

**MIDAWE-MSHIKAMANO
VEGETABLE PRODUCTION AND MARKETING 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 shall be construed to as amending any of the definitions, conditions or terms of the Agreement.

II. Background

Midawe 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 (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 does 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 co-invest locally available building materials and manual labor to build warehouse valued to approximately Tanzanian Shillings (TZS) 5 million and family labor for cultivation of the vegetables worth approximately 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 31,050,000 in Year 1
 - TZS 44,742,465 in Year 2

- TZS 50,716,390 in Year 3
 - TZS 56,717,001 in Year 4
 - TZS 57,345,542 in Year 5
- B. The Cooperative members' total annual net profit (before institutional fees and interest charges) increased from the baseline net loss in 2005/06 to at least:
- TZS 75,181,788 in Year 1
 - TZS 94,909,490 in Year 2
 - TZS 116,485,580 in Year 3
 - TZS 140,048,949 in Year 4
 - TZS 147,331,495 in Year 5

VI. Outputs

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

- A. The Cooperative total acreage of baby corn, snap peas and green beans planted and harvested increased from the baseline of 15.0 ha in 2005/06 to at least:
- 18.75 ha in Year 1
 - 22.5 ha in Year 2
 - 26.25 ha in Year 3
 - 30.0 in Year 4
 - 30.0 ha in Year 5
- B. The Cooperative members' total annual sales revenue increased from the current baseline of TZS 29,409,867 in 2005/06 to at least:
- TZS 171,588,185 in Year 1
 - TZS 216,612,925 in Year 2
 - TZS 265,856,263 in Year 3
 - TZS 319,635,188 in Year 4
 - TZS 336,256,217 in Year 5
- C. The Cooperative's total production of fresh vegetable increased from the current baseline of metric tons 12.02 per year in 2005/06 to at least:
- Metric tons 180.0 per year in Year 1
 - Metric tons 216.0 per year in Year 2
 - Metric tons 252.0 per year in Year 3
 - Metric tons 288.0 per year in Year 4
 - Metric tons 288.0 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 practices in 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 Cooperataive, working with the ADF Partner, will train the project monitoring and assessment committee composed of a representative of 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.