

**UWANO-NGARENANYUKI
VEGETABLE PRODUCTION AND MARKETING INVESTMENT- 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 as to amend any of the definitions, conditions or terms of the Agreement.

II. Background

Uwano-Ngarenanyuki Horticultural Cooperative Society (Cooperative) is a community-based enterprise. It produces and sells fresh vegetables to a packhouse for export to the growing European Union (EU) market. Meeting the quality standards required by consumers in the EU market is a major challenge for the Cooperative, because it lacks the requisite technical and leadership capacity, management systems, and plant capacity.

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 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. Cooperative Contribution

The Cooperative will contribute locally available building materials and manual labor worth Tanzanian Shillings (TZS) five million and 112.5 hectares of land for cultivating vegetables worth Tanzanian Shillings (TZS) 119.4 million.

IV. Investment Goal

The investment goal is to improve standards of living for residents of the Arumeru district.

V. Investment Purpose

The purpose of this investment is to increase income of the Cooperative and its members, as follows:

- A. The Cooperative's institutional total annual revenue increased from the baseline of TZS zero in 2005/06 to at least
- TZS 24,862,500 in Year 1
 - TZS 37,727,734 in Year 2
 - TZS 43,561,816 in Year 3
 - TZS 49,420,006 in Year 4
 - TZS 55,303,425 in Year 5




- B. The Cooperatives members' total annual net profit (before institutional fees and interest charges) increased from the baseline net loss in 2005/06 to at least:
- TZS 57,926,807 in Year 1
 - TZS 76,173,752 in Year 2
 - TZS 96,161,744 in Year 3
 - TZS 118,022,514 in Year 4
 - TZS 141,896,783 in Year 5

VI. Outputs

The major output is increased capacity to produce vegetables that meet EU market standards.

- A. The Cooperative's total acreage of baby corn, snap peas and green beans planted and harvested increased from the baseline of 10.65 ha in 2005/06 to at least:
- 15.0 ha in Year 1
 - 18.75 ha in Year 2
 - 22.5 ha in Year 3
 - 26.25 in Year 4
 - 30.0 ha in Year 5
- B. The Cooperative members' total annual sales revenue increased from the current baseline of TZS 6,975,425 in 2005/06 to at least:
- TZS 131,426,028 in Year 1
 - TZS 172,825,226 in Year 2
 - TZS 218,174,566 in Year 3
 - TZS 267,772,917 in Year 4
 - TZS 321,939,553 in Year 5
- C. The Cooperative's total production of fresh vegetable increased from the current baseline of metric tons 3.0 per year in 2005/06 to at least:
- Metric tons 141.8 per year in Year 1
 - Metric tons 177.2 per year in Year 2
 - Metric tons 212.6 per year in Year 3
 - Metric tons 248.1 per year in Year 4
 - Metric tons 283.5 per year in Year 5

VII. Major Activities to be funded under the Agreement

The Cooperative will carry the following activities:

A. Production Activities

Under production, the Cooperative will undertake the following activities:

- Construct office building cum warehouse
- Establish input revolving loan for hired labor, fertilizers, pesticides and seeds
- Tap clean water from the main pipe
- Repair irrigation intakes
- Construct temporary collection centers
- Purchase used transport vehicles

B. Internal Systems Improvement

Under the internal system improvement, the Cooperative will undertake the following activities:

- Purchase a computer and its accessories
- Purchase spraying equipment
- Purchase a motorcycle
- Purchase office furniture

C. Training Activities

Under training activities, the Cooperative will undertake the following activities:

- Train its staff and the executive committee
- Train its staff and the executive committee on ADF accounting system, best practice on financial management

D. Monitoring and Evaluation

- The Cooperative will conduct an evaluation meeting once per quarter

E. Administrative Support

The Cooperative will undertake the following activities:


- Mobilize members and clubs
- Pay local travel, banking and communication
- Run and repair motorcycle and trucks
- Hire legal and secretarial services
- Purchase office supplies
- Hire four employees

VIII. Roles and Responsibilities of the Parties

ADF's Partner in Tanzania, Centre for Sustainable Development Initiatives (CSDI), will provide standard ADF training in the areas of bookkeeping, management, ADF reporting, and business planning, monitoring and assessment. The Cooperative is responsible for ensuring the proper management and implementation of the Project. CSDI will provide the Cooperative with technical and management assistance during the implementation of the project.

IX. Monitoring and Evaluation

Within sixty days of the effective date of this Agreement, the Cooperative, working with the ADF Partner, will train the project monitoring and assessment committee composed of representative members from the cross-section of the Cooperative's organization. The committee will provide the Partner input for the project Monitoring plan, which will include the establishment of annual targets for the performance indicators. 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.

ADF  Grantee 