

## PROJECT DESCRIPTION

COOPTHE MULINDI Tea Plantation Rehabilitation  
Rwanda**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**

Cooperative Theicole de Mulindi (COOPTHE MULINDI) is a registered tea growers' cooperative located in Gicumbi District in the Northern Province of Rwanda. Over half of COOPTHE MULINDI's plantation was destroyed during the war and what remains is subject to both drought and flooding during the rainy season. This combination of factors means that COOPTHE MULINDI is only able to produce and supply an average of 15.3 metric tons of green leaf daily. Currently, Mulindi Tea Factory, the processing facility required to buy COOPTHE MULINDI's tea, has the capacity to process 100 metric tons of tea leaf per day. Therefore, COOPTHE MULINDI would like to rehabilitate the plantation with a higher yielding variety of tea, install an irrigation system, and improve its drainage canals to assure year round production of quality green leaf.

**III. Funding****A. ADF Contribution**

The financial plan for ADF's contribution is set forth in Appendix A.-1 of 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. COOPTHE MULINDI Contribution**

COOPTHE MULINDI will contribute the time and skills of its staff in the implementation of the Project. The Cooperative will contribute approximately 43 percent of the total investment valued at RWF 105,066,000 for the production expansion. COOPTHE MULINDI's contribution will be used to finance construction of primary and secondary canals, construction of a water drainage system and maintenance of the tea plantation. Additionally, the Cooperative will pay salaries for its staff and also meet office administration costs.

**C. Other**

The Federation of Tea Cooperatives Growers (FERWACOTHE) will provide RWF 5,000,000 for technical assistance.

**IV. Project Goal**

The goal of the Project is to improve the economic welfare of smallholder tea farmers in Mulindi Sector, Gicumbi District in Rwanda.

**V. Project Purpose**

The purpose of the Project is to increase incomes of COOPTHE MULINDI's members, employees and casual laborers as follows:

- A. COOPTHE MULINDI's net income (before taxes and depreciation) will increase from the current baseline of RWF 2,677,886 to:
1. RWF 49,900,000 in Year 1;
  2. RWF 36,900,000 in Year 2;
  3. RWF 80,400,000 in Year 3;
  4. RWF 62,100,000 in Year 4; and
  5. RWF 130,000,000 in Year 5.
- B. Total wages paid to both cooperative members and casual laborers rises from a 2008 baseline of RWF 197,434,164 to:
1. RWF 246,800,000 in Year 1;
  2. RWF 260,200,000 in Year 2;
  3. RWF 298,900,000 in Year 3;
  4. RWF 315,400,000 In Year 4; and
  5. RWF 406,700,000 in Year 5.
- C. The value of annual salaries paid by COOPTHE MULINDI to its staff increases from a baseline of RWF 12,205,417 to:
1. RWF 12,300,000 in Year 1;
  2. RWF 13,200,000 in Year 2;
  3. RWF 14,100,000 in Year 3;
  4. RWF 15,100,000 in Year 4;
  5. RWF 16,200,000 in Year 5.

**VI. Project Outputs**

By the end of the Project, the capacity of COOPTHE MULINDI and its members to grow and sell green tea leaves will increase as evidenced by the following:

- A. Tea production grows from 4,735 metric tons in 2008 to:
1. RWF 5,140 metric tons in Year 1;
  2. RWF 5,420 metric tons in Year 2;

3. RWF 5,420 metric tons in Year 3;
  4. RWF 5,720 metric tons in Year 4; and
  5. RWF 6,410 metric tons in Year 5.
- B. Sales revenues increase from RWF 318,442,200 in 2008 to:
1. RWF 398,000,000 in Year 1
  2. RWF 419,700,000 in Year 2;
  3. RWF 482,100,000 in Year 3;
  4. RWF 508,800,000 In Year 4; and
  5. RWF 655,900,000 in Year 5.
- C. Hectares used for tea production will increase from 559 ha. in 2008 to 659 ha. in 2013.

## VII. Project Activities

COOPTHE MULINDI will ensure the following major activities are implemented with the assistance of consultants where necessary.

### A. Operations

#### 1. Rehabilitation of tea plantation and production

COOPTHE MULINDI will rehabilitate 100 hectares of tea plantation destroyed during the 1994 war. Rehabilitation will involve the following sub-activities:

- a. uprooting old tea bushes and clearing;
- b. plowing and harrowing;
- c. hole preparation and staking;
- d. transplanting of 1,200,000 tea seedlings; and
- e. maintenance of the rehabilitated area
- f. purchase and application of fertilizers.
- g. recruitment of a production manager and administrative financial manager.; and
- h. establishment of a tea nursery.

#### 2. Infrastructure

COOPTHE MULINDI will undertake the following activities.

- a. Installation of irrigation system including:
  - (1) Construction of 100 water barriers; and
  - (2) installation of pipes and water pumps.
- b. Renovation of existing drainage channels and construction of new channels.

B. Training and Technical Assistance

The Project provides for five COOPTHE MULINDI technical staff to undergo training in quality tea production and irrigation technology and application.

**VIII. Roles and Responsibilities**

ADF's Partner in Rwanda will provide the standard ADF training in bookkeeping, monitoring and assessment. COOPTHE MULINDI is responsible for ensuring the proper management and implementation of the Investment. The ADF Partner in Rwanda will provide COOPTHE MULINDI with technical and management assistance during implementation.

**IX. Monitoring and Evaluation**

ADF's Partner in Rwanda will closely monitor the activities of COOPTHE MULINDI to ensure proper reporting, adherence to the Project implementation plan by the client 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 on-going coaching and advisory service. The Partner will review ADF's quarterly reports and will submit comments and observations to the management of COOPTHE MULINDI as part of the on-going performance assessment.

**X. Other Implementation Issues**

A. Dividends and purchase of cows

COOPTHE MULINDI will continue providing annual dividend payments; however these dividends may be non-cash. COOPTHE MULINDI will provide an annual RWF 12,000,000 for the purchase of cows for most needy members.

B. Agrochemicals

In the event COOPTHE MULINDI finds it necessary to use herbicides or pesticides in its production operations, the Cooperative will obtain approval from ADF to use the specific chemicals before purchasing them.