AMCOS to ensure members learn the complete process for preparing high yielding oil palm hybrid seedlings;
 3. assist the 275 members (five members from each of the 55 villages served by Bubango AMCOS) to plant one acre of the raised seedlings, which encompasses approximately 50 seedlings per acre;
 4. purchase two pilot palm oil extraction machines and two pilot palm kernel extraction machines and provide training to staff and farmers on the use and upkeep of the equipment;
 5. hire an agricultural extension expert to manage the palm oil production and processing section and handle day to day activities related to palm oil husbandry services provided to the farmers; and
 6. build institutional linkages with other palm oil stakeholders in the region through networking and site visits to other producers and processors, including a study trip to Uganda.

D. Roles and Responsibilities of the Parties

The Chairman, Manager, and Board of Directors of Bubango AMCOS have the primary responsibility for implementation of the Project activities as planned. The ADF Partner in Tanzania will play a lead role in holding Bubango AMCOS accountable for meeting implementation and training milestones. In addition, the ADF Partner will provide Bubango AMCOS with technical and management assistance during implementation.

E. Monitoring and Evaluation

Within sixty days of the effective date of this Agreement, Bubango AMCOS, working with the ADF Partner, will form a monitoring and assessment committee composed of a representative cross-section of the Client's organization. The committee will provide the Partner input for the 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.