

APPENDIX A:

PROJECT DESCRIPTION MAYAWA Project - 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

MAYAWA (Maendeleo ya Wakulima or *Progress for Farmers*), a vanilla farmer's association in Bukoba District, Kagera Region, Tanzania, seeks to improve the food security and nutritional status of rural households in Kagera Region by supporting the cultivation of cash crops with high market opportunities like vanilla and other new food crops like oyster mushrooms. It provides agricultural extension services, vanilla processing, curing and marketing services for its members.

As a result of MAYAWA's support since 2003, its members have produced over 10,000 kilograms of green vanilla beans, yielding average annual gross revenue of approximately TSh 300 million. With ADF's support, MAYAWA plans to improve the livelihood of vanilla farmers in the Kagera area by increasing the quantity and quality of processed vanilla beans to be sold to export markets.

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 3, Section 3.1 of the Agreement.~~

B. Grantee Contribution

MAYAWA will contribute its existing vanilla curing facilities, office equipment, computers and furniture, and its experienced staff. The total value of the Grantee's contribution to the project is estimated at TSh 90.0 million.

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C. Other

TRIAS, a consortium of Belgian NGOs, will contribute the services of an agronomist for crop production.

IV. Project Goal

The goal of the Project is to reduce poverty among participating members of the MAYAWA Cooperative.

V. Project Purpose

The purpose of the Project is to increase the income of participating MAYAWA farmers and the Cooperative as a result of vanilla sales.

- A. The total annual income paid by the Cooperative to MAYAWA farmers increases from a baseline of TSh 14,500,000 to:
- TSh 26,580,000 in Year 1
 - TSh 32,095,000 in Year 2
 - TSh 38,755,000 in Year 3
 - TSh 48,831,000 in Year 4
 - TSh 61,528,000 in Year 5
- B. MAYAWA Cooperative's annual net income (before taxes, depreciation and CRG contributions) increases from TSh 18,208,000 to:
- TSh 74,130,000 in Year 1
 - TSh 98,759,000 in Year 2
 - TSh 124,439,000 in Year 3
 - TSh 179,374,000 in Year 4
 - TSh 239,477,000 in Year 5

VI. Output

The two major outputs of the Project are listed and their indicators are provided below.

- A. Increase MAYAWA's ability to purchase green vanilla beans from participating members as indicated by the following targets.
1. The Cooperative's working capital fund increases from TSh 140,000,000 before the project to TSh 600,000,000 by Year 3 of the Project.

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2. The Cooperative increases the average annual quantity of vanilla beans it purchases from individual MAYAWA farmers from the current baseline of 3.7 kilograms per farmer to:
 - Year 1 – 22.5 kilograms per farmer
 - Year 2 – 25.47 kilograms per farmer
 - Year 3 – 29.29 kilograms per farmer
 - Year 4 – 35.15 kilograms per farmer
 - Year 5 – 42.18 kilograms per farmer

B. Increase MAYAWA's capacity to process high quality vanilla beans produced by its members.

1. Volume of export quality vanilla beans cured by MAYAWA increased from the 2005 baseline of 976 kilograms to:
 - Year 1 - 2,215 kilograms
 - Year 2 - 2,547 kilograms
 - Year 3 - 2,929 kilograms
 - Year 4 - 3,515 kilograms
 - Year 5 - 4,218 kilograms
2. Volume of green vanilla beans purchased from member farmers by MAYAWA for processing increases from the 2005 baseline of 4,596 kilograms to:
 - 11,075 kilograms in Year 1
 - 12,735 kilograms in Year 2
 - 14,645 kilograms in Year 3
 - 17,575 kilograms in Year 4
 - 21,090 kilograms in Year 5

VII. ACTIVITIES

The Project's activities are designed to increase purchasing, processing and marketing capacity of the Cooperative to improve the economic situation of the participating households by improving the quality and quantity of cured vanilla for export. The Grantee is responsible for ensuring the implementation of the following major activities:

A. Vanilla Curing

Vanilla curing is the Project's main activity. MAYAWA purchases and collects green vanilla beans from its members, dries the beans at its processing plant, conducts quality tests of the cured vanilla, sells the product for export, and shares the value-added returns with its members through dividend payments. Currently, MAYAWA is only covering 63 percent of its costs. This Project will help MAYAWA's vanilla curing operation to achieve sustainability by providing the following:

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1. working capital to increase purchases of raw vanilla beans from its members needed to expand the Cooperative's scale of production; and
2. a pick-up truck to haul green vanilla beans from buying centers to the curing facility and to facilitate the provision of extension services during the off-season.

In addition, MAYAWA will increase its production capacity and the quality of its product by expanding its curing facility and establishing a laboratory for the quality and hygienic testing of the cured beans.

During the project, MAYAWA will employ the "Bourbon Method" of vanilla curing, a more efficient and cost-effective method of curing. To ensure the production of a high quality product, MAYAWA will rigorously apply best practices procedures, such as:

1. buying only mature vanilla pods from its farmer members;
2. curing all vanilla pods in the exact same way;
3. accurately following technical guidelines in the curing process; and
4. clearly registering and controlling each step in the curing process.

B. Marketing

MAYAWA will aggressively market its product. It will develop a marketing strategy that will include, but not be limited to the following:

1. product promotion (e.g.; advertisements in local newspapers, brochures, agricultural trade fairs); and
2. improvement of its website.

C. Training and Technical Assistance

~~Leaders of buying centers and producer representatives, MAYAWA staff and executive committee (board) will receive training in disciplines aimed at improving entrepreneurial culture, work performance and governance. The buying center leaders will participate in training related to the delivery of business development services such as networking, contract farming, customer care, quality control and HIV prevention. The executive committee and staff will be trained in effective business communication skills, data management, good governance, business management, and costing and financial management.~~

VIII. Roles and Responsibilities of the Parties

The staff and elected leadership of MAYAWA Cooperative are responsible for the management and the proper implementation of the Project.

CSDI, ADF's partner in Tanzania, will provide training in the areas of management, ADF reporting, cooperative governance and business planning. CSDI will also provide

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technical assistance to the members and leadership in those areas. As only 500 of the 3,000 members will be able to sell their vanilla to the Cooperative at the higher price based on its processing capacity, CSDI will also work with the Grantee to set up a system for establishing and implementing quotas.

IX. Monitoring and Evaluation

Within sixty days of the effective date of this Agreement, the Grantee will form a monitoring and assessment committee composed of a representative cross-section of the Grantee's organization. The committee will develop a 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.

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