

**APPENDIX A**  
**PROJECT DESCRIPTION**  
**Banzukore Cooperative**

**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**

Banzukore Cooperative (Banzukore) was created in 2003 by local farmers to promote passion fruit as a new cash crop, and thereby reduce their dependence on coffee as the only cash crop in the Western Province in the District of Nyamasheke in Rwanda. Presently, the Cooperative grows a variety called *Passiflora Edulis Edulis* on a 10 hectares farm.

Banzukore Cooperative, while potentially profitable, must make improvements in management and financial systems if it is to realize its potential, expand hectareage under cultivation and eventually be certified as an organic producer for the export market. Training is also needed in passion fruit agronomy as well as in all of the aspects of post harvest activities of passion fruit handling, storing, sorting, packing and marketing.

**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 make ADF's contribution to exceed the obligated amount specified in Article 3, section 3.1 of the Agreement.

B. Banzukore Contribution

Banzukore is contributing financial resources to the project and the skills and time of its employees to the implementation of the project. Specifically, Banzukore Cooperative will continue to provide resources for its current salaried staff and six months worth of salaries for the four new positions being funded under this Agreement. The Cooperative will also contribute twelve months worth of wireless internet access, and all other administrative costs including office furniture,

packing materials, motorcycle insurance and banking, communication charges above what is to be provided with ADF funds budgeted.

C. Other

Banzukore Cooperative has already benefited from a loan financed by the Rwandan Development Bank (BRD) that will cover activities including development of twenty additional hectares to be put under passion fruit cultivation and purchase of a truck.

**IV. Project Goal**

The goal of the Project is to promote the growth of small scale enterprises that process and distribute high-value crops produced by smallholder farmers in Rwanda, especially those that have potential for export regionally or internationally.

**V. Project Purpose**

The purpose of the project is to improve Banzukore'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 strategic business plan based on a detailed analysis of the market outlook for Banzukore's product, including:

- an assessment of supply, demand, pricing trends and key buyers and distributors;
- an assessment of Banzukore's key investment requirements;
- projections of growth and return on investments and the expanded hectareage; and
- a thorough analysis of customer demand and potential clients and channels considering both the conventional and organically-certified market outlets.

B. Improved operational and management capabilities as demonstrated by:

- an experienced administrator synchronizing core functional areas;
- additional core staff recruited and in place;
- an automated accounting system installed;
- a newly created operations and administration manual implemented;

- a fully functional financial management system certified as compliant with ADF requirements and demonstrated ability of the accounting and management team to utilize the system on a regular basis;
- a functioning power supply system and office;
- a sorting, grading and packing area for its product; and
- a functioning Board of Directors that meets regularly and provides strategic guidance.

C. Improved technical capabilities as evidenced by:

- an assessment of current cultivation practices and recommendations for improvement;
- a fully thought-out plan with associated costs and timeline for obtaining organic certification;
- training conducted for farmers on required organic cultivation and harvesting practices; and
- training for staff on proper sorting, grading and packing of produce.

## VII. ACTIVITIES

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

A. Construct a collection, sorting and grading facility and a small equipped office including:

- identifying a local building contractor;
- procuring the necessary equipment for effective communications with the farmers and ADF;
- developing appropriate packing system and acquire materials locally; and
- assuring staff training in proper sorting, grading and packing the passion fruit.

B. Develop a management automation system by:

- assessing and evaluating the information technology requirements for the cooperative;
- purchasing appropriate accounting software for the business; and
- providing basic in-house training for users.

C. Streamline personnel, governance and management systems by:

- developing concise job descriptions for staff; and

- improving understanding of management and board of directors' roles and responsibilities.

D. Develop an organic certification plan by:

- formulating the timeline and cost to obtain organic certification;
- developing a manual of organic farming practices and rules for the Cooperative members to follow; and
- training farmers to be in compliance with the organic practices.

E. Develop a Business Plan

A consultant will be hired to work with Banzukore Cooperative management team to develop a business plan that will take into account costs and capacities of the Cooperative, identify customer segments and distribution channels, estimate marketing and expansion costs, and deliver an actionable plan identifying expected investments and returns. The plan will also examine potential environmental considerations associated with current and expanded production activities. In carrying out this task, the consultant will:

- profile the current supply chain management;
- review and profile current distribution channels;
- review current product pricing policies and make recommendations;
- evaluate the current credit/accounts receivables;
- develop a marketing strategy that includes conventional and organic markets;
- describe how benefits and compensation are reaching the local producers; and
- develop indicators that track benefits to the local farmer level.

F. Conduct an Environmental Assessment

Banzukore passion fruit farm has been developed on the highlands on the outskirts of the Nyungwe forest. To prevent any environmental degradation, an expert will evaluate the landscape and advise the Cooperative on the best conservation methods. The consultant will have direct experience dealing with environmental assessment or equivalent working experience in this specific environmental area. The terms of reference for the task will direct the consultant to take into account the farming practices of Banzukore and ensure any recommendation on continued expansion fits with an overall environmental assessment of best farming practices for this region of Rwanda. The consultant is to ensure that the plan developed includes a strategy to understand and respond to how the Banzukore management can meet the needs of both its members and the environment, as well as examine environmental considerations associated with larger-scale passion fruit cultivation and harvesting. The consultant will employ a participatory methodology, involving the Banzukore management in the process.

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

ADF's Partner in Rwanda will provide the necessary Standard ADF Training in bookkeeping, monitoring and assessment. Banzukore Cooperative is responsible for ensuring the proper management and implementation of the project. The ADF Partner in Rwanda will provide Banzukore Cooperative with technical and management assistance during the implementation of the project.

## **IX. Monitoring and Evaluation**

ADF's Partner in Rwanda will closely monitor the activities of the Banzukore Cooperative to ensure proper reporting, adherence to the project implementation plan by the Grantee 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 Banzukore Cooperative's quarterly reports and will submit comments and observations to the management of Banzukore Cooperative as a part of the ongoing performance assessment.